

THE EXECUTIVE

Tuesday, 1 June 2004

Open Report

Agenda Item 11. Council Scorecard 2004 / 2005 (Pages 1 - 34)

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THE EXECUTIVE**1 JUNE 2004****REPORT OF THE DIRECTOR OF CORPORATE STRATEGY**

COUNCIL SCORECARD 2004 / 2005		FOR DECISION
<p><i>This report concerns issues for managing the Council which are the Executive's responsibility.</i></p> <p><u>Summary</u></p> <p>The Council is in its third year of using the Balanced Scorecard as a process for managing the Council. The Scorecard has come a long way since its inception and development in 2000/01. As well as advancing in the formulation of the Council Scorecard and Service Scorecards, the Council has developed cross-cutting Thematic Scorecards to provide greater focus and understanding in terms of delivering against the seven community priorities.</p> <p>This report highlights the key changes, issues and developments that have impacted on the construction of the 2004/05 Council Scorecard. The report also highlights how the Council's profile has increased from its use of the Balanced Scorecard, placing it at the leading edge of performance management in the public sector.</p> <p><u>Recommendations</u></p> <p>The Executive is asked to:</p> <ol style="list-style-type: none"> 1. Agree the Council Scorecard objectives and performance indicators for 2004/05 2. Note the increasing profile the Council has received as a result of adopting the Balanced Scorecard methodology. <p><u>Reason</u></p> <p>This will enable the Council to move forward with the 2004/05 priorities for managing the Council as a whole.</p>		
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1. Introduction

- 1.1 In November 2000 the Council agreed to adopt the Balanced Scorecard as an innovative way to manage the organisation. The Balanced Scorecard is the Authority's performance management framework, which enables the organisation to translate the Council's

corporate vision and priorities into actions that deliver improved services and positive outcomes for local citizens.

1.2 The Balanced Scorecard for Barking and Dagenham has three layers:

- The Council Scorecard - this sets out the corporate priorities, in the form of the seven community priorities agreed in consultation with our community and the key objectives within the Council to deliver against these priorities. The Council Scorecard is supported by performance measures to review progress against each objective;
- The 28 Service Scorecards - which contain the key priorities necessary within each service area to deliver both the Council's corporate objectives and individual service priorities. Each Head of Service is required to produce a Service Scorecard, ensuring that all the strategic service actions of the Council's services are in line with delivering the Council Scorecard;
- The seven Thematic Scorecards – these have been developed for 2004/05 and measure and interpret how well our Service Scorecards interrelate and drive the Council Scorecard and therefore the community priorities. Each Thematic Scorecard:
 - shows which department and service is contributing to the delivery of the community priority;
 - highlights gaps and strengths in meeting the community priority; and
 - enables senior managers to make judgments about cross-cutting service delivery and performance management issues within the council

1.3 The Balanced Scorecard framework has therefore:

- enabled the organisation to align its priorities around delivering the Barking and Dagenham 2020 Vision and Community Strategy;
- ensure everyone within the organisation sees how they make a contribution to the delivery of the Council's priorities;
- accommodate and proactively respond to the increasingly changing demands on local government.

2. Key factors impacting on the development of the Council Scorecard for 2004/2005

2.1 The 2004/05 Council Scorecard objectives and Performance Indicators have been formulated following an intensive year of review to ensure that these reflect the key priorities for the Council in the forthcoming year.

2.2 Some of the key factors that have impacted on the development of the 2004/05 Council Scorecard have been;

- establishing clear links with the Community Strategy;

- addressing weaknesses and development areas highlighted in the Comprehensive Performance Assessment (CPA) 2002 and the Qualitative Assessment in December 2003;
- the development of the Medium Term Financial Strategy (MTFS) and integrating financial and scorecard planning;
- delivering the stretch targets as agreed under the Local Public Service Agreement (LPSA);
- delivering improvements following the completion of the two cross-cutting Best Value Reviews: Procurement and Regenerating the Local Economy;
- the development of the cross-cutting Thematic Scorecards
- the Customer First agenda;
- increased focus on managing culture change within the organisation.

2.3 All the above factors have been integrated within the current 2004/05 Council and Service Scorecards to ensure synergy and that service objectives complement and deliver the corporate priorities. This also demonstrates that the Balanced Scorecard provides, year-on-year, a single coherent framework for reviewing priorities, setting goals and targets and managing, monitoring and improving performance within the Council.

3. The Review of the Council Scorecard / Performance Indicators 2003/04

3.1 Both TMT and the Balanced Scorecard Steering Group, chaired by the Chief Executive, began the annual process of reviewing the 2003/04 Council Scorecard and considering the impact of the factors highlighted above for the 2004/05 Council Scorecard.

3.2 The review resulted in several important changes resulting, in particular, from the 2003 CPA judgement, in which the Council remained in the Fair category. The changes also reflect how far the organisation has come in respect of assessing its own strengths and weaknesses.

3.3 In summary the 2004/05 Council Scorecard (see Appendix 1) has 23 objectives as opposed to 24 in 2003/04. The number of Council Scorecard performance indicators have increased to 45 as compared to 38 in 2003/04 (see Appendix 2).

3.4 In the traditional Balanced Scorecard model there are four “quadrants” to be monitored. Our adaptation of the scorecard included the addition of a fifth “quadrant” to reflect the Council’s Community Leadership role, which is unique to Local Government.

3.5 Some of the key changes to the Council Scorecard are:

- The separate *Community Leadership* objective was deleted from the *Customer First* quadrant, since the duty is being collectively delivered through the seven community priorities which are set out in the *Community First* quadrant. This change also

emphasises the link between delivering the *Community Strategy* and the *2020 Vision* for Barking and Dagenham.

- Under the *Customer First* quadrant an objective focussed on the *Customer First Programme* has been included, reflecting the need for all services to contribute to this major Council initiative and the e-government target for 2005. Each Head of Service was required to include an objective and performance indicator for the Customer First programme in each Service Scorecard.
- Under *Funding the Future* an objective on *Improving Procurement Practice* has been included demonstrating a commitment to improve procurement practice across the Council.
- The *Performance Counts* quadrant has been reduced from five to three objectives, but remains focused on ensuring continued improvement in performance. This reflects how the organisation has improved in terms of systems monitoring and raising performance.
- The expanded *People Matter* quadrant reflects the organisation's desire to manage and foster culture change, enhance organisational capacity, develop and retain a skilled workforce through sustained investment and training opportunities. It also dovetails with the new Organisational Development Plan.

