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**CASS BUSINESS SCHOOL
CITY UNIVERSITY
CITY OF LONDON**

**PERFORMANCE MEASUREMENT IN PUBLIC SECTOR
ORGANISATION**

**APPLICATION OF BALANCED SCORECARD (BSC) IN A UK
LOCAL GOVERNMENT AUTHORITY**

by

Mohammad T H S Iqbal

Thesis

**Submitted to City University for the Degree of
Doctor of Philosophy in Management**

December 2007

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DECLARATION

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ABSTRACT

This thesis explores the suitability of using 'Balanced Scorecard (BSC) – a performance measurement model developed by Robert S. Kaplan and David P. Norton of Harvard Business School, USA' as a performance measurement framework for public sector organisations like UK Local Government Authorities. The research study was carried out using 'Case Study' method and the performance measurement model used for this study was a modified BSC model for 'Non profit and public sector organisations'

The test of the modified model of BSC was done on the London Borough of Tower Hamlets Corporate, Social and Housing Service Directorates. The testing of the model involved developing prototype 'Strategy Maps' and 'Scorecards' for all three service directorates and validating these through interviewing relevant officials.

As each of the directorates were different in terms of service delivery objectives, stakeholders and performance measures or indicators, three sets of proto type strategy maps and scorecards were developed.

The Strategy map included the vision, mission and strategic objectives of the organisation and directorates while scorecard showed the strategic objectives and their performance measures grouped under four perspectives of BSC- Service Users, Community and Stakeholders, Resource Management, Internal Process and Learning & growth.

For validation of the proto type strategy maps and scorecards, senior officials of Tower Hamlets Council were interviewed.

The analysis of the interview responses confirmed that the modified BSC model is suitable as a performance measurement framework for a local government authority like London Borough of Tower Hamlets. Some of the officials interviewed believed that if implemented properly, the BSC model can help achieve organisational alignment and inform next cycle of decision making. This may be an interesting area for further research.

I. INTRODUCTION

1. TITLE, NATURE AND NEED FOR THE STUDY

The main title of this thesis is 'Performance Measurement in the Public Sector Organisation'. The sub-title of the thesis is, 'Application of Balanced Scorecard (BSC) in a UK Local Government authority.

In this thesis we would like to investigate the usefulness of using the 'Balanced Scorecard (BSC)' developed by Robert S. Kaplan and David P. Norton (1992) of Harvard Business School, USA, as a performance measurement framework in the public sector organisations. In particular we will study the usefulness of using the BSC for performance measurement in one of the local government authorities in the UK.

The need for this research study originated from the researcher's long time involvement with performance evaluation work in different public sector organisations. The lack of coherent measures and appropriate organisational arrangement to manage and measure performance effectively created an urge in the mind of the researcher to take up a formal research study in this area.

From the literature review it became evident that, in general, public sector organisations need to improve the quality of its services to its people within limited resources. They traditionally do so by measuring economy of input, efficiency of the service delivery process and effectiveness of the targeted outputs and, to a limited degree, outcome. But with the continuous growth and complexity of public sector organisation especially the local governments, placing emphasis on ensuring the three Es (Economy, Efficiency and Effectiveness) is not enough.

Local governments need more joined up and strategic policy making, user focused high quality and efficient public services (Audit Commission, 1999). For this they need a high performance measurement framework that enables a systematic approach to problem solving – one that will aid policy and priority formation, implementation, monitoring and control. (Peter Jackson, 1988).

Studies of successful organisations in both the public and private sectors conclude that high performance is associated with a system in which, managers at all levels of the organisation have clear objectives; emphasis is on outputs and not on activities; each person knows what is expected of him or her and knows that they are responsible for specific results (Goold and Campbell, 1987). According to UK Audit Commission (1999), there are seven key principles of performance measurement. They are- clarity of purpose, focus, balance, ownership, scrutiny, on-going learning, and continuous improvement. It maintains that to ensure a rounded picture of the public services, the concept of Balanced Scorecard is helpful.

There are a few performance measurement models and improvement tools being used by UK local government authorities such as EFQM Excellence Model, Balanced Scorecard (BSC), Public Service Excellence Model, Charter Mark, Investor in People (IiP), ISO9001, Local Government Improvement Programme etc. The EFQM Excellence Model, Public Service Excellence Model and the Big Picture help diagnosis of organisation's strengths and weaknesses while the other tools such as Charter Mark and Investor in People focus only on one area of council services. The Local Government Improvement Programme is an external peer review scheme against an 'ideal' local authority. None of these except the BSC provide a comprehensive framework to link vision and strategic objectives with the performance measures, targets, initiatives and budgets of the organisation. On the basis of this comparison, BSC was chosen for testing in this research study.

The BSC model, a framework that drives both behaviour and performance, has proved successful in the for-profit private sector organisations. In the not-for-profit and public sector organisations the BSC has been applied in some organisations of USA, Sweden, Australia, Singapore and Canada but not widely. It is believed that with some modifications of the original model, the BSC can be proved useful for translating vision, goal and strategy into measurable objectives and actions in the local governments of UK. The feedback from the measurement activities of those actions will keep the organisation strategy focussed. It is also believed to help the organisation achieve alignment in terms of objectives and actions at different levels of staff and management.

2. RESEARCH OBJECTIVE

The research objective of this thesis is to test the modified BSC model in a UK local government council and explore whether its application will be useful in terms of performance measures, organisational alignment, strategic focus, and attainment of organisational objectives, goal and vision.

3. RESEARCH QUESTIONS

The main research question which has been developed after reviewing the literature related to performance management in general and performance management for UK local governments in particular is -

1. Is Balanced Scorecard (BSC) a useful model for measuring and managing performance of UK local governments?

It has also been found through the literature review that the BSC model seems to encapsulate the important qualities an ideal performance management model should have for local government authorities of UK. The validation of those qualities would constitute the validation of the claim that BSC model is a suitable or useful performance management model for the local government organisations of UK. Therefore, five sub questions representing those qualities were formulated so that their answers would constitute the answer to the main question:

1. Does BSC model help local governments develop appropriate performance measures?
2. Is it easy to use and provide a better focus on the strategic objectives of the local governments?
3. Does it help organisational alignment and staff involvement?
4. Does it help monitoring and evaluation of performance?
5. Does it help inform next cycle of decision making and improve strategy?

4. NATURE OF THE STUDY

As the BSC model was not in wide use among the local councils, an exploratory study using case study approach seemed appropriate. Within the case study approach, there

was option for embedded case studies under a single or multiple case studies –one in a council that was using BSC model and the other in a council that was not using BSC would be carried out and combined in one case study report. The research scheme comprised of data collection and system mapping survey, developing proto-type strategy maps and scorecards for each of the central and service directorates of the council on the basis of the collected data and system information, and validation of those proto-type documents through interviewing the relevant officials.

The validation process was planned to include developing appropriate questionnaire that would include questions whose answers would constitute the answers to the research questions of this thesis. The other activities in validation process included sending the questionnaire to relevant officials of the three service directorates of the council, meeting the officials for interviews, recording their responses and analysing them.

5. LIMITATIONS OF THIS STUDY

The results of thesis should be interpreted with the following limitations in mind. This research study is based on a single exploratory case study on a Local Government Authority where the BSC model was not being used. All the attempts to study another council where BSC was being used failed due to access problem. In absence of a scope to compare the results of the study in two councils, this study remained limited to the objective of testing suitability of BSC model in one council only. But given the uniformity in organisational structure, accountability and functional objectives of the local governments in the UK, the results of a single council may be generalised for other local councils.

6. STRUCTURE OF THE THESIS

This thesis comprises nine chapters. Chapter One contains the introduction. Chapter Two contains literature review related to the performance measurement with emphasis on public sector performance measurement and Balanced Scorecard. Chapter Three discusses research method, design and procedures. Chapter Four describes the

London Borough of Tower Hamlets and its problems with performance management and measurement systems. Chapter Five discusses the development of proto-type Strategy Map and Scorecard for the corporate level. Chapter Six discusses the development of proto-type Strategy Map and Scorecard for the social service directorate. Chapter Seven discusses the development of proto-type Strategy Map and Scorecard for the housing service directorate. Chapter Eight discusses and presents the findings from the validation process. Chapter Nine presents the summary of the entire thesis, conclusion and recommends areas for further research.

II. LITERATURE REVIEW AND RESEARCH QUESTIONS

1. INTRODUCTION

The main purpose of a literature review is to provide a description of existing knowledge of the respective research area and an account of independent research works done before. This literature review will be also carried out with two purposes.

Firstly, to briefly describe the relevant concepts associated with performance measurement in general and Balanced Scorecard in particular and secondly, to generate ideas. In addition, this literature review is a 'theoretical literature review' aimed at developing hypotheses or research questions of this research.

This chapter begins first by defining what is meant by performance measurement. The discussions then continue on developing performance measurement, performance measurement in the private and public sector organisations, performance measurement and indicators, performance measurement in developed countries, performance management model, principles of performance measurement and the need for a balanced approach. Next, the concept of Balance Scorecard (BSC) as a new model of measurement and performance management, its strengths, modified model of BSC for not-for-profit and government organisations and experiences of some organisations implementing the BSC are discussed.

2. PERFORMANCE MEASUREMENT

Performance measurement, as defined by US National Academy of Public Administration, is the application of a measure or a set of measures to the decision making and/or operations of an organisation to assess achievement of mission goals and priorities. (NAPA, 1996, 35)

According to UK Audit Commission (1999), 'there are at least two key reasons why government would want to set performance measures. First, to improve public services; and second, to reinforce accountability'.

The primary purpose of performance measurement is to objectively measure how an organisation is accomplishing its mission or a goal or an objective. Typically, performance measurement is used in the context of guiding organisational change and development. It is also used to evaluate a whole process or part of it such as inputs, internal process, procedures, outputs and outcomes. This is the basic model of performance measurement. This model is also related to measuring the economy of input, efficiency of processing and effectiveness of output and outcome (Carter et al, 1992).

Performance based management is becoming a common theme in most government agencies and business organisations. The modern history of post-industrial performance based management could be said to begin with the work of W. Edwards Deming in the 1950's. Deming's teaching eventually influenced management philosophy everywhere. Deming, along with Japanese managers such as Genichi Taguchi, introduced the modern emphasis on quality, innovation, and employee empowerment, as well as feedback and measurement-based management. The Deming philosophy emerged in the US government in 1987 via two initiatives, one military and one civilian. Under Defence Secretary Frank Carlucci, the Total Quality Management (TQM) program was introduced to create a new focus on total ownership cost in acquisitions. The civilian initiative of 1987 was the Malcom Baldrige National Quality Award, (named after the then Secretary of Commerce under President Ronald Reagan) to rebuild American competitiveness vis-à-vis growing Japanese success.

Ittner and Larcker (1998) identified three types of measurement trends that have dominated recent performance measurement discussions: (1) economic value measures, (2) non-financial performance measures and the Balanced Scorecard, and (3) performance measurement initiatives in government agencies. The first two are used more in the business world and we will discuss the third trend in a separate section.

3. DEVELOPING PERFORMANCE MEASURES

Although there is no pre-determined process to developing new performance measurement systems, many conceptual frameworks are available to stimulate thought

about what should be measured. These frameworks include the US Malcolm Baldrige National Quality Award Criteria (Cortada and Woods, 1997); Kaplan and Norton Balanced Scorecard (1992); the Sink and Tuttle (1989) Model; and C. Thor's (1994) family of measures (U.S. DOE, 1996).

A variety of other tools and techniques are also used by organisations to measure their performance such as: benchmarking, customer service standards, accountability for results and measurement linked to incentives (Gore, 1997). Many organisations develop their own performance measurement frameworks. A performance measurement framework requires integrating strategic goal-setting, performance measures and management controls (NAPA, 1996). Mission goals and strategic objectives at all levels of an organisation must be established and implemented. Establishing performance measures is an iterative and dynamic process used in tracking and communicating progress in accomplishing goals and objectives. Management controls provide the mechanism with which top management and staff are held accountable for results as indicated by the performance-measurement system (NAPA, 1996). Therefore, developing a new performance measurement system requires careful preparation, collective effort and commitment at all levels of organisation.

The overall value of the measurement system depends on the quality of the individual measures. To be valid and useful, performance measures should meet a number of criteria that will assist the development and evaluation process.

Kravchuk and schack (1996) cite several familiar problems that are routinely encountered in developing performance measures. They claim that these problems will be present in the design, development and operation of virtually any performances measurement system.

1. Divergent perspective (different audiences require different information).
2. Unclear mission and objectives (a fact of government life).
3. Multiple and contradictory organisational, programme and system goals.
4. Monitoring vs. evaluation information needs (Barnow, 1992)
5. Lack of consideration of the full range of outputs and outcomes (Osborne and Gaelbler, 1992), and

6. Measuring customer satisfaction in a regulatory environment (Swiss, 1992)

4. PERFORMANCE MEASUREMENT IN THE PRIVATE SECTOR

In private companies, performance measurements are essential in order to provide a rational basis for decisions. As business organisations must prosper and grow in order to stay in the business, they must measure their overall performance in order to assess their present position and make decisions.

During the 1980s, managers in many organisations found their alternative in the quality movement with the growth of TQM and related programs such as Malcolm Baldrige Quality Award (Eccles, 1991). Consequently, other measures such as defects rates, response time and delivery commitments became parts of the performance-measurement systems of many manufacturing and service organisations. Motorola's Corporation-wide 'Six Sigma' (99.9997 percent) defect-free goal is an example of an organisation-wide quality measure (Schneier, 1995)

Performance based management in the private sector organisation provides the tools to make fact-based decisions and to manage more effectively. Successful organisations use performance measures to adjoin operational activities with business strategies.

Traditional financial measures like return-on-investment and earnings-per-share are not providing managers with the information they need to manage their organisations effectively. Although financial measures worked well for the industrial era, they fell short of capturing the skills and competencies companies are trying to master today (Kaplan and Norton, 1992). Consequently there is a radical shift to include non-financial measures along with financial measures as the basis for determining business strategy (Eccles, 1991).

Case studies by Fisher (1995) and Brancato (1995) have identified three principal reasons companies are adopting non-financial measures.

1. *Perceived limitations in traditional accounting based measures:* Traditional accounting measures are believed to be (1) too historical and 'backward looking'; (2) lack

predictive ability to explain future performance; (3) reward short-term or incorrect behaviour; (4) are not actionable, providing little information on root causes or solutions to problems; (5) do not capture key business changes until it is too late; (6) are too aggregated and summarised to guide managerial action; (7) reflect functions, not cross functional processes, within a company, and (8) give inadequate consideration to difficult to quantify 'intangible' assets such as intellectual capital.

2. *Competitive pressure*: The substantial changes in the nature and intensity of competition forced firms to determine and measure the non financial 'value drivers' leading to success in the new competitive environment.
3. *Outgrowth of other initiatives*: Adoption of new improvement initiatives such as Total Quality (TQM) Programmes by many companies has influenced firms to design and adopt new performance measures.

According to Ittner and Larcker (1998), 'Performance measurement systems play a key role in developing strategic plans, evaluating the achievement of organisational objectives, and compensating managers'

All these performance measurement and quality enhancement efforts in the private sector organisation influenced the public sector organisations in two ways:

1. From within:

The state owned commercial organisations (Banks, Insurance etc.) and service monopolies (Water, Power, Railways etc) readily emulated the successful measurement methods from similar private sector organisations to enhance their performance management.

2. From the Top:

Government policy makers, in their efforts to improve the quality of public life, maintain national advantage in international trade and industries, and manage better within

limited resources, promoted a culture of competitiveness and performance accountability for both private and public sector organisations.

5. PERFORMANCE MEASUREMENT IN THE PUBLIC SECTOR

Over the past twenty years, the public sectors in many countries have experienced substantial reform activities aiming at better performance and better value to public money. The reforms were due to continuous improvements in democratic institutions and civil society with more demand on the government to perform better and be more transparent. There are also pressures on them to be more effective and efficient. As the power shifts from an industrial base to an information-intensive society, government and business leaders are continuously striving to find new ways to transform their organisations in terms of greater efficiency, and better service. There are many benefits of setting performance measurement for a public sector organisation. The two most important benefits are - improvement of public services and strengthening accountability.

Although the measurement of performance in the public sector is relatively new, a substantial body of literature on performance management has developed since the late 1970s, encompassing terms such as performance measures, performance indicators, performance appraisal and review, value for money, quality assurance and, more recently Best Value. This new emphasis on performance has become an almost everyday feature of work in public sector organisations, in some form or another. Similarly, a new 'industry' has developed within the public sector, which is concerned with collecting, reporting, and appraising organisational performance (Holloway, 1999; Rouse, 1993, 1999).

Public sector organisations are differentiated in comparison with their commercial counterparts in the private sector. There is no profit maximising focus, little potential for income generation and, generally speaking, no bottom line against which performance can ultimately be measured. The vast majority of public sector organisations still generate most of their income from the state, and have to account to several

stakeholders. Consequently it was once, and not that recently, considered impossible to measure performance in the public sector.

Initially, attempts at evaluating public sector organisational performance centred on the assessment of value for money. This was normally conducted by external auditors through scrutiny of agencies' accounts. Gradually, a whole range of measures and indicators of performance arose throughout the whole public sector, in an attempt to identify examples of good and poor resource usage. More recently, the language of performance has been associated with the establishment of standards to be achieved, and the audit of organisational systems to ensure conformance. These standards are often established for a complete service area and may be imposed from a locus standi, external to the individual organisation. Achievement against set criteria is then used as the basis for external accountability of the organisation's performance. This can also carry implications in terms of future resource allocation to the agency.

Performance improvement

In considering public sector performance improvement, there are two important issues which need to be addressed: what is to be measured, and how should the information arising from the measurement process be used? Neither question is easy to answer, although substantial effort has been applied in attempting to do so, particularly in the case of the former. It is common practice in public sector performance management literature to talk about the three Es of:

- (1) economy;
- (2) efficiency;
- (3) effectiveness

based upon a simple input, process and output model of organisations (Flynn, 1997; Rouse, 1999; Carter et al., 1995). Input resources are generally thought of as physical, human (staff and clients/cases) and financial. Proponents of knowledge management and associated concepts such as 'the learning organisation' would also include 'informational' in this list. Financial inputs are, perhaps, the most important as

acquisition of other resource types usually depends upon the funds available. Many measures commonly used in public sector organisations are based on derivatives of this 'economy' or input oriented perspective, usually expressed in terms of cost, budget and staffing totals. Comparisons can then be made across similar types of organisations. Examples of generic measures used include cost per case, cost per service type, numbers and categories of staff involved. These can then translate into specific measures such as cost per patient, staff-student ratios, unit cost per refuse collection, numbers of employed ancillary, skilled and professional employees, and so on. Any change in these performance measures simply reflects the 'economy' with which the organisation is using its resources and provides little information about the operational processes within the organisation, apart from some crude benchmarking.

Looking now towards the other end in the 'three Es' spectrums are located the outputs from the organisation. These can also be easily measured in quantifiable terms such as patients treated, crimes solved, students gaining various qualifications at different grades, children placed in foster care, and so on. Unfortunately, as discussed below, these tell us little about the real success, or otherwise, of the organisation, and are mainly of use in the calculation of a ratio of input to output which is a measure of organisational efficiency. An increase in the number of outputs, for a given input, simply demonstrates how efficiently an organisation is converting its inputs into outputs but provides very little information about the effectiveness or value of these outputs.

Finally, effectiveness is concerned with the extent to which outputs meet organisational needs and requirements and is therefore much more difficult to assess, let alone measure. Public sector organisations are created to meet some form of perceived societal need. However, it is debatable whether simply increasing the number of, and measurement of, outputs, will automatically result in the meeting of such needs? Questions even arise concerning the definition of need. This is often vague and inconclusive such as, for example, the need for 'a well educated society'. Similarly, the desired quality of the outputs, in terms of meeting this need, may also be questioned. The actual role (mission) of individual organisations and agencies in meeting this need, and the different requirements or perceptions of various stakeholders, in terms of the

dimensions of the outputs encountered when attempting to meet this need, may also be unclear. In education, for example, students, employers, the academic community, and the Government all have different expectations and demands. Hence it is necessary to define an additional term, namely 'outcome', defined here as the impact that outputs have in meeting this perceived need. This is generally thought of in qualitative terms which imply that outcomes are difficult, in themselves, to measure. Furthermore, the process is also frequently complicated by the length of time it takes for such impacts to be identified. Finally, the impact of outcomes arising from the actions of other agencies, working in related policy areas, adds further complexity, e.g. welfare services and health.

6. PERFORMANCE MEASURES VS. PERFORMANCE INDICATORS

It is important at this stage to differentiate between performance measures and performance indicators. Owing to the inadequacies of directly quantifiable measures, as outlined briefly above, focus has switched, in many cases, to using quantifiable indicators of performance. This represents an attempt to recognise the intangibility of outcomes while still providing useful data defining the extent to which public organisations are meeting their aims and making the best use of their resources. For example, change in number of road accidents may be a measure of road safety performance. The same measure can be called an indicator for the road safety as well. In fact, the distinction between the two is imprecise and, in practice, indicators often come to be taken as being synonymous with concrete measures of organisational performance (and apparently erroneous interpretation, given the definitions stated above).

This becomes even more significant when these indicators are tied into accountability networks and resource allocation procedures. One commentator (Smith, 1995a) has gone as far as arguing that, despite much work on measuring performance since the early 1980s, it is still impossible to measure outcomes. Consequently, the resulting focus on quantifiable indicators of economy and efficiency may be not only misleading but also dangerous. Measures and indicators of performance should not, he argues, be employed didactically for the purposes of organisational accountability, but should be

used to inform political debate on the broader issues of the nature and form of the public services required. According to UK government (HM Treasury, 2001) 'performance measure' means measuring performance against a robust scale – and 'performance indicators' - provide a proxy where it is not feasible to develop a clear and simple measure. But in reality this distinction is not consistently used, and the terms 'performance measures' and 'performance indicators' are often used inter-changeably. While the terms performance measure and performance indicator can be used in slightly different ways, 'performance measure' has been used in this thesis to refer to both 'performance measure' and 'performance indicator'.

