REPORT OF THE CHIEF EXECUTIVE

MANAGING THE COUNCIL	FOR DECISION

To provide an overview to Assembly on the progress made in achieving the 2020 Vision following the modernisation of the arrangements in place to manage the Council.

Summary

This report:-

❑ Updates Assembly on the Councils end of year (actual) performance in key areas

❑ Summarises the Councils strategy including the future performance priorities (as described in the proposed 04/05 BVPP)

❑ Highlights issues to be addressed

❑ Provides a summary overview of the Council's management arrangements in a comprehensive pack (the folder will be handed out on the day)

❑ Gives examples of the national and international recognition received by the Council

Recommendation

The Assembly is asked to:-

❑ Discuss performance as highlighted by the performance indicators presented by Directors

❑ To approve the performance plan for publication, subject to minor typographical or factual changes (circulated with agenda)

❑ To allow other changes or amendments to the Performance Plan that are required in order to ensure the plan complies with statutory requirements

❑ To agree the Council Scorecard objectives and performance indicators for 2004/05 and note the changes (see file)

❑ To acknowledge the increasing profile the Council has received as a result of adopting the Balanced Scorecard (see file).

Contact: Graham Farrant	Chief Executive	020 8227 2789 (telephone) 020 8227 2806 (fax) 020 8227 2685 (minicom) e-mail: graham.farrant@lbbd.gov.uk

1.   Background

Managing the Council-using the Balanced Scorecard

1.1   The Council has undergone a transformation in the way it manages itself to improve services for local people. It has gained a strong reputation as a Council that is improving and is recognised as being "well placed to improve the way it works and the services it provides to local people".

1.2   In November 2000, the Executive agreed to manage the Council using the Balanced Scorecard system. This ensures that all actions and decisions are in line with our Community Priorities and ultimately the 2020 Vision for Barking and Dagenham.

1.3   The Balanced Scorecard is a single transparent performance framework that allows staff to see their role in delivering the vision and clearly links our work both within the Council and with our partners.

1.4   The Balanced Scorecard also focuses attention on priority performance indicators critical for the delivery of Comprehensive Performance Assessment and Local Public Service Agreement improvements. The Councils priorities are directly linked to the longer term actions in the Community Strategy to ensure efforts are pooled to deliver the required outcomes.

1.5   The Balanced Scorecard provides a strong and clear link between the Council's finances and service priorities which are articulated in the Medium Term Financial Strategy.

1.6   The Balanced Scorecard process also ensures accountability; Heads of Service's annual assessment with Members considers delivery against their Service Scorecard. TMT, who are responsible for the delivery of the Council Scorecard objectives are accountable via their annual assessment with the Chief Executive and Leader.

1.7   To support Members in understanding the links from the 2020 Vision down through the Community Strategy (Building Communities – Transforming Lives), to the Service Scorecards and performance indicators: a folder will be provided (at the Assembly meeting) to all Members and senior managers, which will contain:

- Managing the Council
- Vision 2020
- Community Strategy - *Building Communities – Transforming Lives*
- Barking and Dagenham Futures (Performance Plan) to be added to pack in July 04
- 2004/05 Council Scorecard and Performance Indicators
- Council Scorecard Performance Indicator Changes 2002-2005
- Service Scorecards 2004/05 (Strategy Maps and Scorecards)
- Thematic Scorecards 2004/05
- Performance Monitoring Timetable
- Performance Monitoring - Frequency Table
- The Council Scorecard Executive Report (1 June 2004)

1.8   The folders will be provided at the Assembly meeting.

1.9 The performance indicators for the first quarter of 2004/05 will be considered at Executive on 17 August 2004 and will be distributed to all Members of the Council.

2. Types of Balanced Scorecards

Barking and Dagenham has 3 levels of Balanced Scorecards

2.1 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. TMT are responsible for the delivery of these priorities, which drive Service Scorecards.

2.2 Service Scorecards

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 service scorecards form seven thematic scorecards - ultimately delivering outcomes, that make a real difference to people's quality of life.

2.3 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 how well they deliver 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.

The Balanced Scorecard framework therefore:

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

2.4 Key factors impacting on the development of the Council Scorecard for 2004/05

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.

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

- a need to establish 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; and

- increased focus on managing culture change within the organisation.