3.6 There are 16 new Council Scorecard performance indicators, while four have had wording changes, reflecting a change in emphasis. Out of 45 performance indicators four will be monitored monthly at TMT following this year's review of the monitoring process, eight will be monitored quarterly and the rest annually (see Appendix 3).

3.7 One key indicator to note is CSC 17b which measures progress against the Local Public Service Agreement (LPSA) target. LPSA targets are monitored using the existing process for statutory and Council Scorecard indicators.

3.8 Internal Audit have again been commissioned to verify whether the 2004/05 set of Council Scorecard performance indicators are appropriate for collection, and whether they support the objectives the Council is aiming to deliver.

4. The development of the Thematic Scorecards

4.1 In addition to the review of the Council Scorecard the development of the cross-cutting Thematic Scorecards has been completed, in order to ensure stronger alignment between individual service objectives and the corporate objectives.

4.2 Each member of TMT has been allocated a Thematic Scorecard based on one community priority and asked to scrutinise how far it appears able to deliver the relevant community priority, through the individual objectives and actions in the Service Scorecards.

- 4.3 The use of Thematic Scorecards represents a major development in using the Balanced Scorecard methodology as the basis for demonstrating outcomes from the process. This is the basis of a paper which has been included in the 3rd biannual conference of the International Performance Management Association sponsored by Cranfield University and Harvard Business School.
- 4.4 The combination of Council Scorecard, Service Scorecards and Thematic Scorecards, linked to the effective use of performance management should also enable the Council to demonstrate overall service improvements, through identifying gaps, strengths, weaknesses and overall direction.

5. Embedding the Balanced Scorecard in the Organisation

- 5.1 One of the key challenges for the Council is to ensure that the Council and Service Scorecards are cascaded through the organisation and their roles understood at the appropriate levels.
- 5.2 The forthcoming year will see an increased focus on raising awareness of the Balanced Scorecard, throughout all tiers of the organisation by way of strengthening induction, training, briefings and away days.
- 5.3 In addition further work will be undertaken to support new Heads of Service who are responsible for devising Service Scorecards.

6. Increased Balanced Scorecard Profile for the Council

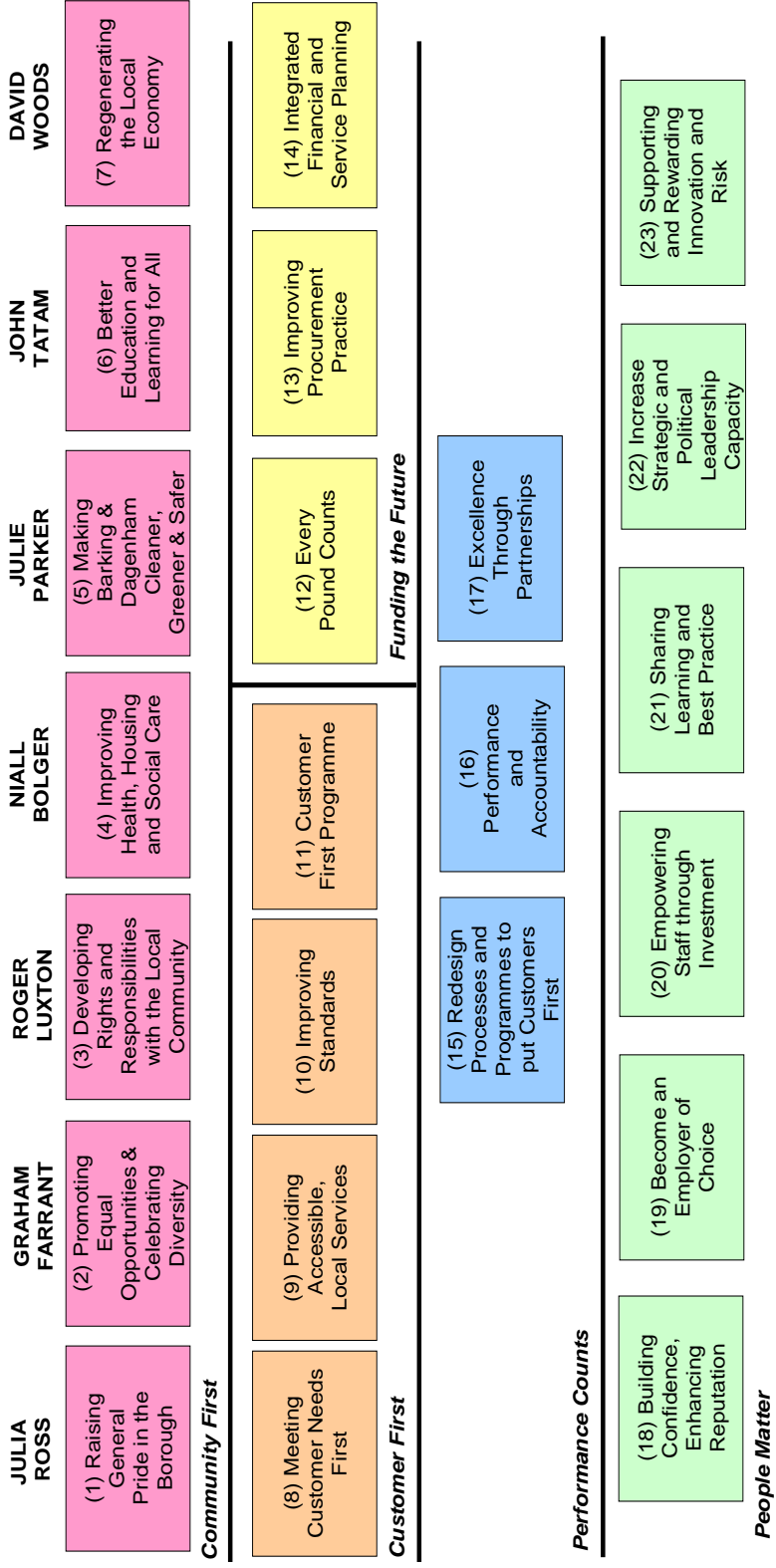
- 6.1 Since the Council adopted the Balanced Scorecard as its performance management framework, the authority has received a great deal of interest from external bodies and has been praised for its comprehensive approach to adopting the Balanced Scorecard. Below are a few examples of some of the positive responses to the Balanced Scorecard.
- The Council has been praised by the Audit Commission, Ofsted and SSI for its use of the Balanced Scorecard.
 - The Council was commended in the category of *Most Improved Council* at the prestigious LGC Awards, in particular for its use of the Balanced Scorecard.
 - The Council hosted a Balanced Scorecard open day in January 2003 which was attended by over 60 organisations.
 - The Council is also participating in and contributing to the Nottingham University Consortium, which is examining the use of the Balanced Scorecard in the public sector. Among the other organisations included are the British Council and Northern Ireland office.
 - The Council has received many requests for information on our use of the Balanced Scorecard, both nationally and internationally.