7. PUBLIC SECTOR PERFORMANCE MEASUREMENT IN DEVELOPED COUNTRIES

UK Public Sector

The first attempts at performance evaluation and review in the UK public sector were associated with the failed attempts at large scale strategic planning in the 1970s, and it was not until the appearance of organisational and managerial reforms introduced by the Conservative Governments of the 1980s and 1990s that public sector performance measurement became a regular state activity. But in spite of recent emphasis and initiatives, performance measurement, in terms of its efficiency, is still in its infancy (or at least, its adolescence). Consequently, the approaches used are still in need of further investigation and development, particularly in terms of understanding the resultant action arising from the measurement and evaluation process.

Throughout the 1980s and 1990s the British Civil Service devoted much time and energy developing indicators to measure the performance of government. This was visible from the UK government initiatives like Financial Management Initiative (FMI) of early 80s which called for "all managers at all levels in central government to have a clear view of their objectives, and means to assess, and whenever possible measure, outputs or performance in relation to those objectives" and the Next Step initiative of 1990 which stated that "there was a need for greater precision about the results expected of people and of organisation and a need to focus attention on outputs as well

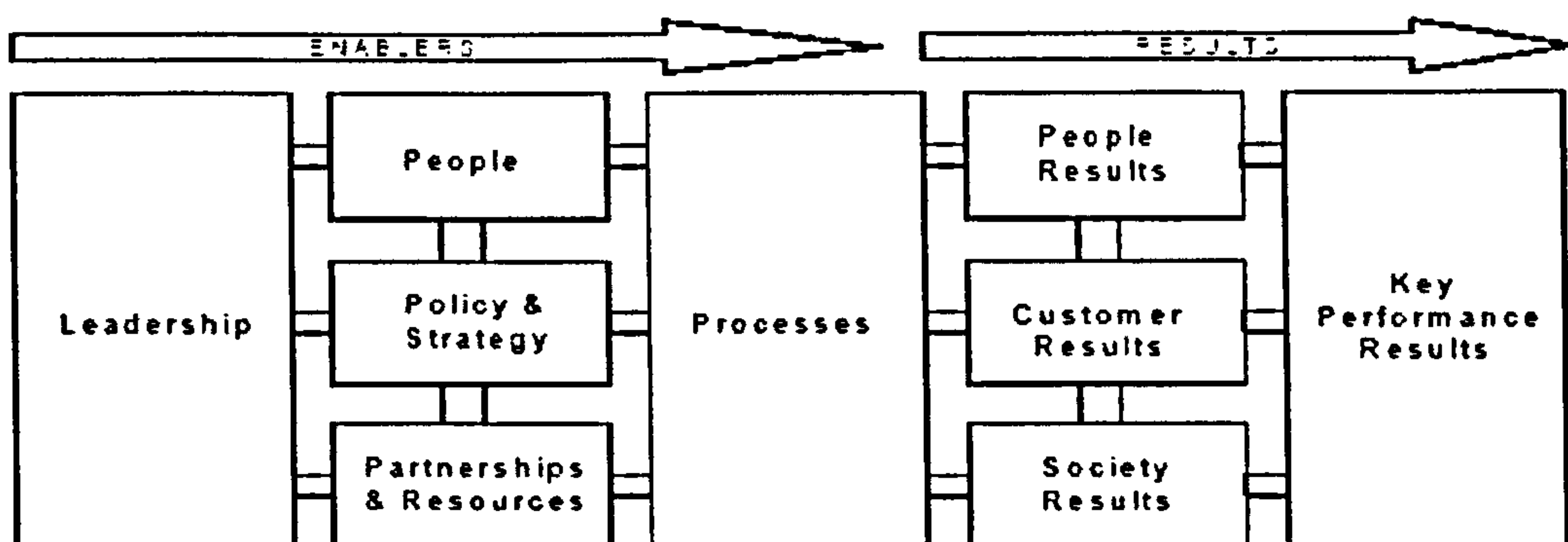
as inputs”(Hyndman and Anderson, 1991). The research findings of Carter, Klein and Day (1992) shows that ,never before had so much stress been placed on accountability and performance; a trend which will be reinforced as government continues to devolve activities to agencies and looks for methods to assess their performance'

A number of performance measurement frameworks have been developed in the UK public sector since 1990. In a recent study, Rodney McAdam and Robbie Saulters (2000) have listed some of the current quality measurement framework such as EFQM Excellence Model, Investors in People, Charter Mark, ISO 9000, and Benchmarking. These will be briefly discussed in the following paragraphs.

EFQM Excellence model

The European Foundation for Quality Management (EFQM) Excellence model, released in April 1999, is a re-engineered version of the European Business Excellence model (BEM). The revised model, which retains the main features of the BEM, is a framework for assessing and then continuously improving the performance of an organisation across the whole spectrum of its activities.

Fig: 2.1 EFQM Model



The model is comprised of nine criteria, five 'enablers' and four 'results'. It is based on the principle that the five key enablers of excellence are leadership, policy and strategy, people, partnerships and resources, and processes. These activities enable excellent organisational performance - as demonstrated by people results, customer results, society results and, ultimately, key performance results. Key Performance Results are

the indicators of progress towards the organisation's aims and objectives, and are usually those reported in the organisation's Annual Report. Each of the nine criteria identified above is divided into a number of criteria parts that helps define and structure the assessment. An overall score is reached for each of the nine criteria. The criteria are then weighted to calculate a score out of 1000 points. Organisational scores will vary from less than 250 points to over 800 points. Although it is not necessary to score assessments, the scores do provide an indicator of progress over time.

Investors in People (IIP)

IIP is the national standard for improving organisational performance by training and developing people to achieve business goals. It was developed in 1990 by the National Training Taskforce in partnership with various private sector, personnel and trade organisations, including the Confederation of British Industry, Trade Unions Congress and Institute of Personnel Development.

The standard is based on four key principles that link together people development with business planning:

1. *commitment* to invest in people to achieve business goals;
2. *planning* how skills, individuals and teams are to be developed to achieve these goals;
3. *action* to develop and use necessary skills in a well defined and continuing programme directly tied to business objectives;
4. *evaluating* outcomes of training and development for individuals' progress towards goals, the value achieved and future needs.

The four principles are translated into twelve indicators of performance. Evidence is collected against each of the twelve. This evidence may include corporate strategies and action plans, staff feedback and examples of processes or approaches. External assessment takes place against this framework. An organisation will have to demonstrate that it meets all twelve of the indicators of the standard in order to gain IIP status.

IIP requires ongoing commitment and those who do not continue the commitment risk losing the accreditation. And every three years the standard itself is reviewed to ensure that it is still relevant, accessible and beneficial to organisations of any size and to ensure that the experience of applying the standard adds real value.

Initially, the Standard was administered through the Department for Education and Employment but in 1993 Investors in People UK was formed to take national ownership of the Standard. Investors in People UK are a non departmental public body funded by and accountable to the Department for Education and Skills.

Charter Mark

Charter Mark is the Government's national standard and quality improvement scheme aimed at improving customer service in the public sector. The scheme focuses on results – the service the customer actually receives.

Charter Mark was launched in 1992. More recently it has been updated by the Prime Minister's Office of Public Services Reform in order to more closely reflect government priorities, reduce bureaucracy and to make it easier for applicants to apply. The new scheme was launched in 2003 with the aim of being fully operational in early 2004. It will include a new web based self assessment tool which helps organisations assess what they need to do to achieve Charter Mark.

Applicants to Charter Mark are assessed against six criteria:

1. setting standards and performing well;
2. actively engaging customers, partners and staff;
3. being fair and accessible and promoting choice;
4. continuously developing and improving;
5. using resources effectively and imaginatively;
6. contributing to improving opportunities and quality of life in the communities you serve.

Applicants pay to be assessed for the Charter Mark award. Those assessed as providing an excellent standard of service achieve the award. The process provides expert independent assessment and detailed feedback on how to improve. Applicants

pay for the assessment for Charter Mark. The time taken to achieve Charter Mark will depend on the state of readiness of the organisation in the first instance.

Once an organisation has been awarded the Charter Mark it holds the status for three years before needing to reapply for accreditation. This ensures that each organisation is meeting the needs of continuous improvement.

Charter Mark has had a firm foothold in local authorities for many years. It has been seen as an important means of driving improvement, customer focus and motivating staff particularly amongst direct services organisations that want to secure competitive advantage. A range of organisations achieving Charter Mark finds that the standard has made an impact by:

- increasing customer focus;
- improving consultation with users;
- improving staff morale;
- developing better internal processes;
- developing more effective service delivery;
- improving complaints handling;
- delivering more cost effective services.

ISO 9000: Quality Management Systems and Total Quality Management

Quality is defined by customers involved in an organisation's supply chain as the wish to see an organisation work efficiently and effectively, at minimum cost. By considering all interests, the ISO Standard permits the development of quality management systems which can be simple, cost-effective and efficient, addressing all the needs of the business (Munro-Faure *et al.*, 1995). To be successful, quality must be integrated into the business. This is achieved through an understanding of the vision, goals and aims of the organisation.

Benchmarking

Benchmarking is not new to UK public sector. For many years, organisations have used informal comparison studies when carrying out staff inspections and/or business

reviews to establish new ways of doing things or to confirm that an organisation is performing its tasks effectively and efficiently. At best, the theory suggests that best practice benchmarking will help organisations to improve strategically important processes. Benchmarking gurus argue that benchmarking leads to superior performance (Camp, 1989).

In general, the UK central government has adopted a very firm approach to performance measurement of mainstream social services. This follows from a programme of government reviews of individual social service departments that found inconsistency in service delivery and a perceived lack of cost effectiveness and efficiency in service production. The English approach is part of a radical reform programme to transform local government in general, not just the social service elements. The New legislation called 'the Local Government Act 1999' demands that all local authorities must seek 'Best Value' in the delivery of local services of every kind. 'Best Value' means examining critically every service over a five-year period. Part of this agenda for reform includes the introduction of a comprehensive framework for measuring social services performance called The Performance Assessment Framework (PAF). This is a range of 50 separate indicators covering all aspects of service including cost, efficiency and effectiveness and must be made available to the public in general local authority performance plans from April 2000.

US Public Sector

Performance Measurement in the USA has a long history. But it received real impetus when Government Accounting Standards Board (GASB) promoted the reporting of 'Service Efforts and Accomplishments' (SEA) by State and Local governments in early '90s . The objective of SEA reporting was to provide more complete information about a government entity's performance than can be provided by traditional financial statements. According to GASB's concept statement no.2, SAE information should focus on results-oriented measures of service accomplishments (output and outcomes) and measures of relationships between service efforts and service accomplishments (i.e. efficiency), thereby assisting users in assessing the economy, efficiency and effectiveness of services.

In 1993, the US government announced a government-wide initiative to reinvent government called the National Performance Review (NPR). It also enacted the Government Performance and Results Act (GPRA) of 1993 often called 'the Results Act'. The 1993 Act requires federal agencies to develop five-year strategic plans, by September 30, 1997, for how they will deliver high quality products and services to the American people (Kravchuk and Schack, 1996 and Gore, 1997). In addition, the Results Act requires every federal agency and department, beginning with fiscal year 1999, to develop a series of annual performance plans focusing on output and outcome measures. The performance plans, according to Kravchuk and Schack (1996), must cover each programme activity with specific performance indicators, and 'objective, quantifiable, and measurable' goals.

The extent to which government organisations have adopted these performance measures varies widely. The Governmental Accounting Standards Board (GASB) and the National Academy of Public Administration (1997) jointly conducted a survey of 900 state and local government entities to examine the measurement and use of performance measures related to service efforts and accomplishments. Slightly more than half (53.2 percent) of the respondents have developed these performance measures, with 46.8 percent using the measures internally. However, many of these measures are not output or outcome oriented. Only 39.3 percent have developed output or outcome measures, and just 32.9 percent use them for decision-making or performance evaluation. Less than 29 percent of the entities use output or outcome measures for strategic planning, resource allocation, or program planning and monitoring, and 25 percent or fewer use them for internal or external reporting. Although these percentages are relatively low, the use of performance measures for these purposes is expected to increase dramatically in the future, with 62.9 percent planning to use performance measures for program evaluation, 58.9 percent for resource allocation, 46.3 percent for strategic planning, and 41.9 percent for reporting.

The development and use of results-oriented performance measures have also increased in the federal government, but remain relatively limited. Despite the approaching deadline for the implementation of results oriented measurement systems,

the General Accounting Office (GAO) survey results of 1997 indicate that 38 percent or fewer federal managers had the types of measures required by the GPRA to a "great" or "very great" extent in 1997. Moreover, only 21 percent used the measures for developing budgets, 20 percent for funding decisions, 13 percent as the basis for legislative changes, and 16 percent as the basis for program changes. Although these percentages are significantly greater than those of three years before, they are far lower than the GAO expected (General Accounting Office 1998). In addition, relatively few of the managers believed that their agencies' efforts to implement the GPRA have had much effect on their programs, operations, or projects, and more than half thought that the GPRA's impact in the future will be modest.

While the US private sector is challenged by international competition, the US government sector is being required to compete with the private sector in both effectiveness and efficiency efforts. Champy (1996) points out six important challenges facing US government agencies:

1. Declining budgets, but pressure to increase productivity;
2. Difficulty meeting expanding workloads;
3. Intensified external oversight;
4. Increasing inability to respond to congressional and executive orders;
5. The need to provide constituents with service and technology options provided in the private sector, and
6. Outmoded technology.

David Osborne and Ted Gaebler (1996) in their ground breaking book 'Reinventing Government' suggests some basic building blocks of all US public organisations that must be changed to shift them from a bureaucratic to a more entrepreneurial model. He calls these strategies the 'five Cs':

1. The Core Strategy: Creating clarity of purpose;
2. The Consequences Strategy: Creating consequences for performance;
3. The Customer Strategy: Making organisations accountable to their stakeholders;

4. The Control Strategy: Pushing control down from the top and out from the centre, and
5. The Culture Strategy: Changing employees' habits, hearts and minds.

To reform and change a large complex system, like the US government, towards entrepreneurial model new strategies must be developed that dramatically change its purpose, accountabilities, power structure, and culture.

Public sector in other countries

There are various examples of performance measurement systems in place or under development in Europe especially in the social service area. A survey carried out by European Social Network (2000) has found out some good examples of performance measurement, which are described in the following paragraphs.

FRANCE

In France, for example, there is no national standard for performance measurement. The individual 'departments' and municipalities may develop their own approach. However, one of the popular models the French companies have been using as a performance management system is called 'Tableaux De Bord' which emerged in France at the turn of the last century (Epstein and Manzoni, 1998). In English it means a Dashboard such as the one which plane pilots and car drivers can observe their navigational and engine performance. There will be more discussion about this model in the later part of this chapter.

There are efforts to develop performance indicators to suit individual organisational needs. For example in Seine et Marne in France, the department has since 1997, developed objectives and performance indicators for its child welfare and protection service. The Social Services Directorate (DASSMA) of France monitors the progress of its 15 areas, allocating support teams as necessary to help meet its targets of reducing the number of children in care.

SWEDEN

Sweden, like other Scandinavian countries, does not have any national performance standards. But there are some interesting and popular models of performance management originated in Sweden such as 'Intangible Asset Monitoring' model developed by Karl-Erik Sveiby (1997) and 'Skandia Navigator' model developed by Edvinsson (1997). These models are used by private companies in the Scandinavian countries.

In the public sector performance management model like Balanced Scorecard are being used by Swedish Police Authority, Swedish National Audit Office (RRV), Swedish municipality of Vastervik and Hogland Hospital under Jonkoping County Council. In other areas like social services, the Social Services Act refers to achieving 'reasonable standard of living' and that social work should be of a good quality. An interesting example of local initiative is perhaps in the City of Stockholm which has been engaged in a relatively comprehensive programme of quality based on three guiding principles:

- Integrating financial and activity programme to formulate goals based on a common structure is in progress at all levels and in all activities
- Developing a common terminology, training programmes and central support to initiate quality development and
- A focus on outputs and outcomes

The City of Stockholm Awards for Good Quality began in 1997 and are intended to stimulate interest by members of the public services in improving performance using seven main criteria and 28 sub divisions based on the TQM model. These covering hard data and 'softer' information such as leadership and user satisfaction.

SWITZERLAND

In Switzerland, the city of Zurich is developing more and more instruments for performance measurement with regard to contracting.

There is some evidence that regardless of the national approach to performance measurement, local authorities across Europe are beginning to set standards at a local

level. A growing emphasis on a management approach means, for example, that techniques such as Benchmarking, The Balanced Scorecard, The Business Excellence Model and Total Quality Management systems are being introduced. In some instances, such as in England, these approaches are being stimulated by the national agenda. Elsewhere they are self-generated by consortia of councils and social service departments in a drive to improve quality and cost efficiency and effectiveness.

The European Social Network (2000) reports that a total of 73 projects were identified in the European Social Network survey from a total of 15 countries across Europe. 23 of these projects have explicit performance measures identified. These measures range from anticipated numbers of participants to global project costs. Significantly few measures focus on outcomes whilst all focus on outputs to a greater or lesser extent. This means that while there is growing attention paid to objective measurement, there is insufficient sophistication in the measures to identify change for the users of the services.

The foregoing examples show a sample from many public sector development activities which emphasise performance measurement to ensure quality of service to the users and promote public accountability.

8. PRINCIPLES OF MEASUREMENT AND THE NEED FOR A BALANCED APPROACH

Carl Thor (1995) emphasises the importance of the 'family of measures' concept and the alignment of measures across organisational levels. The 'family of measures' concept can be useful in monitoring and assessing the performance of any work processes or function. Within this framework, he developed nine Principles of Measurement:

1. What to measure is ultimately determined by what the customer considers important.
2. The customers' needs are translated into strategic priorities so that the strategic plan indicates what specifically to measure.

3. Supplying improvement teams with measured results of key strategic priorities contributes to further improvement by providing both team motivation and information on what works and what does not work.
4. A family of measures is needed to describe and analyse any organisation or group.
5. There should be a family of measures at each level and for each group and key business process in an organisation.
6. Each measure should be understandable to its users but still provide as much diagnostic value as possible.
7. Measures should be developed perceptively.
8. An appropriate balance must be struck between individual and group measures depending on the target corporate culture, and
9. A comprehensive performance measurement system includes an understanding of both performance trends and level.

The UK Audit Commission has prescribed seven principles of performance measurement for the local government organisations in order to design an effective system of performance measurement. These are as follows:

1. Clarity of Purpose;
2. Focus;
3. Balance;
4. Ownership;
5. Scrutiny;
6. On-going learning; and
7. Continuous improvement.

In designing performance measurement with the above seven principles, there are three practical considerations local governments should bear in mind. The measures must be:

1. purposeful;
2. clearly defined; and
3. easy to interpret.

The Audit commission then concludes, 'to ensure a rounded picture of the service, the concept of Balanced Scorecard is helpful'

To measure the overall success of a public service and to guide executives through the strategic performance measurement process, a balanced performance measurement approach is required across all the three perspectives (National Partnership for Re-inventing Government, USA, 1999). It allows the top management to consider and compare all the important operational measures at the same time. Thus the top management can see how the organisation is doing and whether one target is being achieved at the expense of other.

9. RECENT TREND IN INTANGIBLE ASSET MEASUREMENT AND SOME RELEVANT MODELS IN PRIVATE AND PUBLIC SECTOR

The recent trend in performance measurement has been characterised by emergence of intangible assets measurement as highlighted by Baruch Lev (2001), Sveiby (2001), Berret-Koehler (1997) and others. This trend was also accompanied by a rising need to search for non-financial measures to evaluate companies' performance from different perspectives rather than traditional emphasis on financial measures as pointed out by Kaplan and Norton (1992).

Some of these models like Intangible Assets Monitor, Skandia Navigator and Balanced Scorecard are discussed below:

Intangible Assets Monitor

The Intangible Assets Monitor is a method for measuring intangible assets and a presentation format which displays a number of relevant indicators for measuring intangible assets in a simple fashion (Sveiby, 2001). The choice of indicators depends on the company strategy. The format is more suited to companies with large intangible assets such as knowledge organisation. This model is not known to be used in non-profit and public sector organisations so far.

Skandia Navigator

The Skandia Navigator is a collection of critical measurements that all comprise a holistic view of performance and goal achievement. This model was developed in

Sweden by Edvinsson. The architecture of the Skandia Navigator is designed around five focus areas or perspectives- Financial focus, customer focus, human focus, process focus, and renewal & development. Each area visualises the value creation process. The navigator facilitates a holistic understanding of the organisation and its value creation process. The use of this model is also limited to for-profit companies.

Balanced Scorecard (BSC)

Balanced Scorecard is a comprehensive performance management and measurement model which has been developed by Kaplan & Norton in 1992 in the USA. This model enables an organisation to implement its strategy and measuring its performance under four strategic perspectives. This model has been implemented in both private sector organisation and to some extent in the public sectors.

In comparison, the common quality of the four models discussed above is that all four facilitate development of non-financial indicators and measurement of intangible assets. But as their current application and usage suggests, the BSC seems to be more in use in non-profit and public sector organisations than the other two. Although, Tableaux De Bord is popular in France, there is no evidence of its use in any public sector organisation outside France.

The other popular model being used in the UK public sector that has been mentioned previously is the EFQM model.