All these 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.

2.5   The Review of the Council Scorecard / Performance Indicators 2003/04

Both TMT and the Balanced Scorecard Steering Group, chaired by the Chief Executive, reviewed the 2003/04 Council Scorecard and considered the impact of the factors highlighted above for the 2004/05 Council Scorecard.

The review resulted in several important changes resulting, in particular, from the 2003 CPA Direction of Travel report. The changes also reflect how far the Council has come in respect of assessing its own strengths and weaknesses.

In summary the 2004/05 Council Scorecard (see folder handed out at Assembly meeting), which was agreed at Executive (1 June 2004), has 23 objectives as opposed to 24 in 2003/04. The numbers of Council Scorecard performance indicators have increased to 45 from 38 in 2003/04.

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

The specific *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 their 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 systematic monitoring and raising performance.

The expanded *People Matter* quadrant reflects the Council'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.

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

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).

2.7   The development of the Thematic Scorecards

In addition to the review of the Council Scorecard, cross-cutting Thematic Scorecards have been developed which ensure stronger alignment between individual service objectives and the corporate objectives.

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.

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.

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.

2.8   Embedding the Balanced Scorecard in the Organisation

One of the key challenges for the Council is to ensure that the Council and Service Scorecards are cascaded through the organisation and their function appropriately understood at all levels.

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.

In addition further work will be undertaken to support new Heads of Service who are responsible for devising Service Scorecards.

2.9   Increased Profile for the Council

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. 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. Below are a few specific examples of some of the positive responses to the Balanced Scorecard.

2.9.1 The Council has been praised by the Audit Commission, Ofsted and SSI for its use of the Balanced Scorecard.

2.9.2 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.

2.9.3 The Council hosted a Balanced Scorecard open day in January 2003 which was attended by over 60 organisations.

2.9.4 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.

2.9.5 The Council has received many requests for information on our use of the Balanced Scorecard, both nationally and internationally.

2.9.6 A number of the quotes that have been made about the Council's use of the Balanced Scorecard. have been included in the folder (appended to the Council Scorecard 2004/05 Executive Report). Two extracts from recent publications giving detailed commentaries on our use of the Scorecard are also appended to this section.

2.9.7 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.

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
- Carmartheshire
- Luton BC
- Poole BC
- LB of Merton
- Sri Lanka
- Brazil
- Japan
- Inter Authorities Group
- Walsall
- University of Zaragoza
- Consultancy firms
- Postgraduate students

3.   Performance Monitoring

3.1   In June 2003, Barking & Dagenham Council published its fourth Best Value Performance Plan setting out how the Authority aims to improve its services over the next 12 months.

3.2   The Statutory Performance Indicators are National Indicators which have been determined by ODPM (Office of the Deputy Prime Minister *[formerly DTLR]* – the Government department overseeing Best Value) and the Audit Commission.

3.3   The Council is required by law to collect and publish this information. In the process of developing the scorecards, services have identified key indicators for measuring improvement. This year's plan lists the Council Scorecard Performance Indicators for 2003/04 (Chapter 2 – Managing the Council). Internal Audit has carried out an audit of all the Council Scorecard Indicators to ensure they are robust and collectable.

3.4   A central system has been established to monitor each Performance Indicator, which is updated by departments on a quarterly basis. TMT review this performance information on a quarterly basis and from 1st April this year will also look at a selection where monitoring is appropriate monthly. The Executive will continue to review performance on a quarterly basis, with some indicators (e.g. exam results)

only appearing annually. For Members' information, the schedule of PI monitoring is included in the folder.

3.5   For presentational purposes, each Performance Indicator is being reported in a standard graphical format, which allows performance to be shown over time and compared with other Local Authorities. PI headings are traffic light colour-coded and "smiley/sad faces" have been added to clearly express how we are performing.

3.6   For the national indicators, figures have been included for neighbouring Boroughs together with lines showing the top 25% of performing Councils both nationally and across London*. (Please note it is only possible to compare our performance with the previous year's top quartile targets as these are not released until the December of each year following the outturns for that year).* This will not be possible for the majority of Council Scorecard PIs, as they are unique to Barking & Dagenham.