- 6.2 Appendix 4 sets out some of the quotes that have been made about the Council's use of the Balanced Scorecard. Also attached as Appendices 5 and 6 are two extracts from recent publications giving detailed commentaries on our use of the Scorecard.
- 6.3 The Chief Executive will also be speaking at the high profile Policy Network in July, on the Balanced Scorecard and officers will be facilitating a workshop.
- 6.4 The Balanced Scorecard has placed the Council at the forefront of performance management in Local Government.
- Many requests are received to talk at conferences. The Chief Executive and Director of Corporate Strategy have, between them, addressed more than 20 events.
 - Requests are also regularly received to work with other authorities (for which a charge is made). These include:
 - Coventry
 - Taunton
 - N. Lincolnshire
 - Harlow
 - Suffolk Coastal and
 - Hillingdon
 - Wolverhampton
 - Swindon
 - Other organisations/groups who have also expressed an interest include:
 - The Scottish Executive
 - Mole-Valley
 - IDeA
 - Cheshire
 - Carmarthenshire
 - Luton BC
 - Poole BC
 - LB of Merton
 - Sri Lanka
 - Brazil
 - Japan
 - Inter Authorities Group
 - Walsall
 - University of Zaragoza
 - Consultancy firms
 - Postgraduate students

Background Papers

- Barking and Dagenham Council Corporate Assessment *December 2002*
- Direction of Travel Report *December 2003* (Qualitative Assessment)
- BSC Steering Group Minutes *November 2003 – February 2004*

The Barking and Dagenham Council Scorecard Strategy Map 2004/05



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The Council Scorecard Performance Indicators 2004/05	
<p align="center">Community First</p> <p>CS1 % of residents with a positive perception of the Borough CS2a The level of the "Equality Standard" for local government to which the Council conforms CS2b The duty to promote Race Equality CS2c % of public sector bodies operating in the borough that have an Equalities Policy CS2d % of public sector bodies operating in the borough that monitor the Equalities Policy CS3 % of residents who feel involved / consulted with CS4a Number of deaths by Heart Disease (per 100,000) CS4b All cancer mortality rate CS4c Under 18 conception rates CS4d % of homes that meet the decency standard as a % of total public stock as at 1 April CS4e % of homes that meet the decency standard as a % of total private stock CS5a % of residents surveyed who said that they feel 'fairly safe' or 'very safe' during the day whilst outside in the local authority area CS5b % of residents surveyed who said that they feel 'fairly safe' or 'very safe' during the day whilst outside in the local authority area CS5c % of residents with a positive perception of the overall appearance of the Borough CS6a % of education & learning indicators above national average CS6b % of education & learning indicators at or above top quartile CS7 Average income ranking of B & D citizens in comparison with the rest of London (33 London authorities)</p>	
<p align="center">Customer First</p> <p>CS8 % of residents satisfied with the overall service provided CS9 % of fair access indicators at or above top quartile CS10 % of quality and service outcome indicators at or above top quartile CS11 % of enquiries dealt with fully on first point of contact</p>	
<p align="center">Funding the Future</p> <p>CS12a % of cost indicators in the best quartile CS12b % of capital budget spent against the programme CS13a % of residents satisfied with services provided under contract (to focus on external impact of procured services) CS13b % of internal spend vs external spend CS13c % of improvement in customer satisfaction of services delivered through contract CS13d % of contract variance compared to contract price (to monitor contract compliance and process) CS14 % of key milestones in Medium Term Financial Strategy achieved</p>	
<p align="center">People Matter</p> <p>CS18a 1-10 rating by key stakeholders of average score against 7 reputation drivers: Now CS18b 1-10 rating by key stakeholders of average score against 7 reputation drivers: Future CS19a The number of working days/ shifts lost due to sickness absence (BV12) CS19b % of staff working flexibly CS19c % of staff stating that Barking and Dagenham Council is a good employer CS20a Corporate IIP (Investors in People) achieved, Yes / No? CS20b Level of IIP accreditation achieved CS21 % of managers demonstrating that they share Best Practice CS22a Number of Members who have a Personal Development Plan CS22b % of staff satisfied that the leadership of their manager enables them to place their work in the context of the Community Priorities and/or strategic objectives CS23 Number of staff rewarded under the staff recognition scheme for innovation</p>	
<p align="center">Performance Counts</p> <p>CS15 The number of types of interactions that are enabled for electronic delivery as a % of the types of interactions that are legally permissible for electronic delivery CS16a % of BVPIs in top 25% (excluding cost based PIs) CS16b % of BVPIs in middle 50% (excluding cost based PIs) CS16c % of BVPIs in bottom 25% (excluding cost based PIs) CS17a % of available brownfield land used for development purposes CS17b % of PSA targets met on an annual basis</p>	