Tableaux De Bord:

As mentioned previously, one of the important models, companies are using in France, is 'Tableaux De Bord' or Dashboard. It was first developed by process engineers who were looking for ways to improve their production process by better understanding cause-effect relationships-the relationship between action and performance. Later on, this idea was applied to top management level, to give senior managers a set of indicators, allowing them to monitor the progress of the business, compare it to the goals that had been set, and take corrective actions.

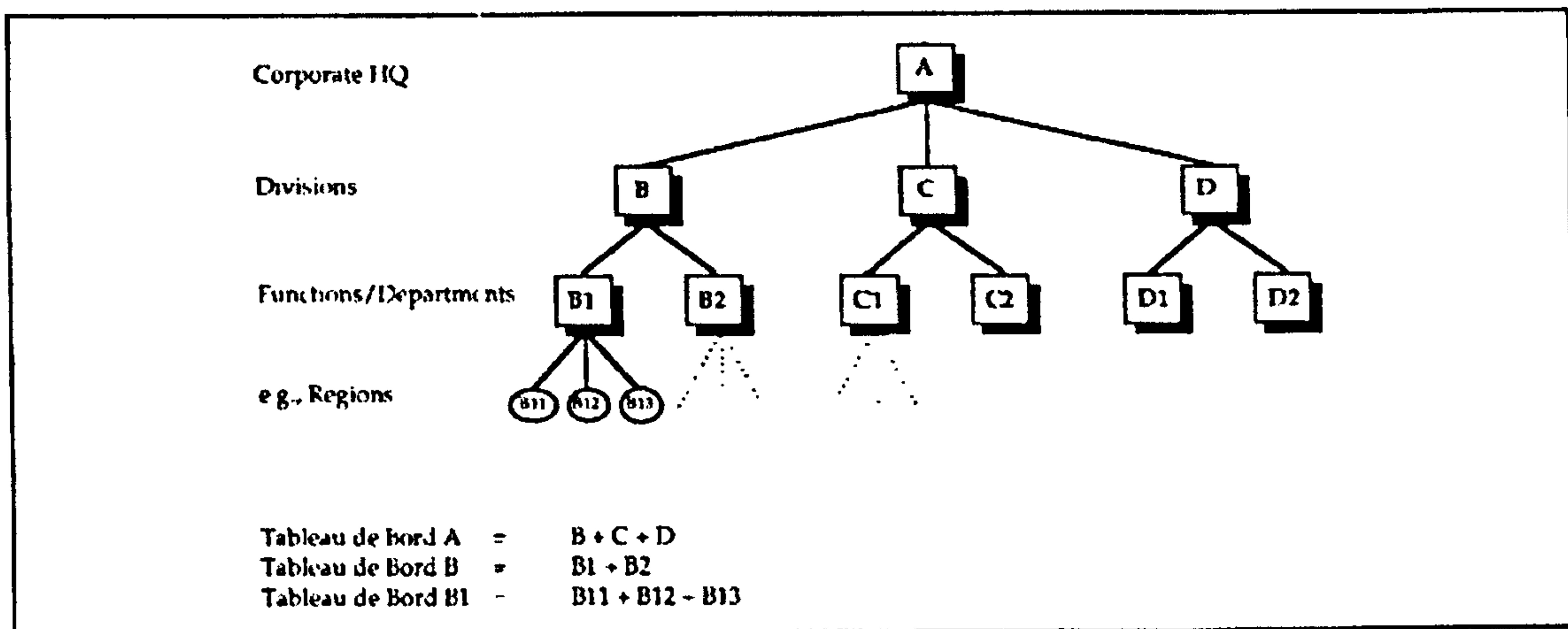


Fig: 2.2 Nested Tableaux de Bord. Adapted from de Guerny, J., Guiriec, J.C. and Lavergne, J. (1990)

There are some common attributes of this model with BSC such as cause-and-effect relationship among the objectives and activities, and the facility of cascading to different levels of organisation etc. But the main difference is that 'Tableaux De Bord' tends to over emphasise the financial indicators and contain much less non-financial measures (Epstein and Manzoni, 1994). A comparative study of French and American companies published shortly after Kaplan & Norton's first Balanced Scorecard article reported similar findings (Gray and Pesqueux, 1993)

10. THE BALANCED SCORECARD (BSC) MODEL

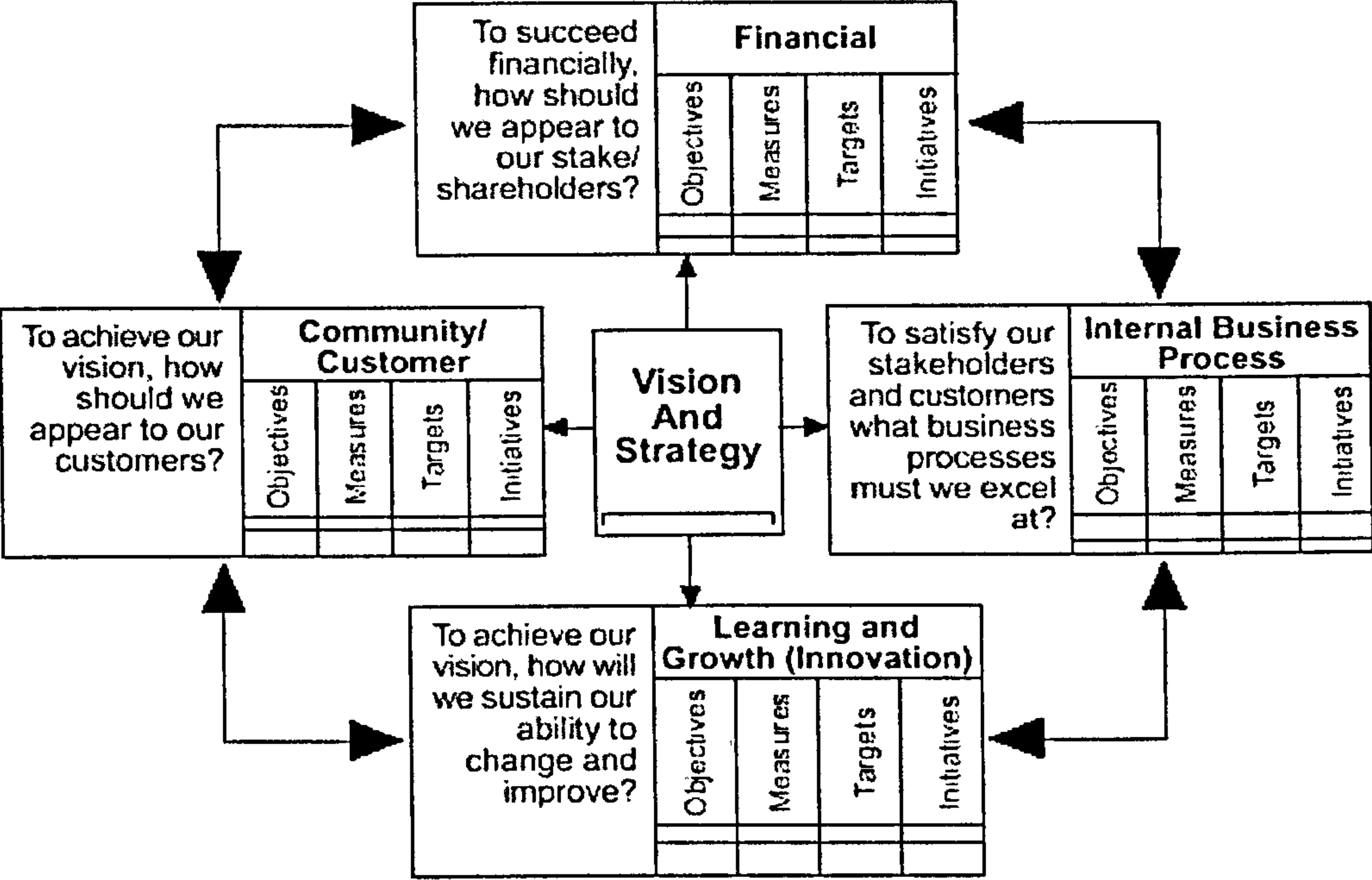
As mentioned previously, one of the more recent and widely applied models is the Balanced Scorecard (BSC) model. The BSC was developed by Kaplan and Norton in 1992 and has since been used by many organisations to measure their overall organisational performance. More recently, the Balanced Scorecard concept has been applied to understand the important dimensions of the performance of Enterprise

Systems management (Rosemann and Wiese, 1999). The Kaplan and Norton's Balanced Scorecard has four perspectives. In addition to the traditional financial perspective, there are the customer perspective, the internal business perspective and the innovation and learning perspective. While the financial perspective looks to the past, the other three perspectives look forward. If an organisation needs to add another perspective, according to their specific demands and circumstances, this can be accommodated in the BSC model (Kaplan and Norton, 2000; Gendron, n.d.)

The Balanced Scorecard is a management tool used for the development of performance measurement in organisations. In many organisations, it serves a larger role as the basis for their strategic management systems. Professor Robert Kaplan of Harvard Business School and David Norton, founder and President of Renaissance Solutions, a Massachusetts based consulting firm developed and introduced the BSC to the business world in 1992. Since its introduction, the BSC has gained great recognition in management circles, and has been successfully implemented in a wide range of organisations.

Historically, many organisations have focused managerial attention on financial measures, the ultimate bottom line. Conversely, other organisations have focused mainly on operational measures, under the belief that if operations are soundly managed, strong profitability will automatically follow. Kaplan and Norton (1992) claim that both views are inappropriate. Managers should be aiming to strike a balance between financial and non-financial measures.

To facilitate this approach, Kaplan and Norton worked on a yearlong research project with 12 companies on the cutting edge of management practices to develop the Balanced Scorecard (BSC). They describe the BSC as 'a set of measures that gives top



Source: Kaplan and Norton (1996)

Figure 2.3: THE BSC MODEL

managers a fast but comprehensive view of the business (Kaplan and Norton, 1992)'. The Balanced Scorecard helps managers to view their organisation from four important perspectives:

- 1. Customer perspective;
- 2. Internal business process perspective;
- 3. Innovation and learning perspective; and
- 4. Financial perspective

Each perspective, respectively, provides the answer to a basic question: How do customers see us, what must we excel at, can we continue to improve and create value, and how do we look to shareholders (Kaplan and Norton, 1992)?

For each perspective, managers must identify the organisation's goals and objectives and develop measures to achieve goals. In addition, cause-and-effect relationships must be established among objectives and measures in all perspectives so that they can be managed and validated. In addition, within each perspective, there should be combination of leading and lagging indicators to ensure that the cause-and-effect relationship is maintained. In developing measures, care should be taken to avoid information overload so that the number of measures identified is limited to those that are most critical to the organisations. Overall a balanced approach- actuated by a balance of financial and non-financial on the one hand and that of leading and lagging indicators/measures on the other should be maintained. Figure 2.3 above shows how the four perspectives are linked to the vision and strategy of the organisation, and how each is to be implemented with specific objectives, measures, targets and initiatives.

The Four Perspectives of BSC

1. Customer Perspective

Kaplan and Norton identify four categories into which customers' concerns fall- time, quality, performance-and-service, and cost. When assessing organisational performance with respect to these concerns, it is important to distinguish between management's view of these concerns and customer's perceptions. Management must obtain feedback from customers to ensure that performance is being measured relative to customers' concerns and standards.

2. Internal Business Process Perspective

The BSC should incorporate measures related to business processes that have the most significant impact on customer satisfaction. Such measures typically relate to cycle time, quality, employee skills, and productivity. To create a BSC, an organisation should try to identify its core competencies. Core competencies are an organisation's areas of expertise that allow it to differentiate itself from competitors, and thus gain competitive advantage.

3. Innovation and Learning Perspective

Most organisations operate in a dynamic environment, and this perspective focuses on the organisations' response to change. Change occurs with respect to both the customer and internal business process perspectives. Measures under this perspective typically relate to characterise such as the ability to launch new products or services, enhance customer value and improve operating efficiency. This perspective is complementary to an organisation's commitment to continuous improvement.

4. Financial Perspective

The financial perspective is an organisation's bottom line: the results of performance under the other three perspectives. Unfortunately, financial performance does not always follow directly from fulfilment of goals from the other three perspectives, due to inaccuracy and imprecision of management's performance measurement in these areas. Hence, the financial perspective cannot be overlooked. A good financial control system can even help enhance performance with respect to the other perspectives.

As presented above, each perspective builds upon the preceding perspectives. These interrelationships are the reason Kaplan and Norton advocate a balanced approach to performance measurement. For example, product quality is an important objective of both the customer and internal business process perspectives. The measures of quality for each perspective may differ, but the ultimate goal is the same. It would be impossible to make a comprehensive list of the objectives and measures that relate to the BSC perspectives of every organisation. Each organisation has a unique set of ideal objectives and measures. The BSC is flexible enough that it can be catered to any organisation's needs. According to Kaplan and Norton (1992), however, the BSC helps meet managerial needs in two ways. First, it combines disparate elements of organisational strategy into a single report, and enables management to get a better idea of the 'big picture' of the organisation. Second, it highlights the tradeoffs associated with pursuing particular objectives over others, and thus promotes optimisation of managerial actions.

Using BSC as a Strategic Management System

Since the BSC concepts were originally introduced in 1992, Kaplan and Norton (1996) have found that the BSC has evolved beyond its original purpose as a tool to facilitate establishing non-financial performance measures. Many organisations such as Mobil Oil Corporation, USA, and City of Charlotte, North Carolina, USA, have used the BSC as the cornerstone of a new strategic management system.

The scorecard itself has changed itself over the years. The 'innovation and learning' perspective is now known as the 'learning and growth' perspective, although it appears to be merely a change in terminology. More significant is the placement of vision and strategy at the centre of the four perspectives. In addition, Kaplan and Norton go beyond establishing objectives for each perspective and measures for each objective. They suggest going further to specify targets and initiatives, reaching down into the lower levels of management.

The main focus of Kaplan and Norton's 1996 article is to identify the four new management processes that the BSC introduces to the organisation. These processes link long-term strategic objectives to short-term actions.

1. Translating the vision;
2. Communicating and linking;
3. Business planning; and
4. Feedback and learning.

As shown in Figure 2.4 below, these four processes must be integrated and should occur in an iterative fashion.

	Clarifying and Translating the Vision and Strategy <ul style="list-style-type: none">• Clarifying the vision• Gaining consensus	
Communicating and Linking <ul style="list-style-type: none">• Communicating and educating• Setting goals• Linking rewards to Performance measures	BALANCED SCORECARD	Strategic feedback and learning <ul style="list-style-type: none">• Articulating the shared vision• Supplying strategic feedback• Facilitating strategy review and learning
	Planning and Target Setting <ul style="list-style-type: none">• Setting targets• Aligning strategic initiatives• Allocating resources• Establishing milestones	

Figure 2. 4: Managing Strategy: The Four Processes

(Source : Kaplan and Norton, 1996b, P.77)

The Four Processes

1. Translating the Vision

Organisation vision is typically very lofty and vague. The BSC helps clarify this vision. Once the vision has been clarified into a coherent strategy, managers can come to a consensus regarding the direction in which the organisation is to proceed.

2. Communicating and linking

The BSC facilitates communication between managers at all levels of the organisation and provides the important link between strategy and objectives via the four perspectives. From the objectives, specific goals can be set. Often, these goals are conveyed to employees via progress reports posted in work areas. Alternatively, employees can carry 'personal scorecard' which summarise pertinent goals for each employee. The simplicity and conciseness of the BSC make it a useful tool for educating employees about how the organisation operates. The BSC has also been used to link employee rewards to performance measures.

3. Business Planning

Once goals have been set and the relevant performance measures are in place, management must set targets for each measure, and establish milestones of accomplishment. Operational initiatives and projects are undertaken in alignment with strategic objectives, and there is co-ordination between strategy and resource allocation systems.

4. Feedback and Learning

At this stage, shared organisational vision has been fully articulated into actions. Progress towards previously specified performance targets provides a source of feedback to management at all organisational levels. This feedback facilitates strategy review and learning. It may be noted how there is a top-down progression from translating the vision to business planning. The final process, feedback and learning provide the link back up to the organisational vision, whereupon the cycle begins anew. When the feedback is used to re-evaluate organisational strategy, the entire cycle is known as 'double-loop learning' (Argyris, 1993). This use of feedback goes beyond ordinary single-loop learning, where feedback is merely used to monitor performance.

Contributions and strengths of BSC

The Balanced Scorecard (BSC) is distinct from other strategic measurement systems in that it contains outcome measures and the performance drivers of outcomes (Kaplan & Norton, 1996, pp. 31, 53). One of the reasons the BSC is such a powerful tool is precisely that it stresses the linkages for achieving outstanding performance in related measures, rather than concentrating on isolated measures. As Hepworth (1998) puts it, 'the added value of the Balanced Scorecard is in the drawing together of all the key business areas and identifying the linkages that deliver success'. Thus, the scorecard helps to fight sub-optimisation by forcing managers to consider all key measures that collectively are critical for the success of the organisation and highlighting the need to analyse trade-offs (Letza, 1996; Tsang, 1998). The measurement system should then make the relationships among objectives (and measures) in the various perspectives explicit so that they can be managed and validated.

The BSC claims to identify cause-and-effect relationships between the different elements of an organisation. Norreklit (2000), however, considers that these relationships are problematic. The causality between quality and financial results, for instance, has not been proved on an empirical basis. In addition, according to Norreklit (2000) if a cause-and-effect relationship requires a time lag between cause and effect, then it is problematic that the time dimension is not part of the scorecard. Norreklit (2000) concludes that there is no causal relationship between measures from the four perspectives. Instead, the arguments indicate that the perspectives are interdependent. The influence between measures is not unidirectional in the sense that learning and growth are the drivers of internal business processes, which are the drivers of customer satisfaction, which in turn is the driver of financial results. The reasoning is circular. So instead of a cause-and-effect relationship, the relationship between the areas is more likely to be one of interdependence.

Probably, the main benefit of the BSC is its ability to translate an organisation's vision and strategy into tangible objectives and measures. The BSC uses indicators to communicate a strategy and to measure the success of its implementation. To translate the corporate goals into operational terms, the organisation's BSC should be deployed to each business unit. As stated by Mooraj *et al.* (1998), 'by evaluating the relevant factors of each segment of the Balanced Scorecard, which may have an impact on a financial aim, the appropriate measures can be identified and the alignment of actions to the strategic goal is facilitated'. Used correctly it can empower an organisation by operationalising the strategy discussion, and then by assigning the accountability for well-defined results (Gering & Rosmarin, 2000).

As recognised by Mintzberg (1994) among many others, strategy implementation is the cause of many problems. The process of building a scorecard clarifies the strategic objectives and identifies the critical few drivers for strategic success. Therefore, the BSC is more than a performance measurement system. It is commonly adopted as a strategic management system to (Kaplan & Norton, 1992, 1996; McClintock, 2000):

- describe the organisation's vision of the future and create shared understanding;

- clarify and update corporate strategy;
- communicate strategic objectives throughout the organisation (it establishes a communication system that bridges the gap between goals set by high-level executives and the front-line workers whose performance is ultimately responsible for reaching these goals);
- align customer needs and business objectives;
- work as a holistic model of the strategy allowing all employees to see how they contribute to organisational success, and contributing to aligning departmental and personal goals to corporate strategy;
- focus change efforts, by identifying opportunities for initiatives in the areas that are lagging behind;
- link strategic objectives to targets and budgets (financial and physical resources must be aligned to the strategy; long-run capital budgets, strategic initiatives and annual expenses must all be directed to achieving targets for the objectives and measures of the scorecard);
- build a reward system that is geared to achieving targets (alignment and accountability will be enhanced when individual contributions to achieving scorecard objectives are linked to recognition, promotion and compensation programmes);
- align strategic and operational reviews;
- obtain feedback on the effectiveness of the strategy policy deployment and implementation to track progress over time and facilitate strategic review.

Kaplan and Norton (1996) also claim that the BSC is a useful tool to translate the vision and strategy into actions at local level. In Kaplan and Norton's (1996, p. 47) words, 'the scorecard should tell the story of the strategy, starting with the long-run financial objectives, and then linking them to the sequence of actions that must be taken with financial processes, customer internal processes, and finally employees and systems to deliver the desired long-run economic performance'. The main message is that in the short and medium term the ultimate financial objectives can be reached by adequate customer service and an effective business process only. However, in order to sustain success in the long term, the organisation must also realise its objectives concerning the learning and growth perspective (Lengyel, 2000). A good BSC should have a mix of

outcome measures (lag indicators) and performance drivers (lead indicators) (Norreklit, 2000).

Thus, the aim of the BSC is to present management with a concise summary of the key success factors of a business, and to facilitate the alignment of business operations with the overall strategy (Mooraj *et al.*, 1998). This brings a significant benefit of developing a BSC: it is a learning exercise in which organisations improve knowledge of their activities and processes.

The BSC constitutes an effective learning process, since it integrates: (1) a shared strategic framework that communicates the strategy and allows each participant to see how to contribute to achievement of the overall strategy; (2) a feedback process that collects performance data about the strategy and allows the hypothesis about interrelationships among strategic objectives and initiatives to be tested; and (3) a team problem-solving process that analyses and learns from the performance data and then adapts the strategy to emerging conditions and issues (Kaplan & Norton, 1996).

Like every other major change, the development and adoption of the BSC requires the full engagement and commitment of the leadership at the top. Introducing a BSC inevitably brings some change and resistance. Changes effect the availability of performance-related information can be particularly threatening, as they have the potential of modifying the balance of power within the organisation (Epstein & Mazoni, 1998).

