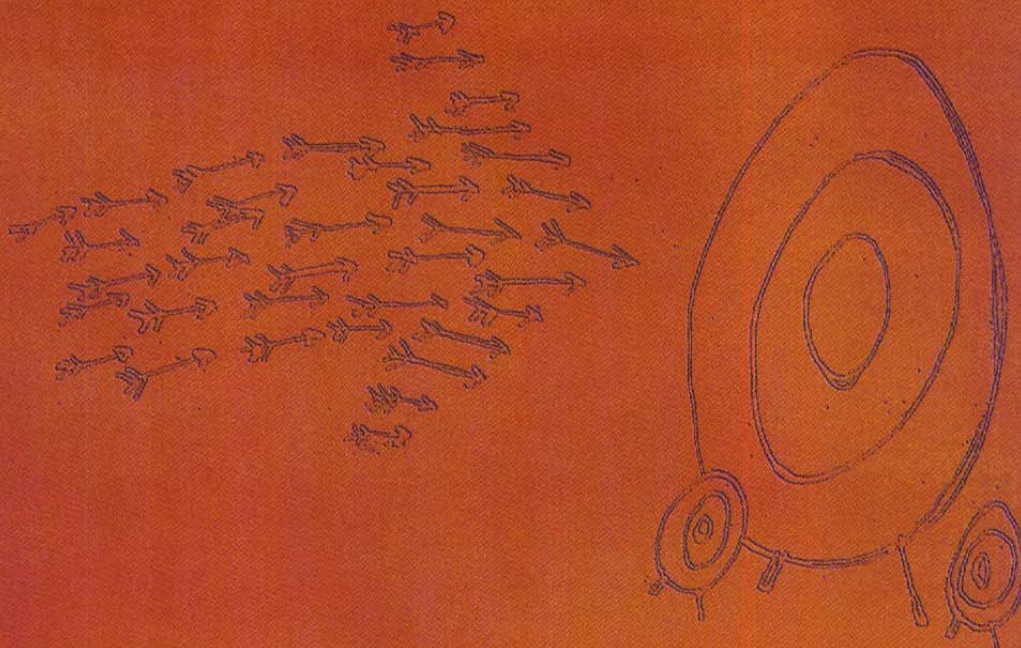


# New Targets, New Tools, New Rules

*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><b>Community First</b></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><b>Customer First</b></p> <p>Meeting customer needs first</p> <p>Providing accessible local services</p> <p>Improving standards</p> <p>Community leadership role</p>	<p><b>Funding the Future</b></p> <p>Every pound counts</p> <p>Allocating resources to support priorities</p> <p>Investment through partnerships</p>
<p><b>Performance Counts</b></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><b>People Matter</b></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

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

### 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:

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## 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