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		14		% of key milestones in Medium Term Financial Strategy achieved		NEW	
Performance Counts							
2002/03				2004/05			
CS No.	Definition	CS No.	Definition	CS No.	Definition	CS No.	Definition
21	The number of types of interactions that are enabled for electronic delivery as a % of the types of interactions that are legally permissible for electronic delivery (BVPI 157)	20	The number of types of interactions that are enabled for electronic delivery as a % of the types of interactions that are legally permissible for electronic delivery (BVPI 157)	15	The number of types of interactions that are enabled for electronic delivery as a % of the types of interactions that are legally permissible for electronic delivery (BVPI 157)	03/04 - 04/05 status	NUMBER CHANGE
22	% of reports to Members that are considered appropriate and of good quality	22	% of reports to Members that are considered a) appropriate and b) of good quality		NEW WORDING		DELETED
		21a	% of BVPIs in top 25% (excluding cost based PIs)		NEW	16a	% of BVPIs in top 25% (excluding cost based PIs)
		21b	% of BVPIs in middle 50% (excluding cost based PIs)		NEW	16b	% of BVPIs in middle 50% (excluding cost based PIs)
		21c	% of BVPIs in bottom 25% (excluding cost based PIs)		NEW	16c	% of BVPIs in bottom 25% (excluding cost based PIs)
23	The overall budget variances should be at outturn within 1% of the original budget set by the budget Executive or a 1% fully approved revised budget				DELETED		
24	% of partnership strategies' actions delivered on time as defined in the Regeneration Delivery Plan				DELETED		
		23	Overall expenditure should be within 1% of the fully approved budget set by Executive		NEW		DELETED
		24	% of community strategy actions delivered on time		MOVED FROM CUSTOMER FIRST		DELETED
						17a	% of available brownfield land used for development purposes
						17b	% of PSA targets met on an annual basis
							MOVED FROM PEOPLE MATTER
People Matter							
2002/03				2003/04			
CS No.	Definition	CS No.	Definition	CS No.	Definition	CS No.	Definition
25	1-10 rating by key stakeholders of average score against 7 reputation drivers	25	1-10 rating by key stakeholders of average score against 7 reputation drivers		SAME	18a	1-10 rating by key stakeholders of average score against 7 reputation drivers: Now
26	% of staff satisfied with the quality of their a) Appraisal, b) PDP	26	% of staff satisfied with the quality of their a) Appraisal, b) PDP		SAME	18b	1-10 rating by key stakeholders of average score against 7 reputation drivers: Future
27	% of managers who requested to attend recognised project management training that did attend	27	% of managers who requested to attend recognised project management training that did attend				DELETED
27a	Awareness training	27a	Awareness training				DELETED
27b	Technique training	27b	Technique training				DELETED
						19a	The number of working days / shifts lost due to sickness absence (BV12)
						19b	% of staff working flexibly
						19c	% of staff stating that Barking and Dagenham Council is a good employer
						20a	Corporate IIP (Investors in People) achieved, Yes / No?
						20b	Level of IIP accreditation achieved
						21	% of managers demonstrating that they share Best Practice
						22a	Number of Members who have a Personal Development Plan
28	% of staff who are satisfied that the leadership of their manager enables them to place their work in the context of the Community Priorities and / or strategic objectives	28	% of staff who are satisfied that the leadership of their manager enables them to place their work in the context of the Community Priorities and / or strategic objectives		SAME	22b	% of staff satisfied that the leadership of their manager enables them to place their work in the context of the Community Priorities and / or strategic objectives
29	% of Best Value inspections that indicate confidence in the Council's ability to make improvement				DELETED		
		29	% of PSA targets met on an annual basis		NEW		MOVED TO PERFORMANCE COUNTS
						23	Number of staff rewarded under the staff recognition scheme for innovation

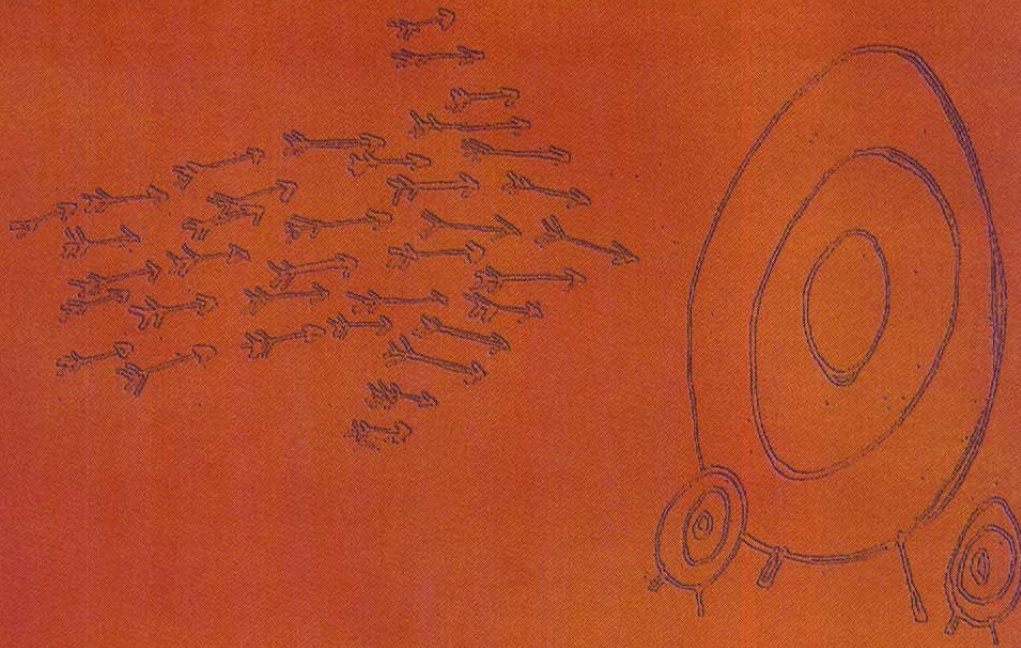
Quotes in relation to the Council's use of the Balanced Scorecard