To be effective, the model has to be rooted in the management and the organisation. Such rooting requires the scorecard to the concepts and relationships which the management use when the company formulates its strategy and vision (Norreklit, 2000). Additionally, the unique culture and existing company philosophy have to be incorporated in the scorecard for it to be acceptable to managers (Letza, 1996). In sum, the BSC has strengths and weaknesses.

Strengths of the BSC approach

- It puts together, in a single report, many of the seemingly disparate elements of a company's competitive agenda.
- Ability to translate an organisation's vision and strategy into tangible objectives and measures.
- Holistic approach to performance measures.
- Focus on a limited number of critical measures (avoiding information overload).
- Flexibility and adaptability to fit each organisation in particular.
- By forcing managers to consider all the important operational measures together, gives a sense of interdependency among different organisational areas.
- Strong focus on customer and market.
- Forces managers to develop a clear and shared view of what they are trying to achieve and what are the critical levers and means to reach those objectives (Epstein & Manzoni, 1998), helping to focus everyone's attention toward the future.
- Easy to use.

Implementing the Balance Scorecard

Kaplan and Norton's 1993 HBR article, 'Putting the Balance Scorecard to Work', is devoted to describing the implementation of a BSC at three large American companies. Rockwater; a global engineering and Construction Company, Apple Computers; and Advanced Micro Devices, a semiconductor company. This section focuses on how the BSC enables performance measures to be derived in top-down process, rather than the typical bottom-up process. The translation occurs in the following steps:

1. Organisational Vision;
2. Strategy;
3. Objectives; and
4. Performance Measures.

Many government agencies such as Swedish Police Department and a wide range of private organisations such as Mobil Oil are using the BSC as part of their strategic

management systems. In a report by the panel of the National Academy of Public Administration for Department of Defence (DoD, The Balanced Scorecard approach was recommended as part of DoD's overall performance measurement framework (NAPA, 1996). For the past few years, the international Quality & Productivity Centre (IQPC) has been presenting conferences dedicated to performance measurement and the use of the BSC by many government and private organisations. In addition, many consulting companies are adopting the BSC as a framework for developing strategic performance measurement systems for their clients (Vitale, M et al, 1994)

11. BALANCED SCORECARD IN GOVERNMENT AND NON-PROFIT ORGANISATIONS (NPGO)

The foregoing literatures indicate that the BSC model is suitable for those organisations whose main concern is not profit making. Government organisations and non-profit organisations fall into this type of organisation.

The first more widely published description of the BSC is found in an article by Robert Kaplan and David Norton in the *Harvard Business Review* (1992). The authors, both of them successful researchers and consultants, had worked together with a number of companies to develop methods to measure performance in the 'organisations of the future'. After several more articles they summarised their findings in two books - the first one 'The Balanced Scorecard: Translating Strategy into Action (1996) and the recent one ' The Strategy Focussed Organisation: How Balanced Scorecard Companies Thrive in the New Business Environment (2001)

During the past five years, the Balanced Scorecard has also been applied by non-profit and government organisations (NPGOs). One of the barriers to applying the scorecard to these sectors is the considerable difficulty NPGOs have in clearly defining their strategy. The authors Kaplan and Norton) reviewed "strategy" documents of more than 50 pages. Most of the documents, once the mission and vision are articulated, consist of lists of programs and initiatives, not the outcomes the organisation is trying to achieve. These organisations must understand Porter's (1996, 77) admonition that strategy is not only what the organisation intends to do, but also what it decides not to do, a message that is particularly relevant for NPGOs.

Most of the initial scorecards of NPGOs feature an operational excellence strategy. The organisations take their current mission as given and try to do their work more efficiently--at lower cost, with fewer defects, and faster. Often the project builds off of a recently introduced quality initiative that emphasises process improvements. It is unusual to find non-profit organisations focusing on a strategy that can be thought of as product leadership or customer intimacy. As a consequence, their scorecards tend to be closer to the KPI scorecards than true strategy scorecards.

The City of Charlotte, North Carolina, however, followed a customer-based strategy by selecting an interrelated set of strategic themes to create distinct value for its citizens (Kaplan 1996). United Way of South-eastern New England also articulated a customer (donor) intimacy strategy (Kaplan and Kaplan 1996). Other non-profits like the May Institute and New Profit Inc. selected a clear product-leadership position (Kaplan and Elias 1999). The May Institute uses partnerships with universities and researchers to deliver the best behavioural and rehabilitation care delivery. New Profit Inc. introduces a new selection, monitoring, and governing process unique among non-profit organisations. Montefiore Hospital uses a combination of product leadership in its centres of excellence, and excellent customer relationships--through its new patient-oriented care centres--to build market share in its local area (Kaplan 2001). These examples demonstrate that NPGOs can be strategic and build competitive advantage in ways other than pure operational excellence. But it takes vision and leadership to move from continuous improvement of existing processes to thinking strategically about which processes and activities are most important for fulfilling the organisation's mission.

12. MODIFYING THE ARCHITECTURE OF BSC FOR NPGOs

Most NPGOs had difficulty with the original architecture of the Balanced Scorecard that placed the financial perspective at the top of the hierarchy. Given that achieving financial success is not the primary objective for most of these organisations, many rearrange the scorecard to place customers or constituents at the top of the hierarchy.

In a private-sector transaction, the customer plays two distinct roles--paying for the service and receiving the service--that are so complementary most people don't even

think about them separately. But in a non-profit organisation, donors provide the financial resources--they pay for the service--while another group, the constituents, receives the service. Who is the customer--the one paying or the one receiving? Rather than have to make a decision, organisations place both the donor perspective and the recipient perspective, in parallel, at the top of their Balanced Scorecards. They develop objectives for both donors and recipients, and then identify the internal processes that deliver desired value propositions for both groups of stakeholders.

In fact, non-profit and government agencies should consider placing an over-arching objective at the top of their scorecard that represents their long-term objective such as a reduction in poverty or illiteracy, or improvements in the environment. Then the objectives within the scorecard can be oriented toward improving such a high-level objective. High-level financial measures provide private sector companies with an accountability measure to their owners, the shareholders. For a non-profit or government agency, however, the financial measures are not the relevant indicators of whether the agency is delivering on its mission. The agency's mission should be featured and measured at the highest level of its scorecard. Placing an over-arching objective on the BSC for a non-profit or government agency communicates clearly the long-term mission of the organisation as portrayed in Figure 2.5

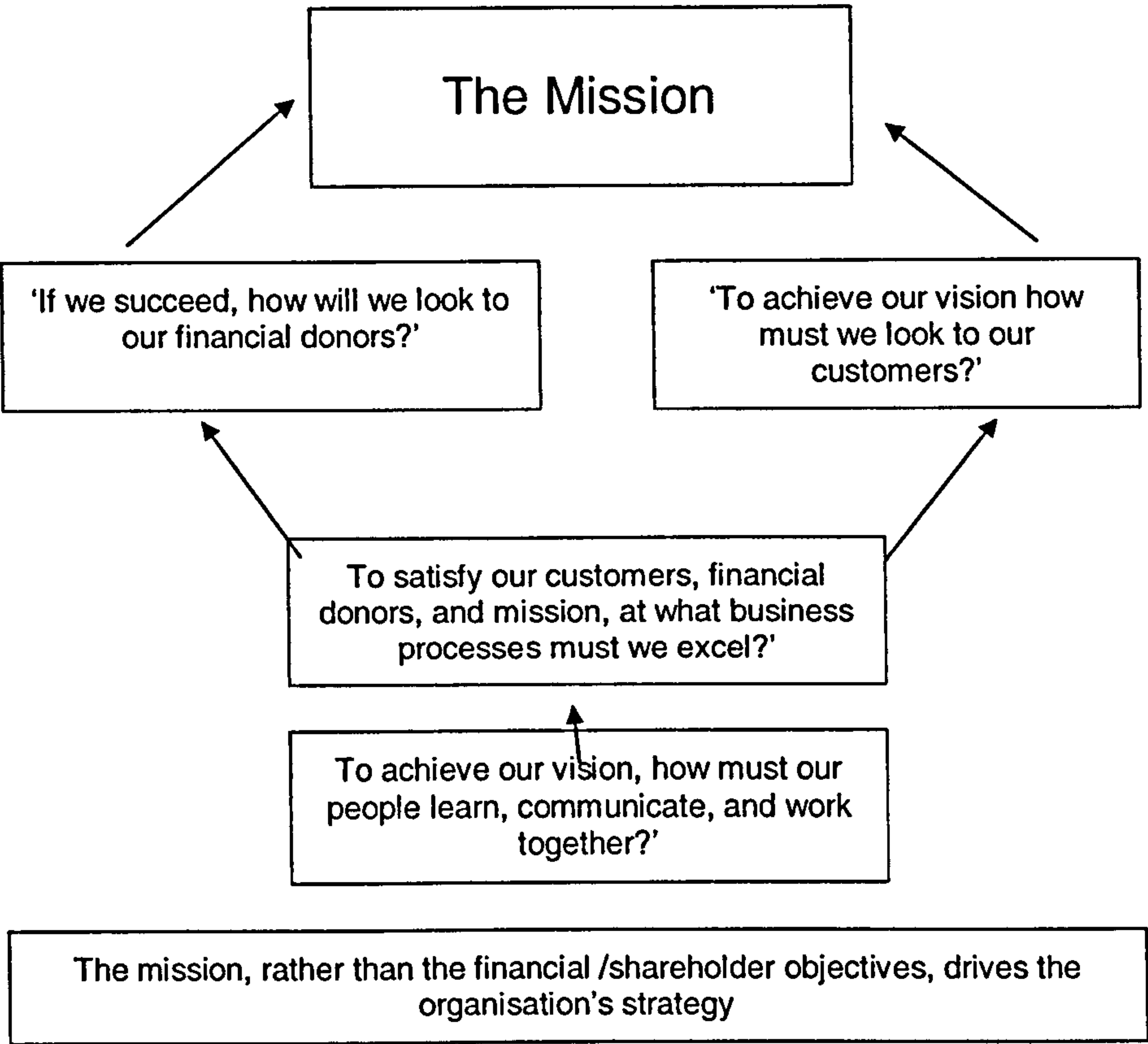
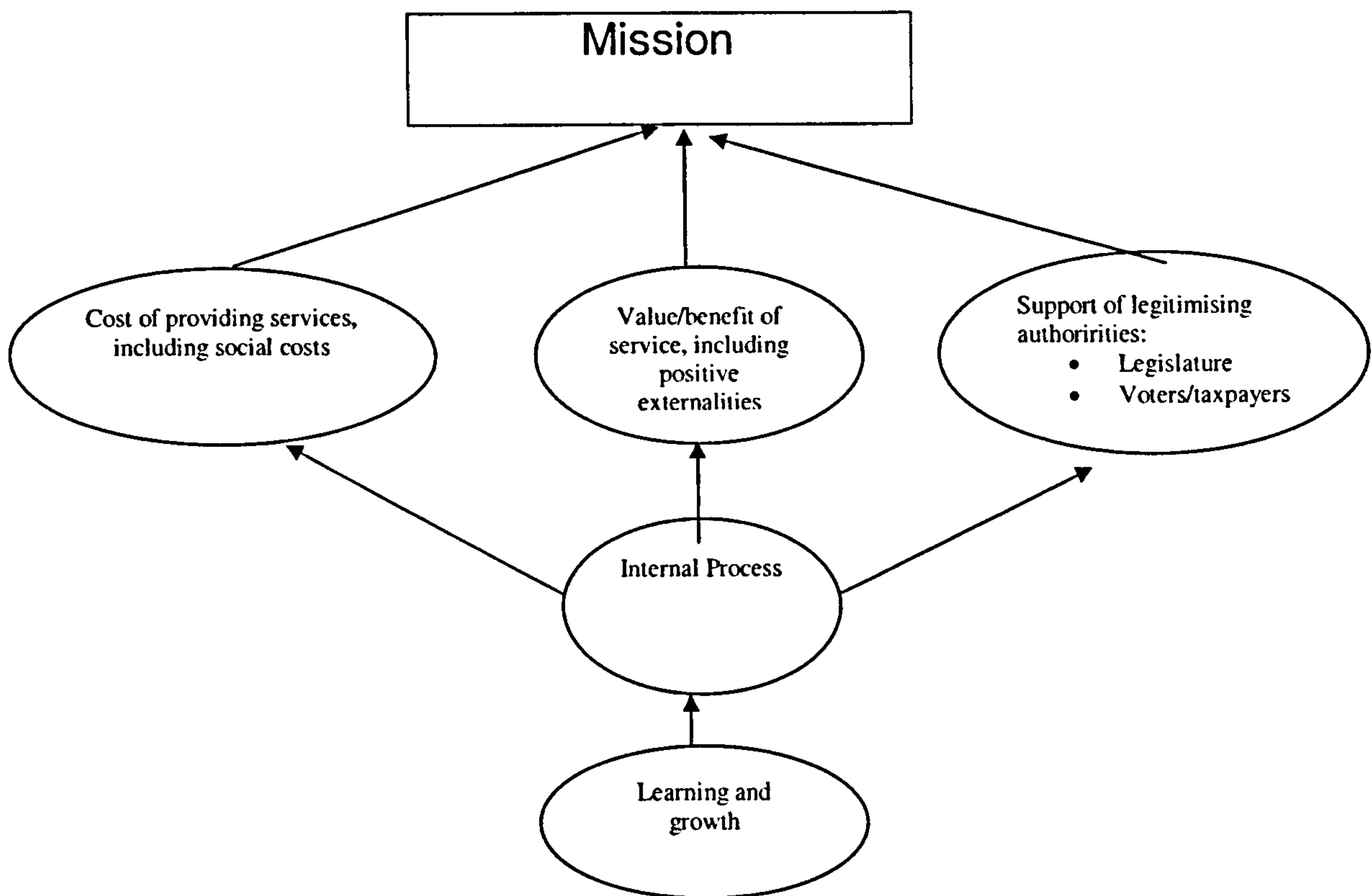


Figure 2.5: Adapting BSC for non-profit Organisations. (Source: Kaplan & Norton 2001)
Source: Kaplan & Norton (1996)

Even the financial and customer objectives, however, may need to be re-examined for governmental organisations. Take the case of regulatory and enforcement agencies that monitor and punish violations of environmental, safety, and health regulations. These agencies, which detect transgressions, and fine or arrest those who violate the laws and regulations, cannot look to their "immediate customers" for satisfaction and loyalty measures. Clearly not; the true "customers" for such organisations are the citizens at large who benefit from effective but not harsh or idiosyncratic enforcement of laws and regulations. Figure 4 shows a modified framework in which a government agency has three high-level perspectives:



Originally developed with the collaboration of Prof Dutch Leonard, Kennedy School of Government, Harvard University

Figure 2.6: Modified financial/customer perspectives for public sector agencies

Source: Kaplan & Norton (1996)

1. Cost incurred:

This perspective emphasises the importance of operational efficiency. The measured cost should include both the expenses of the agency and the social cost it imposes on citizens and other organisations through its operations. For example, an environmental agency imposes redemption costs on private-sector organisations. These are part of the costs of having the agency carry out its mission. The agency should minimise the direct and social costs required achieving the benefits called for by its mission.

2. Value Created:

This perspective identifies the benefits being created by the agency to citizens and is the most problematic and difficult to measure. It is usually difficult to financially quantify the benefits from improved education, reduced pollution, better health, less congestion, and safer neighbourhoods. But the Balanced Scorecard still enables organisations to identify the outputs, if not the outcomes, from its activities, and to measure these outputs. Surrogates for value created could include percentage of students acquiring specific skills and knowledge; density of pollutants in water, air, or land; improved morbidity and mortality in targeted populations; crime rates and perception of public safety; and transportation times. In general, public-sector organisations may find they use more output than outcome measures. The citizens and their representatives--elected officials and legislators--will eventually make the judgements about the benefits from these outputs vs. their costs.

3. Legitimising Support:

An important "customer" for any government agency will be its "donor," the organisation--typically the legislature--that provides the funding for the agency. In order to assure continued funding for its activities, the agency must strive to meet the objectives of its funding source--the legislature and, ultimately, citizens and taxpayers. After defining these three high-level perspectives, a public-sector agency can identify its objectives for internal processes, learning, and growth that enable objectives in the three high-level perspectives to be achieved.

13. PUBLIC SECTOR'S USE OF BSC MODEL AROUND THE WORLD:

The following list shows the name of the organisations now using BSC model for their measuring and managing strategic, operational and service level activities.

US Federal Government

- General Accounting Office (GAO)
- General Services Administration:
- Office of Government wide Policy

- Department of Energy:
- Department of Defence
- National Defence University
- Defence Advanced Research Projects Agency
- Quality Management Office
- Navy Total Quality Leadership Office
- Naval Undersea Warfare Centre
- Department of State

US State and Local Governments

- City of Charlotte, North Carolina - a pioneer in the Balanced Scorecard
- State of Washington
- Ohio Department of Administrative Services

SWEDEN

- Swedish Police Authority
- Swedish municipality of Vastervik -Board of Child Welfare and Education
- Swedish National Audit Office -RRV
- Hogland Hospital- Jonkoping County Council

CANADA

- Royal Canadian Mounted Police
- The Provincial Hospital Association (PHA) - Ontario, Canada

AUSTRALIA

- City of Brisbane, Cockburn and Melville

SINGAPORE

- Judicial Department and its courts

14. THE RELEVANCE OF BSC AS A PERFORMANCE MANAGEMENT MODEL IN THE UK LOCAL GOVERNMENTS

THE PM MODEL

Performance management (PM) model is the process by which the organisation integrates its performance with its corporate strategies and objectives (Bititci et al., 1997). Literature on PM is now starting to address issues of strategic linkages with operational performance in the local government system (Atkinson et al., 1997). This is

consistent with the literature on performance management in general (Kaplan and Norton, 1996; Fitzgerald et al., 1991; Ballantine and Modell, 1998). However, literature is still largely grounded in operational concepts of the PM model. Research provides evidence that organisations concentrate on measuring what is easily measurable and in local government this approach results in a prejudice against measuring performance in terms of economy and efficiency, and to a lesser extent on effectiveness (Palmer, 1993).

RELEVANCE OF BSC MODEL

In reviewing the development and use of performance measurement in UK local government, Ghobadian and Ashworth (1994) suggest characteristics of performance measurement systems that are consistent with the principles underlying the Balanced Scorecard approach (BSA) to performance management. They maintain that further research on Australian Public Sector reveals that before 1990 public sector reforms on performance measurement was not a high priority in Victorian local government in Australia (Kloot et al., 1997). Managerialist changes instituted by the state government, consistent with managerialist changes in other Australian government sectors, New Zealand, the UK, Canada and the USA, now demand a focus on performance measurement (Dixon et al., 1998).

The BSC is potentially a powerful tool by which senior managers can be encouraged to address the fundamental issue of effectively deploying an organisation's strategic intent (Kaplan and Norton, 1992, 1996). The BSC literature also indicates that it is as much the process of establishing a scorecard that yields benefit as the resultant measurement schema. Kloot and Martin (1998) argue that, in practice, PM systems require the four dimensions of the BSC, i.e. financial, community/customer, internal business processes, and growth/innovation and learning. While all the four dimensions of the BSC model are important, the focus in the local government system has been on the results of council work, financial performance and to a lesser extent on how the community views performance.

Local authorities need a better means of determining performance in relation to objectives (Atkinson and McCrindell, 1997). When linking performance measurement and organisational accountability, several writers have made an important distinction between primary and secondary objectives (Atkinson and McCrindell, 1997) or results and the determinants of those results (Fitzgerald et al., 1991). The strategic planning process begins by determining the organisation's primary objectives. There is an obvious and complementary relationship between results (primary objectives) and determinants (secondary objectives). A focus on stakeholders is evident in recent performance models. Atkinson et al. (1997) refer to environmental stakeholders; customers, owners and the community, and process stakeholders; employees and suppliers. Whereas environmental stakeholders are concerned more about achievement of primary objectives, process stakeholders are concerned with the planning, design, implementation and operation of the organisation to meet the primary objectives. The way in which this works in organisations is what Atkinson et al. (1997) call strategic performance measurement system.

According to Mwita (2000), empirical studies show that, in practice, much of the dissatisfaction with performance appraisal comes from the ineffectiveness of the system in achieving some of the purposes for which the schemes are established. Studies also indicate that some of the problems with performance measurement are attributable to the flaws in the design, implementation or operation of the performance appraisal schemes in organisations. He further maintains that evidence from surveys consistently show that managers spend little time on the measurement process of individual performance.

The foregoing discussions on the usefulness of BSC for local government in developed countries can be well fitted, with some modifications, to the performance evaluation and planning process in the UK Local governments.

The PM model provides an important integrating framework, both academically and practically, to focus on optimisation of customer service level. Second, there is a need to link PM systems design with issues of policy, strategy, operations, assessments and

information systems. Third, the PM model reflects and correlates the aims of an organisation and the plans that have been developed to achieve those aims.

This makes it clear that performance measurement practices need to be evaluated not just from an economic perspective, but also from a social, behavioural and managerial perspective, within an overall organisational context. Local government performance measurement pays much less attention to the determinants, or means of achieving long-term, sustained organisational improvement, internal business processes, and innovation and learning. Strategic PM demands an approach that recognises the importance of a focus on both results (primary objectives) and the means to achieve these results (secondary objectives). The BSC model seems to provide that kind of approach for the local governments of UK.

15. RESEARCH QUESTIONS

The foregoing literature review provided the definition of performance measurement for the organisations. It also overviewed the present status and recent trends of performance measurement in the private and public sector organisations, performance management model, the need for balanced measures of performance and Balance Scorecard (BSC) model of Professor Kaplan and Norton and the relevance of Performance Management Model and BSC model for the local governments of UK.