3.7   For Social Services performance information, comparison is no longer made with top quartile data. Comparison is now made with Performance Assessment Framework (PAF) performance targets for England and Outer London. The "smiley faces" will not be shown on Social Services graphs. Instead we have used the "blobs" to indicate whether performance is good or bad. i.e. ● = poor performing ●●●●● = high performing. The Social Services graphs also show a darker grey band to highlight what is considered to be good performances defined by a 5 blob (●●●●●) rating.

3.8   To ensure consistency in the notes section underneath the graph and to ensure that members and senior managers are able to easily access and understand the supporting information, the following format is used.

Headings
Improvement / Deterioration
Action taken / update since last quarter
Further Action
Corporate Impact
Additional Information

3.9   For the majority of Council Scorecard PIs this is the second year of reporting. Targets have been set for the next three years for the majority of these and are presented on the graphs.

3.10 The annual deadline for the publication of the Best Value Performance Plan is 30 June. It is still a requirement that a summary of performance information should be published by 31 March. Our summary of performance information for 2003/04 appeared in the March 2004 Citizen. The Assembly is duly asked to approve the BVPP for publication, subject to minor typographical or factual changes.

4.   Comparing Performance

4.1   Guidance from the ODPM advises each Authority to compare performance with other Local Authorities. The monitoring system established allows the comparison of performance across a number of levels. National indicators provide the greatest

opportunity for comparing performance as each Local Authority is collecting and reporting identical information.

4.2 *Neighbouring Boroughs.* Research undertaken by the Audit Commission has identified that people are particularly interested in comparing the performance of their Local Authority with neighbouring areas. In the Barking and Dagenham Performance Plan and in our regular Performance Monitoring, the neighbouring boroughs of Redbridge, Havering and Newham have been selected for this purpose.

4.3 *Top 25% of performing Councils – both Nationally and London.* It is a requirement under Best Value that each Council must aim to perform within the top 25% of Councils within 5 years. For indicators relating to the quality of services, comparison should be made with the top 25% of Councils across the country. For indicators relating to the cost of the service, comparison should be made with the top 25% in London. The ODPM have determined that in most cases, a low service cost is preferable.

4.4 *Local targets – For the majority of Council Scorecard Indicators* comparisons can be made both over time and against the target set. These are identified on the relevant graphs.

5. **Conclusion**

5.1 This report draws together in a comprehensive file and report, the information the Council uses to manage its performance and the outcomes that have resulted, with a view to focusing on future improvements.

5.2 The Balanced Scorecard is the tool that is used to manage, translate strategies into action and enable progress to be reported and acted on.

5.3 The Executive uses this information to monitor that the Council is on track to deliver its key priorities and make a difference to people's quality of life and that this is reflected in the Councils policy decisions.

5.4 The end of year actuals for 2003/04 on the monitoring of the Best Value Performance Plan highlights the movement in performance.

5.5 The Performance Plan is a statutory document that sets out the Council has performed in the previous years and what it plans to improve in the future and by how much.

5.6 The Council has put a lot of effort into ensuring the right improvements are identified and delivered. The December 2003 Audit Commission CPA Direction of Travel summary report confirmed that the Council has shown a reasonable level of improvement across most service areas-based on its current plans, is well placed to improve the way it works and services it provides to local people.

5.7 The Council retained its "Fair" CPA category-which places it in the 45% of Councils not in the good or excellent categories. Therefore we need to continue to closely manage performance and demonstrate continual improvement.

5.8 The folder will be provided at the Assembly meeting to all Members.

Background papers used in the preparation of the report

- ❑ Report to Executive 18.05.04 – Performance Monitoring
- ❑ Report to Executive 01.06.04- Council Scorecard 2004/05
- ❑ Barking and Dagenham Council Corporate Assessment *December 2002*
- ❑ Direction of Travel Report *December 2003* (Qualitative Assessment
- ❑ BSC Steering Group Minutes *November 2003 – February 2004*
- ❑ Barking & Dagenham CSC Strategy Map 2004/05
- ❑ CSC PIs 2004/05
- ❑ CSC PI changes from 2002/03 to 2004/05
- ❑ Quotes in relation to the Councils use of BSC
- ❑ New Targets, New Tools, New Rules….How the best local authorities are transforming services articles
- ❑ Performance Breakthroughs-Improving Performance in Public Sector Organisations