- **“The strengths in this authority’s approach are that they set out for a simple approach and have put effort into keeping it simple. They have worked out how to make the system work for them and they have encouraged local ownership, emphasising flexibility rather than perfect alignment”** – *Performance Breakthroughs – Improving Performance in Public Sector Organisations, Audit Commission Publication 2002*
- **“Good Councils...are often driven by a strong centre and they take performance measurement very seriously. An outstanding example is Barking and Dagenham LBC, which has created its own version of the balanced scorecard widely used in business.”** – *LGC Article by Charles Leadbetter, August 2003*
- **“London Borough of Barking and Dagenham have shown that (the Balanced Scorecard) can be a powerful tool for managing a local authority, providing both a clear focus on overall community priorities and allowing for the varying pressures across the wide range of Council services.”** – *Excelsior Case Study by Pricewaterhouse Coopers, 2002*
- **“A simple and workable scheme has been developed which persuasively and practically links high level aspirations to individual actions on the ground...Significant progress has been made over a short period of time in developing and embedding the Balanced Scorecard approach at a strategic level”** – *Pricewaterhouse Coopers External Auditor – Audit Letter, October 2001*
- **“This is a very strong result which speaks volumes about your implementation effort...most councils would be envious of such a high hit rate for a performance management project of this kind”** – *Barking and Dagenham Interim Balanced Scorecard Evaluation Pricewaterhouse Coopers*
- **“Whilst on site, we saw the Scorecard for a senior manager, and were impressed with how it ensured work was focused and balanced across five factors, namely community first, people matter, funding the future, performance counts and public perspective”** – *Audit Commission Inspection of Private Sector Housing, May 2002*
- **“The council has focused closely on performance management over the last two years and is using the Balanced Scorecard as an improvement tool. There is widespread knowledge throughout the authority that this is the case and significant support at all levels for the drive towards improvement”** – *IdeA Peer review Final visit, July 2002*
- **“(Corporate Planning) Systems for communicating and co-ordinating plans are strong and effective. The Balanced Scorecard is ensuring coherence between corporate goals and departmental and service plans and has greatly assisted cross-directorate and cross-service working...The Balanced Scorecard will undoubtedly strengthen further implementation and evaluation of corporate plans across all departments”** – *OFSTED Inspection report, May 2002*

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New Targets, New Tools, New Rules

How the best local authorities are transforming services



'It's all about hitting the targets without missing the point'

Paul Croft, President SOLACE

CHRIS SELLERS

New Targets, New Tools, New Rules

How the best local authorities are transforming services

New Targets, New Tools, New Rules is a study in local authority service transformation. It uses inspiring case studies from councils around the country to highlight the main issues facing today's local authority leaders: transforming services, improving accessibility, increasing customer satisfaction and ensuring value for money.

Importantly, it goes much further than just showcasing shining examples. *New Targets, New Tools, New Rules* analyses these projects, and many more, to produce a template for local authority leaders to accelerate transformation. This book enables local authority leaders to tap into the collective wisdom of their peers.

'I don't like the phrase e-government. It's too limiting. What we are actually talking about is managing in the 21st Century.'

**Graham Farrant, Chief Executive
Barking & Dagenham LBC**



£12



With e-procurement it is easy to assess the value for money that the transformed service delivers. However, it is more difficult when making decisions about how to spend the council's budget across the spectrum of competing demands. Determining the best way to divide limited funds returns us to Simon McDonald's earlier observation - that the decisions local authorities are faced with are apples versus pears.

The next case study uses technology as a tool to empower the council to make better-informed decisions about the allocation of funds by linking these decisions to performance indicators.

It is an excellent example with which to close this section, *A Glimpse of the Promised Land*. Recall the discussion of targets in the introduction: the problems created by focusing on delivering targets at the expense of delivering a service, and how targets make better servants than masters. Keep this in mind as you read through Barking & Dagenham's experience.

Management reporting in Barking & Dagenham

The problem

The London Borough of Barking & Dagenham's problem was rooted in its staid culture. It was a traditional, paternalistic, inward-looking authority, with the perception of being stuck in the 1970s. If its culture was an ailment, having its 2001/2002 performance plan qualified was a serious symptom.

When external auditor PwC qualified the plan because of inaccuracies and omissions with data, the Borough was forced to admit to having no systematic performance management or monitoring system. Although they were routinely collecting enormous amounts of performance information, they weren't using it.

The solution

Barking & Dagenham's solution was to introduce a new chief executive, who in turn introduced the Borough to the rigours and

rewards of a Balanced Scorecard to link strategy with operational objectives and performance.

The Balanced Scorecard is widely used throughout the private sector. However, as we all know, the private sector and the public sector are different. When using the scorecard, the private sector considers customer, staff, funding and performance but not community, and the majority of its measures are financial. This model is not directly transferable to the public sector.

Sensibly, the Council adapted the original Harvard Balanced Scorecard to reflect their services and their community focus by crowning the quadrant model with an additional segment labelled Community First. (We affectionately refer to this adapted model as *Farrant's Quadrant*: a nod to Graham Farrant, Chief Executive, Barking & Dagenham) The positioning of the Community First segment across the top of the existing quadrant reflects the importance the Borough places on meeting its commitment to the local community, and provides a top-down filter with which to view all other quadrants.

Community First	
Customer First	Funding the Future
Performance Counts	People Matter

Farrant's Quadrant: The adapted Harvard Balanced Scorecard

The Balanced Scorecard provides a framework that helps translate strategy into operational objectives that drive both behaviour and performance. For example, using this adapted model, the Council completed each of the five 'quadrants' by inserting strategic objectives to compile a strategy map. From the

strategy map they developed appropriate measurable performance indicators against each strategic objective.

The Council consulted local communities and stakeholders extensively over an eighteen-month period to identify their main concerns and priorities, and from this process developed seven community priorities. These priorities are included in the Community First quadrant and inform and direct all other performance indicators. They also bring a focus to local partnerships by providing a set of guiding priorities.

The Balanced Scorecard includes Corporate and Service Scorecards incorporating all statutory performance indicators. This means that by producing the Balanced Scorecard, people don't have to produce other reports (for example, individual service plans, and individual performance measures) as these will fall out of the Balanced Scorecard. Each head of service is responsible for developing their own scorecard, and objectives are linked to personal performance targets, thus generating local ownership.

Information is collected and collated using existing technology and reports are generated quarterly. Each performance indicator is presented on a single page, in graphic format with supporting text (because not everyone likes their information presented in the same way). The graphic indicates targets as well as tracking actual performance and providing comparisons:

- Against the three neighbouring London Boroughs: Redbridge, Havering and Newham
- Against the top 25 per cent performing councils in London, and
- Against the top 25 per cent performing councils nationally.