During the course of the literature review it became clear that the local governments in the UK need a comprehensive and robust framework of performance management that is continuous, internal to the organisation and that provides the decision makers with up-to-date information (both lead and lag indicators) on programme performance and strategic measures. The up-to-date information collected through the comprehensive measurement framework will facilitate the local governments prepare the mandatory 'Best Value' reports, monitor progress of their activities and refine future strategy.

For government organisations like local governments of UK the multi dimensional BSC model is appears to be both reasonable and attractive. However, the BSC model has not been tested widely in the UK local governments. Recent experiments with BSC in

different countries both at federal and local level shows good prospect of success in terms of getting useful management information and decision making. The recent experiments also showed that the original BSC quadrants need to be modified for public sector organisations as the definition of customer and financial perspectives are not same as those of private sector organisation.

The Local governments of UK are at present required to report their efforts for realisation of 'Best Value' for their citizen. The modified BSC model may be profitably used to help managers at local authorities to develop useful and strategy focused measures, which will facilitate 'Best Value' reporting and ultimately contribute towards attainment of their mission, and strategy.

On basis of the foregoing discussion, it can be summarised here that in order the BSC model to be considered a useful PM model for UK local governments it should have some important attributes as mentioned by many authors in the previous sections such as – integrating performance with its corporate strategies and objectives (Bititci et al., 1997); addressing the issue of strategic linkages with operational performance in the local government system (Atkinson et al., 1977); choosing or developing appropriate measures (Audit Commission & IDEA, 2002); helping organisational alignment or 'golden thread' (Audit Commission & IDEA, 2002); helping monitoring, evaluation and decision making (Ghobadian and Ashworth, 1994). In order to test whether application of BSC model in local government situation will give these benefits, a suitable research question may be formulated which can encapsulate all these points in it. It is with these points in mind that the main research question,

'Is Balanced Scorecard (BSC) a useful model for measuring and managing performance of UK local governments?' has been formulated.

The 'suitability' can be broken down into the main points mentioned above-i.e the questions of strategic linkage, appropriate measures, ease of use, alignment, monitoring, evaluation and decision making as mentioned by different authors and authorities.

Therefore, the main research question of this investigation can be operationalised into the following five sub-questions so that the answer to them would constitute the answer to the main question.

1. Does BSC model help local governments develop appropriate performance measures?
2. Is it easy to use and provide a better focus on the strategic objectives of the local governments?
3. Does it help organisational alignment and staff involvement?
4. Does it help monitoring and evaluation of performance?
5. Does it help inform next cycle of decision making and improve strategy?

III. RESEARCH METHODOLOGY AND DESIGN

1. INTRODUCTION:

The research objective of this thesis is to test the modified BSC model in a UK local government council and explore whether its application will be useful in terms of developing appropriate performance measures, achieving organisational alignment, strategic focus, and attainment of organisational objectives, goal and vision. The testing process would involve developing prototype strategy maps and scorecards for different levels of management and then getting validation. The development of these documents would require intensive studies of organisation's systems, structure, functions and operations. In other words, the nature of the study would involve an in-depth study of the organisation where the empirical research would take place.

2. CHOICE OF RESEARCH METHOD:

The choice of research strategy and method depends on the nature of study and research question or research hypothesis respectively. According to Yin (2003) analysis of three conditions help the researcher to choose the appropriate research strategy. These are (a) the type of research question posed;, (b) the extent of control and investigator has over actual behavioural events and (c) the degree of focus on contemporary as opposed to historical events.

Strategy	Form of research question	Requires control of behavioural events?	Focuses on contemporary events?
Experiment	How, why?	Yes	Yes
Survey	Who, what, where, how many, how much?	No	Yes
Archival analysis	Who, what, where, how many, how much?	No	Yes/No
History	How, why?	No	No
Case study	How, why?	No	Yes

Fig 3.1 Relevant situations for different research strategies. Source: Yin 2003,

Looking at the guideline given by Yin (2003) in the figure 3.1 above, it can be seen that research questions like 'why' can be investigated by pursuing either by experiment, or history or case study strategy. In this research the main research question is 'Is BSC?'. This is more related to 'why' question because the questions could be rephrased as 'why BSC model is considered to be a suitable performance management model for UK local governments? So the choice for this research was made from among 'experiment', 'history' and 'case study'.

For this study, the experiment strategy could not be chosen as the researcher did not have any control over the behavioural events. Of the other two, history is not the subject of this research so it was not considered either. As a result, the case study was chosen.

Given the nature of study involved, and the fact that the research subject is related to public administration, case study approach seems appropriate. Moreover, case studies are an important approach for business and management researchers (Remenyi et al., 1998) According to Jensen & Rodgers (2001) Public Administration is well suited to case studies because they satisfy the recognised need for conditional findings and in-depth understanding of cause and effect relationships that other methodologies find difficult to achieve. The case study approach is suitable if the investigation involves in depth study of an organisation. This is particularly useful when one needs to understand the workings of a single organisation in great depth and details (Yin 2003). Moreover the proposed study will be conducted in one of the London Borough Councils. So the need to study one organisation in depth has made case study approach the logical choice. Similar views are shared by John Gerring (2004). He defined a case study as an intensive study of a single unit with an aim to generalise across a larger set of units.

3. CASE STUDY DESIGN:

Within case study method, a specific research design is needed to carry out the research. According to Robert K. Yin (2003) the research design is the logical sequence that connects the empirical data to a study's initial research question and, ultimately, to its conclusion. In other words a research design is a kind of blueprint to get relevant and appropriate data vis-à-vis the research questions and ultimately

reaching conclusions. Some other authors like Nachmias & Nachmias (1992) have described research design as a guide to an investigator in the process of collecting, analysing and interpreting observations.

On the basis of these definitions mentioned above, it can be said that the starting point of designing a research is the main research question and its sub-questions or propositions. In this context four problems seem to be relevant: what questions to study, what data are relevant, what data to collect, and how to analyse the results (Philiber, Schwab, & Samsloss, 1980). These four problems can be addressed by dividing the research design into five components (Yin, 2003).

1. A study's question;
2. its propositions, if any;
3. its units of analysis;
4. the logic linking the data to the propositions; and
5. the criteria for interpreting the findings.

In the following paragraphs the above components will be described as part of the overall research design of this study.

a. Research questions:

As mentioned previously in chapter I and II, the main research question of this study is

2. Is Balanced Scorecard (BSC) a useful model for measuring and managing performance of UK local governments?

The main question has been broken down into five sub-questions so that their answers would constitute the answer to the main question:

1. Does BSC model help local governments develop appropriate performance measures?
2. Is it easy to use and provide a better focus on the strategic objectives of the local governments?
3. Does it help organisational alignment and staff involvement?
4. Does it help monitoring and evaluation of performance?

5. Does it help inform next cycle of decision making and improve strategy?

The nature of the main question is exploratory. The sub-questions that operationalise the main question are also exploratory in nature. These types of questions may be answered by undertaking an exploratory case study (Yin, 2003). So the research will be conducted by an exploratory case study.

Given the nature of the research question this study will not have any research proposition.

b. Unit of analysis:

The unit of analysis is related to the fundamental problem of defining what the 'case' is (Yin, 2003). As the research is about testing whether the BSC model is a suitable performance measurement model for local governments in the UK, the actual research will take place in one of the London Borough Councils. Hence, the unit of analysis would be the whole council as a whole. But as the investigation would involve study at corporate and directorate levels there would be two sub-levels of analysis as well.

c. Linking data to research questions and criteria for interpreting the findings:

The relevant data for this research would be the detailed information about the history, political arrangements, management structure, hierarchy, functions, work flow, reporting line etc. in general and performance management and measurement systems at both corporate and directorate levels in particular.

The first step would be to collect relevant data. These data will be collected through site visits, obtaining and studying strategic and system documents and reports, talking with the senior managers at both corporate and directorate levels. The basic strategy would be to involve the relevant senior managers at the outset of the study to map the overall system of the council and after developing experimental strategy maps and scorecards involve them again to validate those documents.

The next step would be choosing appropriate data for developing prototype strategy maps and scorecards for both corporate and directorate levels.

The third step would be to test the suitability of the two prototype documents by interviewing relevant senior managers dealing with policy planning and operations of those directorates.

In other words the whole process of linking data to research questions and interpreting the findings would involve three phases of activities, (i) interviewing senior managers and officials to collect strategic information, reports and documents for mapping the current situation, (ii) developing prototype strategy maps and scorecards for corporate level and service level activities or programmes; and (iii) validating the strategy maps and scorecards through semi structured interviews in order to conclude whether the adoption and use of BSC model in the UK local government authorities would be suitable and useful for performance measurement and management.

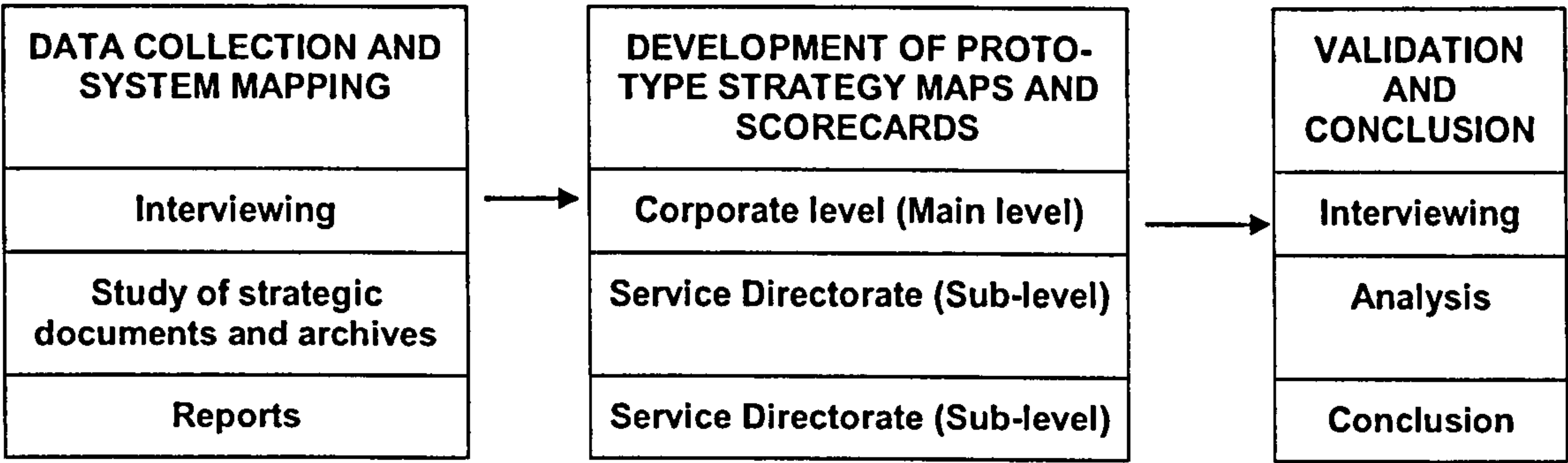


Fig 3.2 : The Case Study design and the sequence of activities

The three activities mentioned above will be described in the following paragraphs:

(i) Interviewing senior managers and officials to collect strategic information, reports and documents for mapping the current situation:

The initial site visits will be made for this purpose mentioned above. The meetings with the senior managers of both corporate and directorate levels of the London Borough Council will include asking questions about the functioning of the borough council in general and performance measurement in particular. The strategic and archived documents and reports will be collected through them. The synthesis of both verbal

information and the recorded data will facilitate the researcher to map the system and develop strategy maps and scorecards which will be the next phase of activities.

(ii) Developing prototype strategy maps and scorecards for corporate level and service level activities or programmes

The testing of suitability of Balanced Scorecard model will necessitate the development of prototype model for the organisation or system under study. In this research study, similar prototype models of BSC will be developed. As the BSC model has two main components- strategy map and scorecard, prototyping will be done with these two components of BSC for two levels of the borough council by using the specific data collected in the first phase mentioned above. To reflect the actual organisational hierarchy between the corporate and directorate level these prototype documents will be cascaded.

The prototype documents, developed with the council data to adapt the local situation of the borough council, will enable the senior managers to validate its suitability or otherwise for the performance measurement of their own organisation.

(iii) Validating the strategy maps and scorecards

The validation process is the last phase of field work activities of this research. As mentioned previously, the validation for this research will be done by taking the 'locally developed prototype strategy maps and scorecards' to the senior managers and conducting semi-structured interviews based on the research questions. This will enable the senior managers who are involved with planning, manning and overseeing the overall performance management of the borough council to give informed opinion and validate the BSC model.

4. SINGLE OR MULTIPLE CASE STUDIES:

Whether a case study should be conducted on a single or on a number of cases is related to the question of generalisation. The term 'generalisation' is meant to be 'analytic generalisation' rather than 'statistical generalisation' as the latter is more

relevant to other methods of research. As this study follows case study method, the former term is more relevant here. Single and multiple cases can be categorised into holistic (single unit of analysis) and embedded (multiple units of analysis). This classification can be presented in a 2x2 matrix (Fig 3.1).

	Single case design	Multiple case design	
Holistic (single unit of analysis)	<div>CONTEXT</div> <div>Case</div>	<div>CONTEXT</div> <div>Case</div>	<div>CONTEXT</div> <div>Case</div>
		<div>CONTEXT</div> <div>Case</div>	<div>CONTEXT</div> <div>Case</div>
Embedded (multiple units of analysis)	<div>CONTEXT</div> <div>case</div> <div>Embedded Unit of Analysis 1</div>	<div>CONTEXT</div> <div>case</div> <div>Embedded unit of analysis 1</div> <div>Embedded unit of analysis 2</div>	<div>CONTEXT</div> <div>case</div> <div>Embedded unit of analysis 1</div> <div>Embedded unit of analysis 2</div>
		<div>CONTEXT</div> <div>case</div> <div>Embedded unit of analysis 1</div> <div>Embedded unit of analysis 2</div>	<div>CONTEXT</div> <div>case</div> <div>Embedded unit of analysis 1</div> <div>Embedded unit of analysis 2</div>
	<div>CONTEXT</div> <div>case</div> <div>Embedded Unit of Analysis 2</div>	<div>CONTEXT</div> <div>case</div> <div>Embedded unit of analysis 1</div> <div>Embedded unit of analysis 2</div>	<div>CONTEXT</div> <div>case</div> <div>Embedded unit of analysis 1</div> <div>Embedded unit of analysis 2</div>
		<div>CONTEXT</div> <div>case</div> <div>Embedded unit of analysis 1</div> <div>Embedded unit of analysis 2</div>	<div>CONTEXT</div> <div>case</div> <div>Embedded unit of analysis 1</div> <div>Embedded unit of analysis 2</div>

Fig 3.3 Basic Types of Designs for Case Studies

Source: COSMOS Corporation (Yin, 2003)

The above matrix shows that single- and multiple-case studies reflect different design situations and that within these two variants, there also can be a unitary unit or multiple units of analysis (Yin, 2003). From the same matrix, four different types of case studies can be considered:

1. Type 1-single case holistic design;
2. Type 2-single case embedded designs;
3. Type 3- multiple case holistic designs; and
4. Type 4- multiple case embedded designs.

Rationale for choosing single case design (Type 1 & 2):

Yin (2003) has given five rationale for doing single case design: (a) the case being a critical case in testing a well formulated theory, (b) the case being an extreme case or unique case, (c) the case being a typical case, (d) the case being a revelatory case, and (e) the case being a longitudinal case.

In the context of this study the rationale for choosing single case design is based on the fact that a local council in the greater London area is typical of any other local government councils in the UK. The structure, functions, hierarchy, line of accountability and financing arrangements in the London Boroughs are more or less similar to other local government councils across UK. This argument of choosing one of its generic kinds for in-depth study has been supported by Mintzberg (1979) as well.

Holistic versus embedded case studies:

A single case study may examine the global nature of the organisation, or a single programme. This will be called holistic design. In the case where the investigation may involve more than one unit of analysis within an organisation-it will be called an embedded case study. The latter occurs when, within a single case, attention is also given to subunits (Yin, 2003). In the case of this study, a single embedded case study will be done because the analysis will include assessing the usefulness of using Balanced Scorecard (strategy maps and scorecards) at corporate level and at least two directorate levels. This multiple units of analysis will be necessary to incorporate the

reality of organisational hierarchy and the different levels of performance measurement in the local borough council. This multiple units of analysis will be required to evaluate the overall usefulness of using Balanced Scorecard for the whole borough council.

Multiple case designs:

When a study involves more than one case, multiple case designs are used. The advantage of this design over the single case design is that the evidence from the former is often considered more compelling, and the overall study is therefore more robust (Heriot & Firestone, 1983 cited in Yin, 2003). The disadvantage of multiple case studies is the need for extensive resources and time beyond the means of a single student or independent research investigator. In spite of these disadvantages, attempts would be made, within the limited resources, to replicate the planned single case study in another London Borough. In case the attempts fail, perhaps a focus group would be arranged to strengthened findings from the single case study.

As the corporate level and directorate levels of the council are in a hierarchical relation, the strategy maps and scorecards would be cascaded to reflect actual organisational situation.

5. DATA COLLECTION PROCESS

Yin's (2003) three principles of data collection seem appropriate in this study. These are the use of multiple sources of evidence, creation of a case study database and maintenance of a chain of evidence. These principles, when used properly, can help to deal with the problems of establishing the construct validity and reliability of the case study.

Use of multiple sources of evidence- Data collection for case studies should rely on many sources of evidence (Miles and Huberman, 1994). Yin (2003) states that a good case study will require that data be collected from as many sources as possible as the various sources are highly complementary. He names six sources such as – documentation, archival records, interviews, direct observations, participant observation and physical artefacts.

For this research, the senior managers, strategic documents, internal reports and external evaluation reports of the local council would constitute multiple sources of evidence. However the most important advantage presented by using multiple sources of evidence is the development of converging lines of inquiry, a process of triangulation (Patton, 1990). Any finding or conclusion in a case study is likely to be much more convincing and accurate if it is based on several different sources of information. With triangulation, the potential problems of construct validity can be addressed, because the multiple sources of evidence essentially provide multiple measures of the same phenomenon.

Create a case study database- Case study database includes all the evidences and documents collected, all the questionnaire and responses received and all other papers relevant to data collection process of the study. Creation and Maintenance of case study database helps other investigators can review the evidence directly and not be limited to the written reports. In this manner, a case study database markedly increases the reliability of the entire case study (Yin, 2003)

Maintain a chain of evidence- To further increase the reliability of the information in our case study, chain of evidence will be maintained. Care will be taken not to lose any original evidence through carelessness or bias, and therefore fail to receive appropriate attention in considering the 'facts' of a case. This will help a case study to address the methodological problem of determining construct validity, thereby increasing the overall quality of the case (Yin, 2003).

6. MODE OF ANALYSIS

Data analysis consists of examining, categorising, tabulating, or otherwise recombining the evidence to address the main research questions of a study.

In this research the reliance will be placed upon the main research questions which t led to the decision to use case study method. Responses from the final phase interviews will be analysed against each questions. The process will involve comparing the

responses with the questions and their objectives. This will enable the researcher to reach at the conclusions of this study.

7. COMPOSITION OF THE CASE STUDY

The composition of case study will commence from the early part of the case study. Drafting pieces of the report will be done immediately after every phases of the study rather than waiting until the end of the data analysis process. The writing up of the case study will follow the standard format for composing research reports: problem formulation, literature review, method, findings and conclusion- the linear analytic structure (Yin, 2003)

IV. LONDON BOROUGH OF TOWER HAMLETS

1. INTRODUCTION:

As mentioned in chapter three that the research method adopted for this research is by a single exploratory case study in one of the local government authorities, the author visited the London Borough of Tower Hamlets in the months of November and December of 2003 and January of 2004 to collect general systems data. A combination of focused interview with key personnel at corporate level and study of the council documents and reports were used to gain an understanding of the general systems of working of Tower Hamlets Council, and identify the important issues and problems facing the council. The following paragraphs will describe these findings.

2. BRIEF HISTORY OF LONDON BOROUGH OF TOWER HAMLETS

Tower Hamlets has a rich and colourful history and has always been known as the heart of the East End of London. Evidence exists of humans in the area for many thousands of years - axes and other implements from the Stone and Bronze ages have been found.

The borough is rich in history and presents a vibrant mix of old and new, a bustling community unique in culture and character. Tower Hamlets takes its name from the historical association between the Tower of London and the hamlets that surround it.

The instantly recognisable 'U' bend in the River Thames describes the southern boundary of a diverse and vibrant community. This is an area of spectacular regeneration with the pyramid topped Canary Wharf Tower marking out the internationally renowned Docklands.

Once populated by colourful characters from Dick Turpin to Captain Cook, this is the part of London where Roman legions marched, Jack the Ripper stalked and which Queen Victoria loved.

From Earliest Times to the end of Fifteenth Century

Tower Hamlets has been inhabited for 2000 years, with a detailed history going back to the Roman invasion of 43 AD. The world famous Tower of London stands on the River Thames on the western boundary of the borough. It dates from the reign of William the Conqueror in the 11th century and in the past 900 years it has been used as a fortress, royal palace, zoo and state prison.

Much of borough was marshland at this time. As London expanded and the pressure for development intensified, the land was gradually drained and reclaimed. A cluster of small communities was established, known locally as the hamlets around the tower - which is the origin of the borough's name.

The area's population spread south from Spitalfields and Whitechapel as works to prevent flooding of the Thames allowed many new houses and wharves to be built at Blackwall, Poplar, Shadwell and Wapping. These areas grew as centres of shipbuilding and repair. Lime kilns to make mortar for the building industry were established, giving their name to Limehouse. The construction of Bow Bridge over the River Lee in Henry 1's reign improved access to the tide mills on the east bank.