The supporting text is contained within predetermined headings designed to explain results in a consistent format without delivering information overload:

- Improvement/deterioration

- Action taken/update since last quarter
- Further action
- Corporate impact
- Additional information

Each performance indicator is colour-coded using a traffic light system to flag improved, steady and negative performance (green, amber and red respectively), and accompanied by an appropriate range of smiley faces: 😊 😐 😞 Vertical arrows on the right hand side of each graphic indicate which way each specific trend line is supposed to move.

<p>Community First</p> <p>1 Raising pride</p> <p>2 Promoting equal opportunities, celebrating diversity</p> <p>3 Cleaner, greener, safer</p> <p>4 Developing rights and responsibilities</p> <p>5 Improving health, housing, social care</p> <p>6 Better education and learning for all</p> <p>7 Regenerating local economy</p>	
<p>Customer First</p> <p>Meeting customer needs first</p> <p>Providing accessible local services</p> <p>Improving standards</p> <p>Community leadership role</p>	<p>Funding the Future</p> <p>Every pound counts</p> <p>Allocating resources to support priorities</p> <p>Investment through partnerships</p>
<p>Performance Counts</p> <p>Redesign processes and programmes to put customers first</p> <p>Performance and accountability</p> <p>Empowering decisions, informing choice</p> <p>Integrated financial and service planning</p> <p>Excellence through partnerships</p>	<p>People Matter</p> <p>Building confidence, enhancing reputation</p> <p>Embed the core competencies</p> <p>Building project management skills</p> <p>Providing strategic leadership</p> <p>Supporting innovation, risk and reward</p>

The Council Scorecard Strategy Map – Strategic objectives

<p>Community First</p> <p>% of residents with a positive perception of the Borough</p> <p>Number of citizens involved in Council consultations</p> <p>% of education and learning indicators above the national average</p> <p>Average income of citizens living in the Borough</p>	
<p>Customer First</p> <p>% of residents satisfied with the quality of services</p> <p>% of community strategy actions delivered on time and as planned</p>	<p>Funding the Future</p> <p>% of cost indicators in best quartile</p> <p>% of capital schemes delivered on time and within budget</p> <p>% of revenue funding generated from external sources</p>
<p>Performance Counts</p> <p>% of interactions with the public that are delivered electronically</p> <p>% of partnership strategies/action plans delivered on time and as planned</p>	<p>People Matter</p> <p>1-10 rating by key stakeholders against reputation drivers</p> <p>% of staff satisfied with the quality of their appraisal and personal development planning</p>

Sample of Corporate Performance Indicators

The results

From being qualified in 2001/2002, the Balanced Scorecard enabled the Borough to turn its results around within a year, and not only was it unqualified in 2002/2003, but it was one of only a few local authorities to have no performance indicators qualified. Although the current CPA rating is fair, the assessment acknowledged the Borough's capacity for continued rapid improvement.

The frequency and accessibility of reporting enhances the quality of information available for both management and members, empowering them to make effective decisions quickly. The management team's use of performance indicators has transformed front-line services, and continues to drive the modernisation of the Council to get it in shape for the 21st century.

“ *The Balanced Scorecard is a powerful tool for managing the whole authority. It provides information that aligns individual efforts and drives value for money.* ”

Graham Farrant
Chief Executive

Everyone understands the corporate objectives and works towards their achievement. The Balanced Scorecard is simple and holistic. It is a very joined up process providing a clear line of sight for everyone working with the Council (as well as guiding local partnerships) because it states where we want to be and how we're going to get there. In other words: state it, measure it, report it. This, in turn, means that more of the organisation knows the destination and is on track.

“ *The strengths of this authority's approach are that they set out for a simple approach and have put effort into keeping it simple. They have worked out how to make the system work for them and they have encouraged local ownership, emphasising flexibility rather than perfect alignment.* ”

Performance Breakthroughs
Audit Commission, 2002

A simple and workable scheme has been developed which persuasively and practically links high-level aspirations to individual actions on the ground ...

Significant progress has been made over a short period of time in developing and embedding the Balanced Scorecard approach at a strategic level. ”

PwC audit letter, Oct 2001

As far as we know, Barking & Dagenham is the first British local authority to use the Balanced Scorecard comprehensively across the entire organisation.

The results of the Balanced Scorecard have been so impressive that the Borough's external auditor, PwC, sponsored a shared learning event in January 2003, hosted by Barking & Dagenham. The event was attended by 120 delegates from fifty organisations and enjoyed overwhelmingly positive feedback. The Borough has also received a delegation from Japan and presented their work at the annual conference of the International Performance Management Association in Boston.

The Balanced Scorecard is also credited for being a major contributor to the service improvement that enabled the Council to win the prestigious Local Government Chronicle award for Management Team of the Year in 2002.

The benefits

The best and most obvious benefit is that service to the community is continually improving. The 2002/2003 Best Value Performance Plan was able to report that 'the focus on performance management over the last year has produced major improvements in the key indicators for front-line services'.

For example, fly-tips within the Borough are now dealt with, on average, within two hours, a dramatic improvement on the seven-day average in 1998/99. The performance now appears within the top 25 per cent within London, and represents a concerted effort that has impacted on other indicators, such as improved public satisfaction.

Another major benefit is that the Balanced Scorecard underpins the Council's efforts to change its culture from 'traditional and paternalistic' to modern and dynamic.

Before	Balanced Scorecard
Performance indicators irrelevant	Performance indicators linked to Council priorities
Multiple reporting	One report
No basis for planning	Strong basis for strategic and financial planning
Service delivery fragmented	Service delivery linked up and aligned
Limited accountability	Everyone is accountable.
Performance indicators ignored	Performance indicators empower decision making

How did they get it right?

Barking & Dagenham did much right in the development of their unique Balanced Scorecard:

- Top-down support from a chief executive committed to performance management
- Extensive community and stakeholder consultation
- The identification of measurable and meaningful indicators
- Dedicated 'Departmental Performance Plan Contact' staff to support those within each department responsible for collecting data, maintaining the system, and reporting
- Made performance management relevant to all staff by threading through individual development and performance plans
- Kept the framework simple and flexible
- Generated enthusiasm and local ownership
- Accepted imperfections, and
- Continual review and improvement of performance indicators.

The Management team assesses its Balanced Scorecard by addressing the following four questions:

- 1 Does it focus on what is important for Barking & Dagenham?
- 2 Does it measure and define what success means for the Borough?
- 3 Do we know if we are making progress?
- 4 Do we act on the information?