Sixteenth century

It wasn't until the 16th century that the area really began to thrive. During that century Whitechapel was a bustling suburb of London, becoming a centre for trades, such as metalworking, brick making and tanning, not allowed in the City because of danger, noise and smell.

The dissolution of the monasteries by 1536 freed land for building and London grew rapidly. The split between east and west London became marked with the west attracting courtiers, gentry and professional classes and the east the trades, industry and commerce.

Shipbuilding spread rapidly along the riverside and became concentrated on the Isle of

Dogs. Some say it was so named because Henry VIII exercised his hunting dogs there but it may well have originated from 'Isle of Docks'.

Eighteenth and nineteenth centuries

Factories and rows of terraced houses consumed the rural landscape of the 18th century, except for pockets of land saved for parks and gardens, in particular, Victoria Park, Stepney Green, Bethnal Green Gardens and Island Gardens, which remain to this day.

The maritime character of the hamlets around the Tower was transformed in appearance during the 19th century, with the building of huge warehouses and high walled docks. The West India Dock, which opened in 1802, was the first enclosed dock built on the Thames for cargo handling and within 26 years the East India, London and St. Katharine Docks were all working.

As the workshops, docks and factories of East London made a major contribution to the development of London as world trading centre, it was very much at the expense of workers who endured damaging working conditions. Two famous East London strikes played an important part in organising unskilled workers into unions. In 1888, Annie Besant led the match girls at Bryant and May's factory in Bow, in their fight for better conditions. The following year saw Ben Tillet, Tom Mann and John Burns lead the dockers' strike to raise wages to 5d per hour, less than 3p in today's currency.

Philanthropists of every description were drawn to the East End. Dr Barnardo trained at the Royal London Hospital in Whitechapel and founded his first home for orphans in Hope Place, Stepney in 1866. The first Ragged Day School was set up in canal-side warehouses at Mile End and is now a museum about the East End and the lives of its children.

Salvation Army founder William Booth began preaching on the Mile End Waste in 1865. In 1869 the Baroness Burdett-Coutts built a gigantic covered market called Columbia, in Bethnal Green.

Of the many political figures in the borough's history, George Lansbury - Councillor, Mayor of Poplar, Member of Parliament and Leader of the Labour Party from 1931 to 1935 - did much to try and improve conditions for local people. Sylvia Pankhurst headed the militant East London branch of the Suffragette movement based on Old Ford Road.

The borough is historically famous for providing refuge to those fleeing persecution. In the 18th century, the area was occupied by the silk weavers largely descended from the Huguenot refugees (French Protestants escaping from Catholic persecution in France). A hundred years later, Jews fleeing the pogroms in Eastern Europe founded a thriving community. At the same time, a Chinese community was established in Limehouse as a result of merchant trading.

Twentieth century to today

Throughout its history, Tower Hamlets has continued its trend of welcoming people of different faiths and cultures. During the 20th century newcomers from Bangladesh settled in Spitalfields and the surrounding areas, along with Somali and Vietnamese refugees. With its culture and cuisine, the predominant Bangladeshi community gives such life and vitality to the area that it has been dubbed Banglatown.

This is in stark contrast to the mid 20th century period when much of the area was destroyed by bombing during the Second World War. The borough suffered more than any other part of London during the war - twenty four thousand homes and much of its industry were destroyed. The post war period was also a difficult time as the traditional dock industries fell into rapid decline, leaving substantial areas of land and buildings vacant and derelict.

But Tower Hamlets has a history of responding to the demands of time. After several decades of failed schemes and plans, part of the borough (all of the Isle of Dogs and most of Wapping) was designated an economic development zone. As a result the years since 1980 have seen massive expansion of new industries and employment, and an extraordinary landscape-changing transformation has taken place. Empty warehouses have been converted and derelict sites have been replaced by towering

office blocks and contemporary housing complexes, many with award-winning glass and steel designs.

The borough has altered greatly over the centuries, but much of its history survives today in the original street patterns, place names, architectural heritage and the absorption of people from many different backgrounds into today's growing community.

3. THE BOROUGH PROFILE

The following paragraphs will provide a statistical profile of the London Borough of Tower Hamlets. The geography and population of the Borough and the levels of deprivation experienced by local people will be described.

The quality of life experienced by local people will also be highlighted by presenting some key indicators under four of the five Community Plan themes.

Geography

Tower Hamlets covers an area of just under 8 square miles making it one of London's smallest boroughs in area. The Thames bound the Borough to the South and the London Boroughs of Newham (east), Hackney (north) and the City of London (west). The Borough has a population of 196,106 made up of people from a variety of ethnic backgrounds – over one third of the population are Bangladeshi and 6% of the population are from African/Caribbean backgrounds. The population has grown rapidly, with an increase of over 35,000 people since the previous census in 1991 and the Borough now has one the highest population densities in Inner London.

Over the past 10 years the borough economy has undergone major structural changes with significant employment growth in the Banking and financial service sector. This now represents over 40% of all employment within the Borough. It nonetheless remains one of the most deprived areas in the country.

Population

The paragraphs below show the age structure of the population in Tower Hamlets, Inner

London and England. The main points to note are:

- the much higher proportion of the Tower Hamlets population in younger age groups compared to both Inner London and England. Approximately 22% of the Tower Hamlets population are under 15 years of age this compares with figures of 18% for Inner London and England.
- the 20-34 years group represent 34% of the total population compared to 20% for England.

The population in Tower Hamlets is ethnically diverse – according to the latest census figures almost half (48%) of the population are from minority ethnic groups. The largest of these groups is the Bangladeshi residents who make up 34% of the Borough population and are the largest single minority ethnic population in London.

The main changes to note in the ethnic make up of the population over the ten year period from 1991 are the increase in the number and proportion from Asian groups, particularly those from Bangladeshi backgrounds and the reduction in the percentage of the population accounted for by people from white backgrounds.

Another defining feature of the Borough population is the high percentage of the under16 age group who are from minority ethnic groups.

Local Authority Staff

The local authority employs almost 10000 staff. 34% of people employed by the authority are from minority ethnic communities. Table 4.1 and 4.2 show the number of staff employed by different directorates and their ethnic group.

Health & Social Care

The Borough has much lower proportions of children who are on the child protection register or looked after by the Local Authority when compared to Inner London. On average approximately 75% of children live in low-income families in Tower Hamlets.

High rates of unemployment, poverty and poor housing in the Borough have contributed

to high levels of mental illness compared to Inner London and England.

Housing

Overcrowded housing is a problem within the borough – based on the latest census data and overcrowding definition, 29% of households are overcrowded compared to 24.6% for Inner London and 7% nationally.

The age and condition of Council owned housing is a concern within the Borough with much of the housing stock in need of major repair. The high proportion of households reliant on housing benefit also gives a strong indication of the relative levels of poverty in the Borough.

Demand for housing far outstrips the supply available and the local authority owned stock is decreasing as a result of the Right to Buy initiative and a range of regeneration programmes. Average house prices have increased by 12% in the last year partly due to the expansion of the Docklands area and associated “top end” housing developments. Current prices in the private sector housing market are well out of the reach of many Borough residents who are forced to rely mainly on the shrinking supply in the social rented sector (Local Authority and Social Landlords).

Living Safely

The borough has higher rates of crime when compared to both the National and Inner London figures. Ensuring safer, cleaner streets is also key to improving the quality of life for people in the Borough, helping to create the sense of a cared for, safe place. Abandoned vehicles, street cleanliness, road safety and the quality of the environment are all important to a sense of Living Safely.

Drug related admissions to hospitals are much higher for the Borough than Inner London and National figures and this is reflected in the objectives of the Tower Hamlets Partnership which has prioritised drug related crime and treatment of drug users.

Education

The table below shows the level of education deprivation in the Borough. This is

measured using information such as the number of adults with no qualifications, educational attainment data and the number of school children who have English as a second language. The darker the shading the greater the level of deprivation and the increased likelihood that people have comparatively low skill levels.

Primary Education

There have been significant improvements in the attainment levels of Primary school pupils over the last 5 years and a steady reduction in the gap between Borough and National performance. Levels of absence continue to remain above the national average figure.

Secondary Schools

There has been consistent improvement in secondary school pupils attainment, particularly at GCSE level. There are also disparities in the performance of pupils from different ethnic backgrounds with Caribbean and English, Scottish & Welsh pupils performing particularly poorly at GCSE level in comparison to pupils from Asian and Chinese backgrounds.

Absence levels are significantly above the National average level although there has been a significant reduction in this figure over the past year.

Creating & Sharing Prosperity

Tower Hamlets is one of the most deprived areas in the country. This is despite the major regeneration of the Docklands and city fringe areas, a major influx of new businesses and creation of employment opportunities. At present the benefits of this major economic growth have not been transferred to many of those living in the Borough, as evidenced by the higher levels of unemployment and economic inactivity and lower employment rates in the Borough compared to London and England.

Employment & Economic Activity

The map opposite shows relative levels of employment deprivation in the borough (using a range of measures including unemployed claimants, number of people on New Deal, those unable to work through disability) – the lower the score/darker the shading

the greater the level of deprivation.

Both the Borough employment rate and the percentage of the working age population who are economically active are significantly lower when compared to both London and England. Unemployment rates are consistently above London and National rates and the percentage of claimants who are long term unemployed (over 6months) is significantly higher than both Inner London and England.

Business

Tower Hamlets has a strong private sector with a relatively high VAT registration rate and number of businesses. Average wage levels for people working in the Borough are high, partly a result of the large numbers employed in the financial and business service sector.

The other indicators included in the section show that despite this relative affluence many people living in the Borough continue to live in relative poverty and have not benefited in economic terms, from significant inward investment and small business growth in the Borough.

4. THE BOROUGH COUNCIL

The existing council is made up of 51 elected local councillors from 17 Wards in Tower Hamlets, each represented by three councillors. The political make-up of the council is dominated by majority Labour councillors. The other councillors are from Respect, Conservative and Liberal Democratic parties. The structure of council cabinet and other committees can be seen at Appendix B at page 235.

How the council works

The full council of 51 elected members retains responsibility for setting the budget and the level of council tax. It is also responsible for approval of the strategic policy framework, including adoption of statutory plans. However under the new council structure the main decision-making part of the authority is the ten-member cabinet, which meets in public once a month to take all key decisions on behalf of the council.

As well as the cabinet there are four other main committees on the council and in line with the government's - and the council's - commitment to improve accountability and residents' involvement in the business of local authorities, there are five scrutiny panels in which the public can have a role.

The cabinet

The leader and cabinet is the part of the council's structure which is responsible for preparing the strategies, budgets and plans for the council to consider, implementing and monitoring them when agreed and also taking major day-to-day decisions.

The cabinet is made up of the leader and nine other members of the council. If major decisions are to be discussed with council officers at a meeting of the cabinet, this will generally be open for the public to attend, except where personal or confidential matters are being discussed.

The cabinet has to make decisions that are in line with the council's overall strategy policies and budget. If it wishes to make a decision that is outside the strategy budget or policy framework, this must be referred to the council as a whole to decide.

Major decisions are defined as any that are likely to result in the council incurring expenditure or making savings which could have a significant effect on the budget for the service or function to which the decision relates. A major decision could also be significant in its effect on communities living or working in an area of two or more wards or a major proposal in respect of a single ward area.

Committees

Like the cabinet, the main committees meet in public to discuss and debate issues on the agenda. Reports for each cycle of meetings are produced by the council's corporate directors and senior officers of the council for consideration by the committees and the cabinet. Committee members then discuss the different business of their own committees and decisions are made. The cabinet meeting ends each cycle and provisional decisions are published within five days.

There are four other main committees on the council, these are as follows:

- licensing and general services,
- development,
- standards,
- overview and scrutiny,

Other committees are:

- appeals, and
- personnel

Forward plan

The Local Government Act 2000 requires that the council publish a Forward Plan containing details of all key decisions to be taken by the cabinet to whom all such matters have currently been delegated. Within Tower Hamlets Council the council has determined that all key decisions will be taken collectively in open session at a meeting of the new cabinet, unless the matters contain 'exempt' or 'confidential' information as defined within the Local Government (Access to Information) Act 1985.

The Forward Plan contains details of what the decision to be taken is, when it will be taken, who will be taking it and how they can be contacted. It also lists the relevant reports and background papers and says how the decision-maker plans to involve local stakeholders in the decision. The Forward Plan explains how people can make representations to the decision-makers.

The council has decided that the Forward Plan should give details of items of business which the cabinet intends to consider over the period of the plan, where this forms part of the policy framework or where they will be making recommendations to the full council on any matter.

Although the first two Forward Plans were structured around the Council's service delivery structure, the format has now been amended to group items by date of Cabinet meeting but organised according to the five themes as set out in the Community Plan.

The Forward Plan will be updated on a monthly basis. A new Forward Plan will be produced at least 14 days prior to the first day upon which it will come into effect, with any outstanding matters contained in the previous plan included in the latest one.

The Council will publish the Forward Plan in paper form (to go in libraries, idea stores, one stop shops, and council offices etc) but will also publish it on its website and Intranet. Comments can be sent to the report authors or Cabinet Lead Members identified in the forward plan by writing to them.

Protocol for Key Decisions

The Council has adopted the statutory definition of key decisions as set out in regulations, subject to an amendment adding reference to 'a major proposal in respect of a single ward area', as follows:-

A decision is a key decision if it is likely

1. To result in the local authority incurring expenditure which is, or the making of savings which are, significant having regard to the local authority's budget for the service or function to which the decision relates; or
2. To be significant in terms of its effects on communities living or working in an area comprising two or more wards in the Council's area, or a major proposal in respect of a single ward area.

The Council has not set thresholds of savings and expenditure for different services and budget heads where decisions on expenditure or savings above these limits would be a key decision.

The Council will, in due course, produce a further protocol, which would reflect appropriate financial limits.

Scrutiny Panel and their role

Scrutiny Panel is like watch dog on the activities of executives and officials of the council. The role of the scrutiny Panel is to monitor how services are delivered, how

resources are being managed and how policies are implemented. Scrutiny Panel allows councillors who are not in the cabinet and citizens to have a greater say in council matters by holding reviews which look into matters of local concern.

These lead to reports and recommendations which advise the cabinet and the council as a whole on its policies, budget and service delivery. Scrutiny Panel may also be consulted by the cabinet or the council on forthcoming decisions and the development of strategy and policy. The scrutiny process encourages public debate and greater involvement by local people, particularly on issues that interest or affect them. Anyone can get involved by going along to committee meetings and taking part in the discussions.

How the Scrutiny Panel works

There are six 'scrutiny leads', one for each of the five themes in the Tower Hamlets Community Plan, with a further lead on health issues. The scrutiny leads are:

- “living well” focusing on improving housing and social care
- “living safely” focusing on reducing crime, making people feel safer and creating a more secure and cleaner environment
- “learning, achievement and leisure” focusing on raising educational aspirations, expectations and achievement, providing a wide range of arts and leisure, and celebrating the diversity of the community
- “creating and sharing prosperity” focusing on bringing investment into the borough and ensuring residents and businesses benefit from growing economic prosperity
- “excellent public services” focusing on improving public services to make sure they represent good value for money and meet local needs
- “health” focusing on improving local health services and the co-ordination of different health service providers within the borough

Calling in Decisions

As well as having the strategic and co-ordinating role over the scrutiny function the overview and scrutiny committee also monitors the decisions of the cabinet.

On the request of five councillors the committee can 'call-in' a decision that has been made by the cabinet but which has not yet been implemented. This enables the committee to consider whether the decision is appropriate.

If a decision is called in, the committee has to meet within ten days to consider it. The committee can then either record acceptance of the cabinet's decision, ask the cabinet to reconsider it or, in exceptional circumstances, refer the matter to full council.

5. COUNCIL MANAGEMENT STRUCTURE

The council management structure can be seen at Appendix C at page 236.

Chief Executive's Directorate

The Chief Executive's directorate is responsible for; finance and corporate services, council tax and payment, and procurement. It also covers Tower Hamlets' strategy and equalities initiatives, including regeneration and developing community partnerships. The directorate is also responsible for corporate communications and IT.

Social Services

Tower Hamlets Social Services provide care, support and assistance to a variety of people. The services are now divided between Children's Services Adult Service and. Of late the latter has become a full corporate Directorate. The council has a legal responsibility to ensure the welfare and protection of children and vulnerable adults. Social Services the council provides ranges from giving advice and information through to long-term residential care.

Education

As well as supporting Tower Hamlets' 100 plus schools, the Education Department

provides a range of related services including; nursery education, schools governors' and personnel services, youth and community education and youth services, which provide junior and senior youth clubs and holiday play schemes.

Development & Renewal

The Tower Hamlets Development & Renewal directorate has been created to provide a seamless and focused approach to the co-ordination of development in the borough. It enables a closer match with the needs and aspirations of local communities. Development and Renewal is responsible for housing, planning and building control.

Environment & Culture

The Environment & Culture directorate provides essential council services that touches the lives of everyone living and working in Tower Hamlets. The directorate is responsible for street management, recycling, refuse collection, cultural services (arts, sports and leisure facilities), environmental control, environmental health, parking and property & facilities management.

6. COUNCIL PLANS AND STRATEGIES

In order to achieve its goal of improving the quality of lives for the local people, The Tower Hamlets Council formulates a number of plans. The strategic plan, which is the Council's core planning document, sits within a broad and inclusive base for the increasingly complex planning framework. It is one of the series of plans, interconnected at different levels, each of which informs the other and each of which has identified mechanisms for monitoring and evaluating progress.

Strategic Plan:

The strategic plan of THC contains council's vision, corporate goals, priorities, action plan and monitoring and evaluation arrangements. It also includes an annual report of the previous year.

The Council's vision is to **improve the quality of life** for everyone living and working in Tower Hamlets. This entails helping to create a thriving, and achieving community in which people feel at ease with one another, have good learning and employment

opportunities, experience a higher standard of living and good health, and enjoy a safe and an attractive environment together with a wide range of cultural and leisure opportunities.

In order to realise its vision The Tower Hamlets Council (THC) has formed Local Strategic Partnership – known as the Tower Hamlets Partnership – which comprises residents, the Council and other public service providers, business and the voluntary and community sector.

Tower Hamlets priorities have been identified through widespread consultation over an extended period of time. They were shaped initially by the borough's first Community Plan – the Tower Hamlets Community Plan to 2010, which was launched in May 2001. But, while retaining its long-term vision, this first Community Plan has been refined and modified in response to progress made and to local views expressed over the past year. A revised Community Plan has been published, documenting progress in 2001 - 2002 and setting new targets for 2002 - 2003.

In March 2002, with the support of the Tower Hamlets Partnership, the Council concluded negotiations with government on a local Public Service Agreement (PSA). This Agreement sets out 13 key targets to be achieved in the period April 2002 - March 2005. These targets - along with the minimum guaranteed standards set by the government's **Floor Targets** - provide a focus for the themes of the Community Plan and Neighbourhood Renewal Strategy and reflect a balance between national and local priorities.

The framework for THC priorities is set by the five themes of its Community Plan, which seeks to make Tower Hamlets:

1. **A Better Place for Living Safely** - reducing crime, making people feel safer and creating a more secure and cleaner environment.
2. **A Better Place for Living well** - improving housing, health and social care and promoting healthy living.
3. **A Better Place for Creating and Sharing Prosperity** - bringing investment into

the borough and ensuring that all its residents and businesses are in a position to benefit from growing economic prosperity.

4. **A Better Place for Learning, Achievement and Leisure** - raising educational aspirations, expectations and achievement, providing the widest range of arts and leisure opportunities for all and celebrating the rich diversity of its communities.
5. **A Better Place for Excellent Public Services** – improving public services for local people to make sure they represent good value for money and are provided in ways that meet local needs.

The present strategic plan is the second strategic plan. It describes what the Council intends to do in the period from April 2002 to March 2006.

The plan specifies the key targets the Council expects to achieve by April 2006. It also sets out a detailed Implementation Plan, with outcomes expected for the year to April 2003, and the actions to be carried out to deliver them.

Strategic Priorities:

THC has identified 12 strategic priorities for 2002 – 2006. These priorities have been established following consideration of national priorities, performance against best value indicators, targets in the Local PSA and the views of local people and other key partners. These are:

1. Increased Community Safety
2. Cleaner, Safer Streets
3. More Homes of a Decent Standard
4. Improved Outcomes for Vulnerable Children and Adults
5. Developing the Local Economy
6. Reducing Poverty
7. Improved Educational Attainment
8. Increased Participation in Leisure and Cultural Activities
9. More Effective Staff

- 10. More Effective Council Services
- 11. Improved Equality of Opportunity
- 12. Increased Democratic Participation and Engagement

The Tower Hamlets Index

A single indicator will measure THC success in achievement of its 12 priorities. This will be a composite index - *The Tower Hamlets Index* - derived from both national and local indicators such as Best Value Performance Indicators, PSA, National Floor Indicators and local indicators. The Index will be used to show how the THC's overall performance and rate of improvement compares with other local authorities at 3 levels:

- Inner London - against the 13 boroughs making up the Inner London Area
- Greater London - against all 33 Councils making up the Greater London Area
- National - against all other local authorities

By 2006, THC intends to be performing at the following levels against the Tower Hamlets Performance Index

- Inner London – Top 3 (out of 12)
- Greater London – Top 25% (out of 32)
- National – Top 33% of metropolitan authorities

The Council uses the Strategic Plan as a vehicle for monitoring and reviewing Council-wide performance and ensures that future decisions are informed by the results

The Community Plan

The Local Government Act 2000 placed on local authorities a duty to prepare community strategies for promoting or improving the well being of their areas. These are intended to focus all service providers on working together to deliver common goals agreed with local people. In Tower Hamlets, an extensive consultation exercise resulted in the launch of first **Community Plan** in May 2001. This is subject to annual review of short to medium term priorities.