“ *Performance management now feels firmly on the agenda and there is a clearer focus on what will make a difference.* ”

John Tatam
Borough Policy Officer

Balanced Scorecard

The Balanced Scorecard was set up to improve performance and help modernise the Council. It was adapted from the private sector model to be relevant in a public sector environment.

Its development underpins the Council's continuing drive to meet its seven community priorities:

- 1 Raising pride
- 2 Developing rights and responsibilities
- 3 Promoting equal opportunities and celebrating diversity
- 4 Improving health, housing and social care
- 5 Providing a cleaner, greener, safer environment
- 6 Improving education and learning for all
- 7 Regenerating the local economy.

The Borough's ultimate goal is to be included in the top 25 per cent of local authorities nationally for all performance indicators!

For more information on the Balanced Scorecard contact Sandra Hamberger, Improvement and Development, Chief Executive's Department:

sandra.hamberger@lbbd.gov.uk

Learning from the case studies

We began this section by explaining the rationale for the case studies selected: striking a balance between the size and type of authority and choice of service. Another factor in the selection process was to provide a cross section of learning points that was representative of all the case studies we encountered.

An examination of the key learning points from the case studies found that they clustered around three distinct stages of project development:

- 1 Creating the right environment for change
- 2 Developing the capacity, and
- 3 Delivering the benefits of the transformation.

Creating the environment

Several of the case studies specifically mentioned how critical it was that the project received top-level support and this was especially important when multiple stakeholders were involved such as in the case of the North Eastern Purchasing Organisation and SurreyAlert.

Culture change was given significant emphasis by Epsom & Ewell ahead of, and during, the implementation of their contact centre. In particular, active leadership and a shared vision were cited as being vital to the project's success.

Barking & Dagenham's Balanced Scorecard was not only clearly owned at a senior level but owned enthusiastically, and the energy driving the introduction of the scorecard cascaded through the organisation.

Addressing perceptual barriers was mentioned often and most were identified early by consulting with stakeholders: both initially and in an ongoing way. Newham's Choice-based Lettings programme regularly consults with its customers, Bournemouth's Accommodation Bureau actively pursued its hoteliers and continues an ongoing dialogue to improve the service, and Barking & Dagenham consulted all

stakeholders in customising their Balanced Scorecard. Derbyshire's b_line both consulted its target customers and opened ongoing channels of communication.

Derbyshire also did two more important things: they generated excitement for b_line, and branded it extremely strongly. The branding of SurreyAlert overcame ownership issues and helped rebalance the fifteen organisations involved in the project.

Positioning, in one way, shape or form, was critical for a number of authorities. Newham's Choice-based Lettings programme was positioned internally as a service transformation project rather than an IT project. Thurrock positioned their informal learning programme within the local community by making the venues and content relevant to their education-shy audience. East Manchester also positioned their community portal to ensure relevance. Barking & Dagenham was careful to position the benefits of the Balanced Scorecard to stakeholders to encourage compliance.

Developing the capacity

People issues were paramount for a number of project managers, especially for Epsom & Ewell's call centre. Derbyshire's b_line focused incessantly on the teenagers they were targeting. The informal learning programme in Thurrock found attracting the right people to be the biggest issue in securing success.

Another important issue for Thurrock was establishing the right external relationships, both with their venue hosts and technology supplier. Newham also put effort into locating a technology supplier who could deliver against the vision. Now they are seeking partner relationships to leverage off the initial investment by extending the scope of the project.

The fifteen organisations of SurreyAlert partnered to maximise efficiency, as did NEPO's partner organisations. However, NEPO's participation members also enjoy significant savings incentives.

In fact, carefully considered incentives boosted take-up of several of the case study projects. East Manchester provided subsidized purchase

of computer equipment on condition of attendance at training sessions. Derbyshire's b_line incentives included competition prizes and discounts from many local suppliers (who had the pocket money of 54,000 teenagers as an incentive to join the scheme).

Delivering the benefits

The importance of the flexibility of technology was evident, especially for projects that piloted first such as Bournemouth's Accommodation Bureau, which used existing technology ahead of procuring a system that provides greater flexibility. Similarly, NEPO's technology must be flexible enough to grow as the project expands.

Thurrock's informal learning programme required flexibility around mobility so that they could match equipment to use trends. Whereas with b_line, flexibility related to the use of technology: web and texting.

Not surprisingly, communicating well and often was something that seemed to be important for those authorities that also had a penchant for consultation, for example Epsom & Ewell and Derbyshire.

A professional approach to project execution was frequently evident. For example, the way authority was delegated to each of the fifteen project team members of SurreyAlert, the way Epsom & Ewell's contact centre managed to pay for itself by effectively moving resources around the organization, and the way Newham, and others, recognise that the process of service transformation is dynamic and iterative, and that early success can be used to motivate other projects.

The recurring themes and issues identified in these case studies were evident in many of the examples of successful service transformation shared by local authority leaders during the course of researching this book.

These themes have been integrated with the private sector and central government experience and developed into a framework especially for local authorities. This framework, *Transformation Acceleration*, is described in detail in the next section.

Notes

- 1 *Better Connected 2003*, SOCITM
- 2 *Sing When You're Winning*, SOLACE, 2001
- 3 Cited in *The Guardian, Inside IT*, 4 September 2003
- 4 Ibid
- 5 Cited in *Local Government Chronicle*, 9 May 2003

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Public sector

Management paper

A close-up photograph of a hand holding a magnifying glass over a document. The magnifying glass is positioned over a section of the document, and the light from the lens creates a bright, circular glow on the paper. The background is dark and out of focus.

Performance breakthroughs

Improving performance in public sector organisations

- making the system too complicated instead of working to keep it simple;
- trying to align the system too perfectly between different parts of the organisation (for example, departmental frameworks needing exactly to reflect the high level corporate frameworks) rather than allowing flexibility;
- expecting the framework to do the hard thinking for you;
- failing to give high enough priority to getting the framework right or investing the necessary resources in support, training and communication; and
- failing to involve staff or to prepare them for change; and
- not being prepared to update the framework continuously.