The community plan sets the overall goals and actions for the agencies in Tower Hamlets. It sets out the vision for the borough as envisaged by key stakeholders. It is formulated by joint efforts of all stakeholders namely the council, the community, government agencies, volunteer groups and business community in the borough. The council plays the leading role in development and co-ordination of the Community Plan and works with the local residents and partners in its preparation, implementation and review. It incorporates the main areas of focus, targets and main activities to achieve the goals and objectives.

At present the community plan has 5 theme areas of development. They are to make Tower Hamlets -

- **A Better Place for Living Safely**
 - reducing crime and making people feel safer, improving the environment, reducing pollution and improving traffic conditions.
- **A Better Place for Living well**
 - improving housing, health and social care
- **A Better Place for Creating and Sharing Prosperity**
 - bringing investment into the borough and ensuring that all our residents and businesses are in a position to benefit from growing economic prosperity.
- **A Better Place for Learning, Achievement and Leisure**
 - raising aspirations, expectations and achievement and providing the widest range of arts and leisure opportunities for all.
- **A Better Place for Excellent Public Services**
 - improving public services for local people to make sure they represent good value for money and are provided in ways that meet local needs.

There are other multi-agency plans and strategies that support the community plan. The content of these strategies is used as a framework by individual agencies.

The Neighbourhood Renewal Strategy

The Neighbourhood Renewal Strategy is a new commitment to Neighbourhood

Renewal. It is based on the National Strategy Action Plan, published in January 2001. The objective is to improve the quality of life of people living in the most deprived areas of the country. As one of the most deprived areas of UK, the Tower Hamlets Neighbourhood Renewal Strategy is very important for the development of its communities. The Government has established the Neighbourhood Renewal Fund (NRF) to support renewal in the 88 most deprived local authority areas. Grant funding will be made available over a three year period to March 2004. Tower Hamlets is one of the authorities that will receive this grant, and has been allocated a total of £23.9 million. Accordingly, the Tower Hamlets Neighbourhood Renewal Strategy has been produced with the active involvement of local residents, businesses, public service providers, voluntary and community groups. The strategy has its origins in the Framework for Neighbourhood Renewal in Tower Hamlets, which formed the basis of extensive consultation during January to May 2002.

Tower Hamlets Partnership has the overall responsibility for developing and delivering its neighbourhood renewal strategy. The Partnership was launched in November 2001 and provides a framework for partnership working and the involvement of local people. It is designed to include as many stakeholders in the borough as possible. The partnership consists of three elements: (a) 8 Local Area Partnerships (LAPs); (b) 5 Community Plan Action Groups (CPAGs) and (c) The Partnership Management Group (PMG).

The Partnership Management Group (PMG):

The Partnership Management Group (PMG) oversees the strategic partnership, involving local residents and key players from the public, private, community and voluntary sectors. All other parts of the partnership feed into the Partnership Management Group

The PMG has the following functions:

- steers the Partnership to make sure it is making a real difference
- ensures involvement of local residents and key partners, including the public, private and voluntary sectors

- keeps the Community Plan and Neighbourhood Renewal Strategy under review
- reviews existing partnerships and plans to maximise progress and ensure that everyone is pulling in the same direction
- focuses on achieving the government 's "floor targets " which are the minimum levels of service residents should expect to experience
- identifies challenging targets for improvement and makes sure they are achieved
- ensures that the CPAGs co-ordinate and deliver national and local initiatives effectively, making best use of all resources including mainstream budgets
- supports the formal scrutiny processes of the council in accounting for progress towards Community Plan and neighbourhood renewal goals

Local Area Partnerships (LAPs)

Local Area Partnerships are the most important element of the Local Strategic Partnership, giving everyone the chance to have their say about the things that matter locally. The LAPs -

- identify local priorities
- challenge and influence the delivery of services
- feed into the development of plans and targets
- help to develop, implement and review the Community Plan
- help to develop, implement and review the Neighbourhood Renewal Strategy
- act as a body for consultation purposes
- encourage local people to get involved

Local Area Partnerships (LAPs) through which residents have an opportunity to influence and challenge service delivery, are made up of 2 – 3 neighbouring wards

Community Plan Action Groups (CPAGs)

There is a CPAG for each of the key themes in the community plan. The CPAGs are at the centre of a communications network that brings together all service providers interested in a particular Community Plan theme. CPAG membership includes providers from the main agencies – police, health, the council – plus the business and voluntary and community sectors. Membership reflects the specific remit of each group and is reviewed annually.

The **Living Safely** CPAG focuses on the following Community Plan priorities:

- reducing crime and the fear of crime
- tackling anti-social behaviour
- improving community safety
- combating racial harassment
- reducing drug misuse
- ensuring justice for young people
- reducing pollution and traffic congestion
- making streets cleaner
- creating a welcoming and sustainable environment

The **Living well** CPAG focuses on the following Community Plan priorities:

- providing decent housing
- promoting healthy living
- improving access to health and social care
- support for children and young people
- caring for older people

- improving access to services and support for people with disabilities

The **Creating and Sharing Prosperity** CPAG focuses on the following Community Plan priorities:

- promoting regeneration and renewal
- reducing poverty
- promoting inward investment
- supporting local business development, including Third Sector capacity building
- improving employment and training opportunities
- increasing tourism
- supporting people for welfare to Work

The **Learning, Achievement and Leisure** CPAG focuses on the following Community Plan priorities:

- providing early years and play services
- raising achievement in schools
- creating opportunities for post-16 education and training
- encouraging lifelong learning
- engaging young people
- improving library and information services
- improving access to the arts and celebrating culture
- improving leisure facilities, sports and recreation opportunities

The **Excellent Public Services** CPAG focuses on the following Community Plan priorities:

- joining up public services, more responsive to user needs
- enabling a workforce to reflect the community
- providing accessible services
- communicating and informing
- managing and reviewing performance
- consulting with users

In summary, the Community Plan Action Groups have the following roles:

- work to accelerate progress in **improving the quality of life** for everyone in the borough, using the government 's **'floor targets '** as the minimum that can be expected
- identify emerging needs in consultation with local people, including those whose views are not easily heard
- agree annual priorities for action and targets for the Community Plan and Neighbourhood Renewal Strategy and ensure implementation that adds value to existing mainstream provision
- shape mainstream services to better meet local needs by involving local people in planning more innovative, joined-up service delivery to meet agreed and ambitious targets
- work with the Local Area Partnerships to produce action plans to encourage neighbourhood renewal in each LAP area
- develop and co-ordinate cross-cutting neighbourhood renewal initiatives
- make partnership working more effective by reducing bureaucracy, avoiding duplication and rationalising existing groups
- use information and evidence collaboratively and systematically to assess both need and progress

In addition to these roles, the Excellent Public Services CPAG is charged with underpinning the work of the other four.

The Partnership Management Group, which is made up of residents and representatives from the public, private, community, faith and voluntary sectors, has responsibility for overseeing the Community Plan and partnership work and ensuring that plans are delivered efficiently and effectively.

The partnership structure enables THC to focus on both the key themes and target areas within its Community Plan and the priorities of individual neighbourhood.

The Best Value Performance Plan

The Best Value Performance Plan, a statutory requirement, is the clear corporate expression of the Council's performance and future targets and is published annually by 30 June.

The Best Value Performance Plan sets out:

- what services the Council will deliver to local people
- how it will deliver them
- to what level services are currently delivered
- what levels of service the public should expect in the future
- what action it will take to deliver those standards and over what timescale

7. MONITORING AND EVALUATION

The council uses the strategic plan as a vehicle for monitoring and reviewing council wide performance and its results for decision-making. The review and evaluation of council performance are carried out by internal arrangements and by external auditors and inspectors.

The internal arrangements for measuring performance are many. The foremost is the bimonthly Tower Hamlets Index monitoring system. The council has identified 12 key priorities for the period up to 2006. The success of these 12 priorities is measured

through a basket of indicators called the Tower Hamlets Index. The index is designed to show overall performance and rate of improvement compared with other local authorities. The index consists of the indicators taken from the following categories of indicators:

- Best Value Performance Indicators;
- Other Statutory indicators such as DoH personal social service indicators;
- Public Service Agreement (PSA) indicators;
- Government Floor Target indicators;
- Locally devised indicators.

Monitoring and evaluation of the strategic plan:

Monitoring and evaluation of the strategic plan takes place at a number of levels. At the Directorate level it is subsumed within the broader service planning framework and management and performance culture. At Council level this plan is agreed by members and is subject to monitoring and evaluation by the Corporate Management Team (CMT), the Cabinet, the Overview and Scrutiny Committee and its 5 Panels. Progress against the Tower Hamlets Index Performance Indicators is reported to Cabinet at two-monthly intervals, while two monitoring reports will be produced over the life of the plan, at 6 months, and at 12 months to go to scrutiny panels and the Overview and Scrutiny Committee. A more evaluative Annual report will be produced by the end of June each year, incorporating the Council's Best Value Performance Plan. The table 5.1 shows the internal monitoring and review arrangements in Tower Hamlets.

8. EXTERNAL ASSESSMENTS AND EVALUATIONS

The external assessments and evaluations of Tower Hamlets are done by the Audit Commission, The District Audit and The Best Value Inspectors.

Overall Performance: The Comprehensive Performance Assessment

In December 2002 Tower Hamlets secured the second highest rating in the new national league table, the Comprehensive Performance Assessment (CPA). Individual

services were also highly commended.

Education

“Fastest improving in the country” with three times the national average rate of improvement. The Council’s primary school results showed the greatest improvement of any Local Education Authority in the country between 1998 and 2001. In 2002 there was a 9% increase in the number of pupils gaining five or more GCSEs at grades A-C, reflecting the greatest improvement in the country.

Social Services

Social services were recognised for showing a “good overall performance”. The service is rated the sixth best performer in London on the most recent available Best Value Performance Indicator figures (2001/02), and has a “Two Star” Department of Health rating.

Housing

The Housing Benefits Service is praised as being amongst the “top performers in London”. The Council is one of the most efficient in London in re-letting empty homes.

Leisure

Initiatives such as the Idea Stores and some key regeneration schemes the singled out as imaginative examples of good practice.

Each major service was scored on a scale of 1 to 4, where 1 was the lowest and 4 the highest. Education and social care were given more weight in reaching the overall service score than other areas because of their importance to local people. Overall, The council’s services were scored 3 out of 4.

Corporate Assessment

Overall the Council scored a Corporate Assessment of 3 out of 4. This Corporate Assessment looks at how the Council is performing and its capacity to improve. Independent inspectors spent two weeks inside the Council looking at all areas of its management and operation. The Commission assessed Tower Hamlets as having a clear sense of direction, good political leadership, strong management and staff with a

sense of clarity and purpose.

In April 2003 the Council was awarded Beacon status in recognition of its excellent work to support Community Cohesion.

Performance against Tower Hamlets Index

An overview of the Council's performance compared with other local authorities

The council's success in achieving The council's 12 priorities is measured by a single indicator. This is a composite index – ***Tower Hamlets Index*** – derived from the basket of indicators set out in the tables at the beginning of each theme within Section 5 of the Strategic Plan. Appendix 5 lists the indicators that make up the composite index.

The Index is used to show how Tower Hamlets' overall performance and rate of improvement compares with other local authorities at 3 levels:

- Inner London – against the 13 boroughs making up the Inner London area
- Greater London – against all 33 councils making up the Greater London area
- National – against all other metropolitan authorities

Local Public Service Agreement (Local PSA)

The Council has agreed 13 targets for its Local PSA. These are incorporated into the council's strategic priorities and included in its strategic plan. The council's performance is well ahead of anticipated milestones for nine of these targets. The council's performance on three (increasing the number of children who are adopted; increasing standards for clean streets; electronic service delivery) is either on schedule or marginally behind but well within expected margins. In each case, the lead officers are confident that the targeted outcomes for March 2005 will be achieved. For the final target (educational outcomes for children in public care), The council's performance is marginally behind The council's milestone figure, however. Officers are confident that every appropriate measure is being undertaken to ensure that the final outcome target is achieved. Nonetheless, the small and changing cohort involved does provide an additional risk for this target.

Performance against Best Value Performance Indicators (BVPIs)

51% of the ambitious targets set for the BVPIs by the Council were achieved in 2002/03. The level of significance for the difference between the target set and the outcome achieved has been set at 10%. Overall, 49% of the targets set were achieved within this variance level.

A more rigorous approach to the rationale for target setting across services has been adopted in planning for 2003/04. This is expected to contribute to improved target setting and a reduction in the proportion of significant variances next year.

Council Performance against Community Plan Priorities

An explanation of the council's strategic aims associated with each of the community plan themes are given below:

A Better Place for Living Safely <i>Increased Community Safety</i>

The council's strategic aim is to work with partners to build safe and harmonious communities in which crime is reduced and the fear of crime alleviated.

A Better Place for Living Safely <i>Safer, Cleaner Streets</i>

The council's strategic aim is to ensure that, in partnership with others, the council develops a cleaner, more secure, greener and more attractive borough in which to live and work.

A Better Place for Living Well <i>More Homes of a Decent Standard</i>
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The council's strategic aim is to ensure that all residents have a safe, decent and affordable home suitable to their needs.

A Better Place for Living Well

Improved Outcomes for Vulnerable Children and Adults

The council's strategic aim is to promote independence through providing effective support in the community, and to protect children and promote their welfare, working in partnership with families and respecting the diversity of The council's community.

A Better Place for Creating and Sharing Prosperity

The council's strategic aim is to ensure that all To the Tower Hamlets residents and businesses are in a position to benefit from, and contribute to, the economic prosperity that surrounds them.

A Better Place for Learning, Achievement and Leisure

Improved Educational Attainment

The council's strategic aim is to raise aspirations, expectations and achievement so that The tower hamlets council is a thriving learning community with rapidly improving schools and with education at the centre of community regeneration and social inclusion, and lifelong learning a reality to those living and working locally.

A Better Place for Learning, Achievement and Leisure

Increased participation in Leisure and Cultural Activities

To ensure, with other partners, that the widest range of arts and leisure opportunities and facilities are provided for the residents, workers and visitors of the borough, and that these are affordable and accessible.

A Better Place for Excellent Public Services

To ensure, with other partners, that the widest range of arts and leisure opportunities and facilities are provided for the residents, workers and visitors of the borough, and that these are affordable and accessible.

9. SUMMARY

The London Borough of Tower Hamlets is an area of contrasts, having significant high cost business and residential developments alongside some of the poorest inner city estates in the country. The borough's physical environment is rapidly changing; one third of the construction in inner London is taking place in Tower Hamlets. In addition to the planned expansion of private sector developments, the mayor's proposals for London will entail the construction of new affordable housing within the borough on a huge scale.

Overall, levels of deprivation are the highest in the country, with high levels of unemployment and a high proportion of low quality social housing; these factors contribute to a poor quality of life and poor health for large parts of the population. Local people have a shorter than average life expectancy; there is a high prevalence of certain diseases (such as heart disease, strokes and diabetes) and a high incidence of mental ill health. On the other hand, the community is a dynamic and vibrant one, which has a rich and distinctive history.

The borough had an estimated 184,000 residents in 1999. This represents a 10 per cent population increase since 1991, and projections indicate a further 10 per cent increase by 2006. The population growth is partly due to a high birth rate; over 25 per cent of the population are aged under 16.

Tower Hamlets has two large ethnic groups. Just over half the population is white, and there is one large minority ethnic group – Bangladeshi –, which makes up 29 per cent of the population. The remainders are from a range of minority groups, including a sizeable number of African (especially Somali) and African Caribbean people as well as Chinese, Vietnamese, Indian and Pakistani.

The council comprises 51 councillors and has been controlled by Labour since 1994. The Liberal Democrats are the only opposition party, and they currently have 16 councillors. New political management structures have been in place since 1999. These were changed in May 2002, with the creation of a Cabinet of 9 councillors who have executive responsibility. There are 5 scrutiny panels, each comprising 10 councillors from both the political groups.

The council has a Bangladeshi Leader – the first in the country – and a total of 30 councillors from black and minority ethnic backgrounds. The Leader was re-elected unopposed in 2002/3, marking the end of a long period of regular leadership changes.

Prior to 1994, the council had a decentralised structure; there were 7 neighbourhoods, which had considerable autonomy. Since then, the Labour administration has re-built a corporate structure, with more traditional service directorates. The current corporate management team comprises the chief executive, four corporate directors and – since April 2002 – a Director of Finance and Personnel.

10. IMPORTANT ISSUES

The recent reports of external review and audit rated Tower Hamlets as an improving council that has the potential to sustain and build upon its recent achievements. The strategic and community plans contain a clear sense of direction.

Many of Tower Hamlets' services were performing poorly in the mid 1990s, but most have improved since that time. Tower Hamlets' education service is one of the fastest improving in the country, and social services are achieving a good overall performance. Both the Best Value Inspection reports and Ofsted report praised these two services of Tower hamlets. There are also pockets of excellence elsewhere in the council. On the other hand, the council is aware that these successes need to be 'rolled out' across the organisation. Performance within housing services, for example, is rather mixed; some core housing services are good but many local people experience severe overcrowding and poor living conditions. Some environmental services also need improvement. As in many other inner city areas, a rise in crime, substance misuse and anti-social behaviour are amongst the

problems, which need sustained attention by the council and its partners.

Until very recently, there has been a lack of strategic management in some areas, including the overall management of the council's resources. Some key support services – such as human resource management – have also been relatively neglected. These deficits are now beginning to be addressed. Some key posts in the centre of the organisation have recently been filled, and rapid progress is being made in developing a range of corporate strategies. This and other ongoing work is being approached with competence, although at this stage it is too early to evaluate the impact. The council needs to make sure that progress is sustained, so that it has the tools and capacity it needs to actually deliver the planned service improvements.

Tower Hamlets receives significant funding through its Standard Spending Assessment (SSA) and from specific government grants. However, the council's systems for ensuring that its resources are well targeted have been under-developed to date. Equally, in managing the performance of its own services and those it commissions, it has paid insufficient attention to the issue of whether they offer value for money. The unit costs of some of the council's own services are high and in some cases they are rising. Whilst this is partly a result of sharply increasing land and property values in the borough, the council nevertheless needs to ensure that it more systematically analyses and understands variations in the costs of its services and takes corrective action where necessary. The council is undertaking management reviews of some services and is also developing its approach to best value in response to recommendations from the district auditor. A medium term financial strategy is being developed, which will be aligned with service planning processes during 2002/3; this is an important priority.

The outcomes from the council's regeneration schemes have so far been mixed. The council is developing a more robust approach to the commissioning of new services. Tower Hamlets must also improve its own capacity to monitor outcomes, and to track expenditure within the regeneration schemes.

In some areas, planning and performance management are still hampered by gaps in the availability of data and difficulties in 'pooling' data across the council. This problem is being rectified through substantial investment in new IT systems, although there have been early problems in implementing these. Scrutiny arrangements have had limited impact so far, but work is in hand to strengthen the system.

Tower Hamlets has insufficient resources to redress the overall shortage of housing, or to improve housing conditions on the scale that is required. There is a severe structural deficit in the housing revenue account. Having transferred part of its housing stock to registered social landlords, with very positive outcomes for many tenants, the council is preparing to ballot the tenants on the remaining estates about a way forward. The 'Housing Choice' strategy has been underpinned by some solid preparatory work. Tower Hamlets has high ambitions for its local community, and aspires to become one of the top quartile London councils by 2006. It aims to achieve this by building upon its recent successes – for example, within education and social services – and raising standards within the weaker parts of the council up to the level of the best.

The council is also working with its partners to tackle a range of cross-cutting priorities. These include the imperatives to improve the physical environment, tackle the high levels of street crime, and develop the local economy. Whilst some specific challenges – for example, the relatively poor examination results at secondary level – may make its overall ambition difficult to achieve, the council deserves credit for the plans which are in place to raise performance further.

Until the recent past, Tower Hamlets had weaknesses in strategic planning. In this context, the completion of its first Community Plan in 2001/2 was a significant step forward. The 2002/3 Community Plan is accompanied by a revised and detailed Strategic Plan now encompassing a four year period, and these are in turn well linked to a range of other strategies and targets. The Community Plan has five 'cross-cutting' themes: 'Living Safely', 'Living Well', 'Creating and Sharing Prosperity', 'Learning, Achievement and Leisure', and 'Excellent Public Services'.

The plans themselves, and the processes adopted to develop them, illustrate that in recent years, the council has developed a strong sense of direction, skilled political leadership, and managerial competence at senior level. This is recognised by virtually all the council's partners and stakeholders, including many members of the public. Overall, the council wants to achieve progress across three main fronts:

- Achieving community regeneration and improving the quality of life of local people, through good partnership working;
- Raising the standards of some of the council's own services; and
- Ensuring that the council becomes a more strategic and business-like organisation.

The activity of council members does, however, appear to be more directed towards the first two of these, with some risk that the council's managerial agenda is not given sufficient attention either by the Cabinet or by the scrutiny panels. Key imperatives, such as the need for the council's services to deliver value for money, the need to build a skilled and stable workforce, and the need to build strong performance management systems, have been relatively neglected until the very recent past. The council needs to ensure that it continues to support the new management team in delivering this part of the agenda, and that it takes an active interest in the progress being achieved.

Tower Hamlets has, for some years, given absolute priority to its education service. The fact that it has sustained its focus on this area, in spite of competing demands on its resources, demonstrates that the council has the will and determination to drive forward improvements in key service areas.

More recently, the council has committed itself to extending its achievements to other areas. Twelve specific priorities have been identified, and these are underpinned by key performance indicators (the 'Tower Hamlets Index'). This provides a very valuable new

tool. Although it is not yet in regular use, systems are in place to collect the data, and the Cabinet is committed to receiving reports on the Index at bi-monthly intervals.