51 A framework for managing performance can help to ensure that people understand where your organisation is going. However, each organisation and its strategic goals are unique, so a ready-made framework may not suit, or support it effectively. It is important to be clear about your strategy before you implement any new performance management framework, otherwise the framework will not encourage the behaviour you want. Frameworks work best when they are simple, flexible and link with other corporate systems, it is best to avoid complexity or striving for perfection. If a framework simply produces pages of metrics, targets and goals, its own weight and expense may overwhelm the organisation.

52 Frameworks can help to simplify the challenge of managing performance, but this simplicity can be deceptive. A well-understood framework should help people think differently about the way they behave. This implies significant change and you will need to prepare for this. Recognise the importance and potential benefits of the development process itself and make sure that you involve your staff.

Case study 10

The London Borough of Barking and Dagenham

At the London Borough of Barking and Dagenham, staff recognised that when introducing the 'Balanced Scorecard' to the organisation they needed to do more than take the product off the shelf. John Tatam, the Borough Policy Officer, told us:

A year before we introduced the Balanced Scorecard we had no systematic performance management or monitoring system. This is difficult to admit but that was how it was. We were collecting enormous amounts of performance information but we were not using it.

The arrival of our new CEO coincided with the first best value performance plan (BVPP) and the need for local performance measures. We ended up with 470 performance indicators and a system to support that. Step 1 was getting regular presentation of the performance indicators right. Once we got that going, we thought, 'Where are these performance indicators coming from?' We had dreamt up many of them quickly for the BVPP but we were not sure if they were the measures that made most sense. We needed to start thinking what the most important indicators were for

...each organisation and its strategic goals are unique, so a ready-made framework may not suit, or support it effectively.

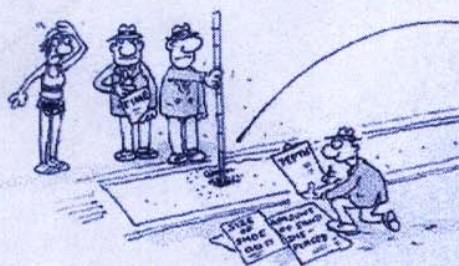
We then decided explicitly on a new beginning: we decided to start from what we wanted to achieve and then work out how we were going to measure it. We decided to use the Balanced Scorecard to help us do this because it makes things simple for an organisation. It structures a clear line of sight between local objectives and corporate objectives. We wanted a single and simple system across the whole council – and, as we had relatively little experience of using performance models then, we had to keep it simple. We also wanted to make sure that it worked for us. We decided that the original Kaplan and Norton model did not quite do that, so we have developed our own. A particular difference from the original model is that it reflects our community focus as well as our services. Our scorecard summarises 22 key performance indicators (quite a step from 470!).

Each head of service has responsibility for developing his/her own scorecard. The aim is to generate local ownership and eliminate the risk of the scorecard 'sitting on the surface' of the organisation. We have to be realistic – we cannot expect the organisation to work too hierarchically. Service scorecards have to reflect other things specific to them, and of course, things come in from the side all the time! We need some sense of getting the overall thread but we need to avoid getting obsessed about it. The key thing is that we have kept it simple so that people understand where they fit in.

People did recognise that by doing the Balanced Scorecard it meant that they did not have to do other things (for example, individual service plans, and individual performance measures) – these would fall out of the Balanced Scorecard. Coherence was a strong theme. Just having a system has helped in making connections. People realised that instead of doing three or four smaller plans, under the scorecard they just have to do one slightly bigger one – as they all flow from it. In addition, the process of developing it has encouraged people to have conversations about their services, and with colleagues that they might not have before.

It was important to sell the Balanced Scorecard in a relatively clear and simple way. There was a great amount of fear of 'this management thing that I don't understand'. We had reservations about calling it the 'Balanced Scorecard', but in some ways, it has been an advantage. It sounds important and therefore people give it attention. It may be slightly off-putting for those that do not understand it but very powerful for those who do. It has been a very helpful thing for people to hang things and conversations around. The new model with a management name can be positive in building up enthusiasm but we recognise that the model is not an end in itself, it has to work.

What are the benefits? It is too early to be sure. We have not had full first quarter results yet but the process has helped people to focus on what is important. Performance management now feels firmly on the agenda and there is a clearer focus on what will make a difference. We have already identified some things – for example, we are organising training in project management because the scorecard identified something needed doing. Overall, people feel positive and proud.



Measure what matters.

We have made it clear that it is here to stay and it is not a whim, but we recognise this is a long haul. We will link it to personal performance targets and that will give added incentive. But we need to get it right, so it will take time.

The strengths in this authority's approach are that they set out for a simple approach and have put effort into keeping it simple. They have worked out how to make the system work for them and they have encouraged local ownership, emphasising flexibility rather than perfect alignment. They recognised that the discussions people had about services during the development process were as important as the framework itself, and they allowed thinking and conversations to blossom.

Breakthrough 7: Measure what matters

To make improvements we must be clear about what we are trying to accomplish, how will we know that a change has led to improvement, and what change we can make that will result in an improvement.

Donald M Berwick^I

- 53 Performance measures need to encourage effort around what is most important. When the system includes the right measures that reflect the organisation's strategy, people understand better what they have to do. This is particularly important when organisations face new external challenges or try to implement improvement programmes.
- 54 Some organisations are still just collecting what is collectable, or just collecting what government specifies nationally. Others try to move on from this and discuss what constitutes good performance with stakeholders: political leaders, non-executives, staff and users. They focus on outcomes as well as inputs and outputs. For example, it is easier to measure the number of telephone calls answered within a specified time but more useful to measure how satisfied the customer was with the call. Measures for some of the 'softer' priorities, for example, culture change, staff development or diversity initiatives are also important – otherwise these things are less likely to happen. National accountability and local improvement initiatives may also require different data.
- 55 In some organisations, a large volume of data seems to provide a 'comfort factor', but it does not improve anything by itself. You need to interpret data intelligently to confirm that the actions have led to improvement.^{II}

^I Donald M Berwick, *Education and debate: a primer on leading the improvement of systems*. British Medical Journal volume 312, 9 March 1996.

^{II} The publication by the Audit Commission and the Improvement and Development Agency: *Acting on Facts* looks in more detail at the importance of good performance information and how to use