The council has worked hard to ensure that its objectives are communicated within the organisation, and also shared by other agencies. During 2002 a multi-agency Community Plan Action Group (CPAG) has been formed to ensure progress against each of the five Community Plan themes, and five new scrutiny panels have been tasked with responsibility for scrutinising the outcomes.

Tower Hamlets approach to community regeneration, and to the delivery of some 'cross-cutting' priorities, has suffered in the past from some lack of attention to the desired outcomes. The council has tended to define success in terms of the development of isolated projects and services, with the result that the actual outcomes for the community are either disparate or uneven, or not well understood. The council needs to recognise that its commissioning decisions should in future be linked more clearly to its own targets, and also to the 'floor targets' set by the government.

The council is working with a complex network of partner agencies, including an estimated 800 voluntary organisations, representing a range of community interests. The amount of grant funding channelled through the council has contributed to a tradition of competition for resources across the community. The ongoing development of a commissioning framework for the voluntary sector should help to raise confidence within the community. The council will, however, need to continue to communicate about its priorities and the rationale for its decision-making, and be prepared to make and enforce some hard choices in the future.

Tower Hamlets will need to ensure that its priorities reflect the needs and expressed views of local people. The Community Plan demonstrates that it is becoming increasingly skilled at reconciling these with national and regional agendas. On the other hand, the council lacks the systems it needs to ensure that its resources always follow its priorities. Some of the council members have acknowledged the need for a more strategic approach to

financial planning, and said that work is in hand to address the issue.

The council uses a range of methods to consult and engage with local communities. For example, over 3,000 people were consulted during the preparation of the community plan. During 2002, it established eight Local Area Partnerships (LAPs) to replace existing local planning networks. The LAPs are broadly well attended and are receiving strong support from councillors and officers. Although there is some variation between the groups, they do in general provide a forum for lively debate and challenge, and there is clear evidence that views on local priorities and concerns obtained through the LAPs are being fed into the council's overarching plans. For example, the neighbourhood renewal strategy and local public service agreement (LPSA) clearly reflect local concerns about substance misuse, anti-social behaviour, and the needs of young people.

The council is aware of the importance of engaging with all sections of the community, including the smaller minority ethnic groups. Existing consultation mechanisms – including the LAPs – offer opportunities for dialogue with a cross section of the community, and some additional forums, including a refugees forum, have been established. On the other hand, the council is aware of the need to be proactive in engaging the smaller groups and in helping them to develop representative organisations where this is their choice. This is particularly important in the light of the fact that some groups – including the Somali community – are under-represented on the council. Equally, whilst the specific needs of women are being addressed through some targeted services, further thought needs to be given to ways of obtaining the views of women in the community during consultation exercises. (Women are also under-represented amongst councillors, although not amongst senior officers). Overall, it is positive that specialist services are being developed to meet the range of diverse needs, but the council's approach does need to become more systematic. 'Soft' intelligence gleaned through consultation needs to be brought together with 'hard' intelligence about the demographic trends, and about the current take-up of services. Information about the needs of the different ethnic minority groups, and the services being offered to them, is being collected in some parts of the council, but the systems for collating and using it are still under-developed.

As Tower Hamlets ranks as one of the most deprived areas in the country, there is considerable synergy between the priorities of the council and the government's anti-poverty and social inclusion agendas. Over recent years, the council has been a pilot site for a range of central government initiatives, and it continues to ensure that the key priorities – including achievement of the government's 'floor targets' – are central to its plans.

Having established clear priorities, the council now needs to develop more robust systems to ensure that its resources are targeted to these. The council has given financial support to education for several years, and its expenditure on this service is comparatively high. In this important respect, financial decision-making has reflected the council's political priorities. In general, however, budgets have been set on a largely historical and short-term basis, and they are not well linked to policy decisions. For example, Tower Hamlets spends less than its SSA on environmental services; this may be appropriate, but there is no indication that the service has been de-prioritised by the council or that the issue has been explicitly considered. So far, full analysis of the financial implications of the proposals in the Strategic Plan have been limited to the annual service and team planning processes. The council is aware of the need for a stronger cross-cutting analysis linked to a corporate medium term financial strategy, and this was being given priority during 2002/3.

The excellent process recently adopted to allocate neighbourhood renewal funding illustrates that the council and its partners are becoming more systematic in ensuring that specific funds are targeted towards priorities and identified needs. This process began with a good needs analysis, which identified particular deprivation factors and priority issues in each ward. The Local Area Partnerships (LAPs) and CPAGs were invited to submit proposals which would meet specific criteria drawn up by the local strategic partnership. The proposals were evaluated by external assessors as well as by resident and voluntary sector representatives, and whilst some proposals were not accepted, new ones were invited to address priority issues or to cover geographical areas which needed extra resources.

Until recently the strategic planning, financial planning and performance management systems have been stronger in some parts of the council than in others, and the council has lacked the systems it needs to 'roll out' the best practice and to ensure a strong strategic drive.

Since May 2002, Cabinet meetings have been held in public. They are preceded by private briefings, including a meeting of the Leader's Advisory Board which comprises all of the Cabinet and corporate management team. The council is aware of the need to ensure clarity about the purpose of the Leader's Advisory Board, and of the danger that this could be seen as a 'secret' Cabinet meeting which inappropriately excludes the wider council. Work to finalise the recently agreed constitution was unavoidably delayed earlier in 2002, and some additional protocols still need to be added. The completion of this will help to clarify some outstanding issues, including the schemes of financial delegation within the council, and methods for reporting on routine decisions taken by the executive.

The council has sound relationships with its key statutory and independent sector partners. It is positive that many of the new planning groups are chaired by other organisations rather than by council representatives. Whilst the CPAGs have made a very promising start, some further work needs to be undertaken to finalise their work programmes, to clarify their links with existing planning networks, and also to ensure that they have appropriate representation from all the relevant organisations.

There is also an overarching need to ensure that successful joint working at strategic level is matched by equivalent successes on the ground. This should include further joint training, and initiatives to ensure that professionals work well together to deliver the council's priorities. (One example is that some schools may need further encouragement to ensure that all young people benefit from the drugs education programmes they provide. Equally, the links between the police, housing officers and youth workers require some strengthening at local level). The council can demonstrate some successes in joint commissioning – for example, in the field of substance misuse – but now needs to go

further in using the Health Act flexibilities to pool budgets and achieve better co-ordination of health and social care services. This priority is recognised within the council, and work is in hand to achieve closer integration in four service areas.

Many aspects of human resource management have been neglected to date. The council has not yet completed a workforce strategy, and the corporate unit is struggling to collate the data it needs to gain a proper overview of the council's activities. Some key corporate policies and procedures have not yet been finalised. This is another area in which there are pockets of good practice in the directorates, but where the mechanisms for ensuring that lessons are applied throughout the council are weak. In the light of the challenges faced by the council, including difficulties in recruiting key staff, very high use of temporary and agency staff, and very high sickness/absence rates, the development of a stronger corporate function has been recognised as an important priority.

The council's budgets have largely been based upon historical expenditure, and systems for analysing whether budgets should shift from one area to another, and mechanisms to ensure that planned 'shifts' take place, have been weak. The council is aware that these weaknesses in its strategic management of resources have, in the past, had some undesirable consequences. For example, some pressures on the budget – such as the revenue consequences of capital investments – have not been well anticipated. Many schemes have been funded temporarily from ring-fenced grants, with insufficient attention to their sustainability; as a consequence, some initiatives face an uncertain future. One exception to this picture is within Social Services, where £3 million has been shifted over the last 4 years towards children's services, and a five year resource strategy has been developed. Work is now in hand to align the budget setting and service planning processes for the council as a whole, with plans to develop a medium term financial strategy in the future.

11. PERFORMANCE MANAGEMENT

Tower Hamlets is actively developing its performance management systems. It does not

follow any particular performance management framework like European Business Excellence Model or BSC. There are still some areas where performance is hard to measure and this is largely because of non-integrated system. In general, the council seems very active at monitoring the effectiveness of its services than in ensuring that they offer value for money.

The council's Strategic Plan is a comprehensive document, which contains 'SMART' (Specific, Measurable, Achievable, Relevant and Time-related) targets and is monitored at regular intervals. Directorate, service and team plans are also in place in most areas, although more work is needed to ensure that the latter are produced to a consistent standard. The chief executive and directors have written objectives related to the Strategic Plan, and an annual appraisal. Almost all staff have an annual performance development review (PDR) and supervision arrangements for individual staff are in place. The council has gained 'Investors in People' (IIP) accreditation within Education, Customer Services and Housing. Equivalent arrangements are in place within Social Services.

The council is increasingly making good use of data to monitor performance at strategic level – for example, through the development of the Tower Hamlets Index. Improvements in information technology are helping to ensure that accurate management information is more widely available and used, although the uneven progress in installing new hardware, and in implementing the new IT systems, are a source of frustration for many staff. Until the new system is fully implemented, performance management will continue to be hampered by shortfalls in the availability of data, and difficulties in pooling data across the council. The monitoring of complaints is one of several areas which is being held back for this reason.

Finally, the council's approach to the management of weak individual performance is less than robust; some managers need confidence to use the PDR system more consistently to identify and address individual capability and performance issues.

The council made a slow start to implementing best value and in some cases the best value reviews have not had a strong enough corporate steer. On the other hand, best

value reviews have been used both to reduce the costs of some services (such as payments and purchasing) and to improve service delivery. The council is now introducing a more extensive cross-cutting approach to best value. 'Anti-social behaviour' and 'children with disabilities and special needs' have been appropriately selected as topics for 2002/3 and working groups have been established to tackle these areas. However, these reviews are still at a very early stage.

The BVPIs suggest that costs are comparatively high across a range of areas, including Customer Services, Housing and Social Services, and also that they are rising in some instances. The high costs can partly be attributed to specific local factors - such as the very high land and property values in the borough – but more systematic analysis is nevertheless needed in some areas. The efficiency savings which could potentially be achieved through increased use of information technology have not yet been quantified.

12. PROBLEMS IDENTIFIED

Tower Hamlets council like all other local government organisations of UK is a highly complex, multi-function, and multi linked public organisation. In order to improve the quality of lives of its residents it needs to continuously improve the effectiveness of its current activities.

The description of the general working of the council and the important issues in the foregoing paragraphs reveal the following problem areas.

- Lack of strategic management of council's resources. The targeting of resources do not follow strategic priorities.
- The performance management of services does not focus on value for money.
- Budget preparation is based of historical expenditure trend. No system exists to shift budget to more priority area. Need for a more strategic approach to Financial Planning.
- Short term financial management strategy. There has been some initiative to formulate medium term financial strategy but not effort to align it with service planning process.

- No robust system to monitor the outcome of Partnership programmes and their financial management.
- In some areas planning and performance management system is still fragmented. This hampers the availability and pooling of data across the council.
- The impact of the Scrutiny arrangements is still limited.
- The relatively poor examination results in Secondary Schools in spite of good development plan is a current challenge that the council will have to overcome.
- Weakness in strategic planning. The formulation of Community and Strategic plans is an example of very recent initiatives in this direction.
- System for collating information about the ethnic minorities is still under developed.
- A full analysis of the financial implications of the proposals in the strategic plan is absent.
- Many aspects of HRM are still neglected. The council does not have a work force strategy.

13. CONCLUSION

In order to remove the weaknesses identified in the last page and function well, the Tower Hamlets council should adopt a robust and comprehensive strategic performance management system. Besides helping the council to be more strategy focused the proposed system should be able to help the council do the following.

- Ensure that the Tower Hamlets Index is regularly used by the Cabinet and Corporate Management Team to monitor performance in priority service areas, and deliver the desired improvements.
- Develop the strategic capacity and the authority of the council's corporate services.
- Give priority to the development and use of accurate information about performance, and ensure that action is always taken to address identified deficits.
- Strengthen the council's scrutiny processes, ensure consistent support (including financial support) for the scrutiny panels, and improve systems for tracking the actions taken to address their recommendations.

- Maximise the benefits for local people from regeneration schemes, by linking the schemes securely to the achievement of the government's 'floor targets' and better co-ordinating the roles of the council's Planning and Regeneration teams.
- Strengthen the council's role as an accountable body for those regeneration schemes funded from specific government grants.
- Complete the workforce strategy, with robust corporate policies and procedures, and ensure consistent practice in relation to human resource management.
- Align Budget setting and service planning process for the whole council and link them to formulation of short, medium and long term financial strategy.
- Formulation of Financial plans linked to the council's Strategic Plan.
- Align the whole council staff to the overall mission, goals and objectives of the council.
- Enable the council to prepare all statutory reports smoothly.
- Develop an embedded system of performance management, measurement, evaluation and feedback system to inform the next cycle decision making process.

V. DEVELOPING STRATEGY MAP AND SCORECARD FOR TOWER HAMLETS

1. INTRODUCTION

In the previous chapter i.e. in Chapter Four, the history, geography, population of Tower Hamlets, the structure of its council, functions, activities and performance were discussed. At the end of the chapter the problems facing the Tower Hamlets council have been identified and summarised. The problems identified, in brief, were as follows:

2. PROBLEMS IDENTIFIED

- Lack of strategic management of council's resources. The targeting of resources does not follow strategic priorities.
- The performance management of services does not focus on value for money.
- Budget preparation is based of historical expenditure trend. No system exists to shift budget to more priority area. Need for a more strategic approach to Financial Planning.
- Short term financial management strategy. There has been some initiative to formulate medium term financial strategy but not effort to align it with service planning process.
- No robust system to monitor the outcome of Partnership programmes and their financial management.
- In some areas planning and performance management system is still fragmented. This hampers the availability and pooling of data across the council.
- The impact of the Scrutiny arrangements is still limited.
- The relatively poor examination results in Secondary Schools in spite of good development plan.
- Weakness in strategic planning. The formulation of Community and Strategic plans is an example of very recent initiatives in this direction.
- System for collating information about the ethnic minorities is still under

developed.

- A full analysis of the financial implications of the proposals in the strategic plan is absent.
- Many aspects of HRM are still neglected. The council does not have a work force strategy.

In other words, the Tower Hamlets council faces problems in Strategic Planning, Resources Planning, Planning and performance management, Scrutiny functions, Ethnic minorities and Human Resources Management (HRM). The problems span from corporate level strategic planning to individual staff level activities.

The challenge before Tower Hamlets Council is, therefore, to effectively address these weaknesses on a short, medium and long term basis.

3. SOLUTIONS SUGGESTED

The solution suggested in the previous chapter was for adopting a robust and comprehensive strategic performance management system that would be able to help Tower Hamlets deliver timely and relevant performance information, and manage performance improvements, without a significant budgetary overhead. In other words, Tower Hamlets Council needs to use a holistic and transparent framework to manage its strategy and performance.

Besides helping the council to be more strategy focused the proposed system should be able to help the council do the following.

- Help the Cabinet and Corporate Management Team to monitor performance regularly, against the Tower Hamlets Index, in priority service areas, and deliver the desired improvements.
- Develop the strategic capacity and the authority of the council's corporate services.
- Give priority to the development and use of accurate information about performance, and ensure that action is always taken to address identified deficits.

- Strengthen the council's scrutiny processes, and improves systems for tracking the actions taken to address their recommendations.
- Maximise the benefits for local people from regeneration schemes, by linking the schemes securely to the achievement of the government's 'floor targets' and better co-ordinating the roles of the council's Planning and Regeneration teams.
- Strengthen the council's role as an accountable body for those regeneration schemes funded from specific government grants.
- Complete the workforce strategy, with robust corporate policies and procedures, and ensure consistent practice in relation to human resource management.
- Align Budget setting and service planning process for the whole council and link them to formulation of short, medium and long term financial strategy.
- Formulation of Financial plans linked to the council's Strategic Plan.
- Align the whole council staff to the overall mission, goals and objectives of the council.
- Enable the council to prepare all statutory reports smoothly.
- Develop an embedded system of performance management, measurement, evaluation and feedback system to inform the next cycle decision making process.

In other words the Tower Hamlets council needs to develop a robust performance management framework which will enable it to- (a) develop and implement an effective performance management framework linked to its overall strategic intent in order to drive performance improvement across the Council; (b) create a framework which will be focused on performance management rather than performance measurement, (c) extend the performance management framework to the whole of its modernisation agenda, (d) manage performance in delivering council's vision and targets for now and future as outlined in its 'Strategic plan and 'Implementing Electronic Government (IEG) Statement', (e) create a seamless performance management framework with the potential to operate across the public sector, incorporating current and future partners.

The Council's objectives in terms of performance management flow from its Strategic Plan. This outlines the Council's overall aim of improving economic, social and environmental well being, for all those who work and live in Tower Hamlets, through delivery of significant service improvements. Key to achieving these objectives is the implementation of an effective performance management framework. Tower Hamlets Council's objectives in terms of a performance management framework were to- (a) drive performance improvements across the Council, explicitly linked to the Council's corporate objectives, defined by the Strategic and Community Plans, (b) develop and implement an effective performance management framework linked to strategic planning and policy, as well as operational management and delivery of services, (c) develop and implement a framework which would be recognised throughout the Council as the prime mechanism for achieving and evidencing continuous service improvement, (e) develop a framework which would involve and energise people and have Council-wide support and adherence, (f) encourage and develop a performance management, rather than performance monitoring, culture throughout the Council, and (g) use performance management to become modern, responsive and outcomes-driven council.

4. AVAILABLE PM MODELS AND TOOLS RELEVANT TO THE NEEDS OF TOWER HAMLETS COUNCIL

There are number of performance management models such as Balanced Scorecard, European Foundation Quality Management (EFQM) Excellence Model, and performance improvement tools such as Charter Mark, Investors in People, ISO 9001 Quality System etc. available to UK local authorities. The performance management models are comprehensive performance management frameworks which encompass the performances of whole organisation. On the other hand the improvement tools are used to revamp the efficiency and performance of a particular area or service in the organisation.

The BSC Model

Among the performance management models, the Balance Scorecard (BSC) model developed by Doctors Kaplan and Norton has more advantages over other performance management models in terms of comprehensiveness, staff involvement and ownership, and cost. It is a multi-dimensional framework for managing strategy by linking objectives, initiatives, targets and measures across key corporate perspectives. The other performance management models such as the European Foundation for Quality Management (EFQM) Excellence model and its derivatives are also holistic but do not involve all levels of staff. In terms of cost, they are resource intensive. While the BSC model is integrated to strategy management, the EFQM and its derivative models are more focussed towards assessment of strengths and weaknesses.

The EFQM model

The EFQM model is being used by many local authorities of UK. According to the research paper 'Review of Performance Management Models and Improvement Tools' published in 2004 by Audit Commission and Improvement and Development Agency (IDeA), the EFQM model is more used for assessment of strengths and weaknesses of the individual services rather than strategy management of the whole council.

In order to address the problems faced by Tower Hamlets Council, Balanced Scorecard system will be considered as an effective strategic performance measurement and management system in this chapter. The reasons for considering Balanced Scorecard as an effective strategic performance measurement and management framework have been discussed in Chapter two. For convenience, the main benefits of using BSC are summarised below:

The benefits of using Balanced Scorecard

- The Balanced Scorecard describes the organisation's vision of the future and creates shared understanding;
- clarifies and updates corporate strategy;

- communicates strategic objectives throughout the organisation (it establishes a communication system that bridges the gap between goals set by high-level executives and the front-line workers whose performance is ultimately responsible for reaching these goals);
- align customer needs and business objectives;
- work as a holistic model of the strategy allowing all employees to see how they contribute to organisational success, and contributing to aligning departmental and personal goals to corporate strategy;
- focus change efforts, by identifying opportunities for initiatives in the areas that are lagging behind;
- link strategic objectives to targets and budgets (financial and physical resources must be aligned to the strategy; long-run capital budgets, strategic initiatives and annual expenses must all be directed to achieving targets for the objectives and measures of the scorecard);
- build a reward system that is geared to achieving targets (alignment and accountability will be enhanced when individual contributions to achieving scorecard objectives are linked to recognition, promotion and compensation programmes);
- align strategic and operational reviews;
- obtain feedback on the effectiveness of the strategy policy deployment and implementation to track progress over time and facilitate strategic review.

Kaplan and Norton (1996) also claim that the BSC is a useful tool to translate the vision and strategy into actions at local level. In Kaplan and Norton's (1996, p. 47) words, 'the scorecard should tell the story of the strategy'. The main message is that in the short and medium term the ultimate financial objectives can be reached by adequate customer service and an effective business process only. However, in order to sustain success in the long term, the organisation must also realise its objectives concerning the learning and growth perspective (Lengyel, 2000). Thus, the aim of the BSC is to present management with a concise summary of the key success factors of a business, and to facilitate the alignment of business operations with the overall strategy (Mooraj *et*

al., 1998). This brings a significant benefit of developing a BSC: it is a learning exercise in which organisations improve knowledge of their activities and processes.

The BSC constitutes an effective learning process, since it integrates: (1) a shared strategic framework that communicates the strategy and allows each participant to see how to contribute to achievement of the overall strategy; (2) a feedback process that collects performance data about the strategy and allows the hypothesis about interrelationships among strategic objectives and initiatives to be tested; and (3) a team problem-solving process that analyses and learns from the performance data and then adapts the strategy to emerging conditions and issues (Kaplan & Norton, 1996).

5. APPLYING BSC MODEL TO TOWER HAMLETS COUNCIL

Considering the vastness of the council activities and services on the one hand and the need to keep the research work manageable on the other it was decided to develop a corporate strategy map and corporate scorecard first. Then similar strategy map and scorecard will be developed for Social Services and Housing Services. Then all the strategy maps and scorecards will be tested and validated.

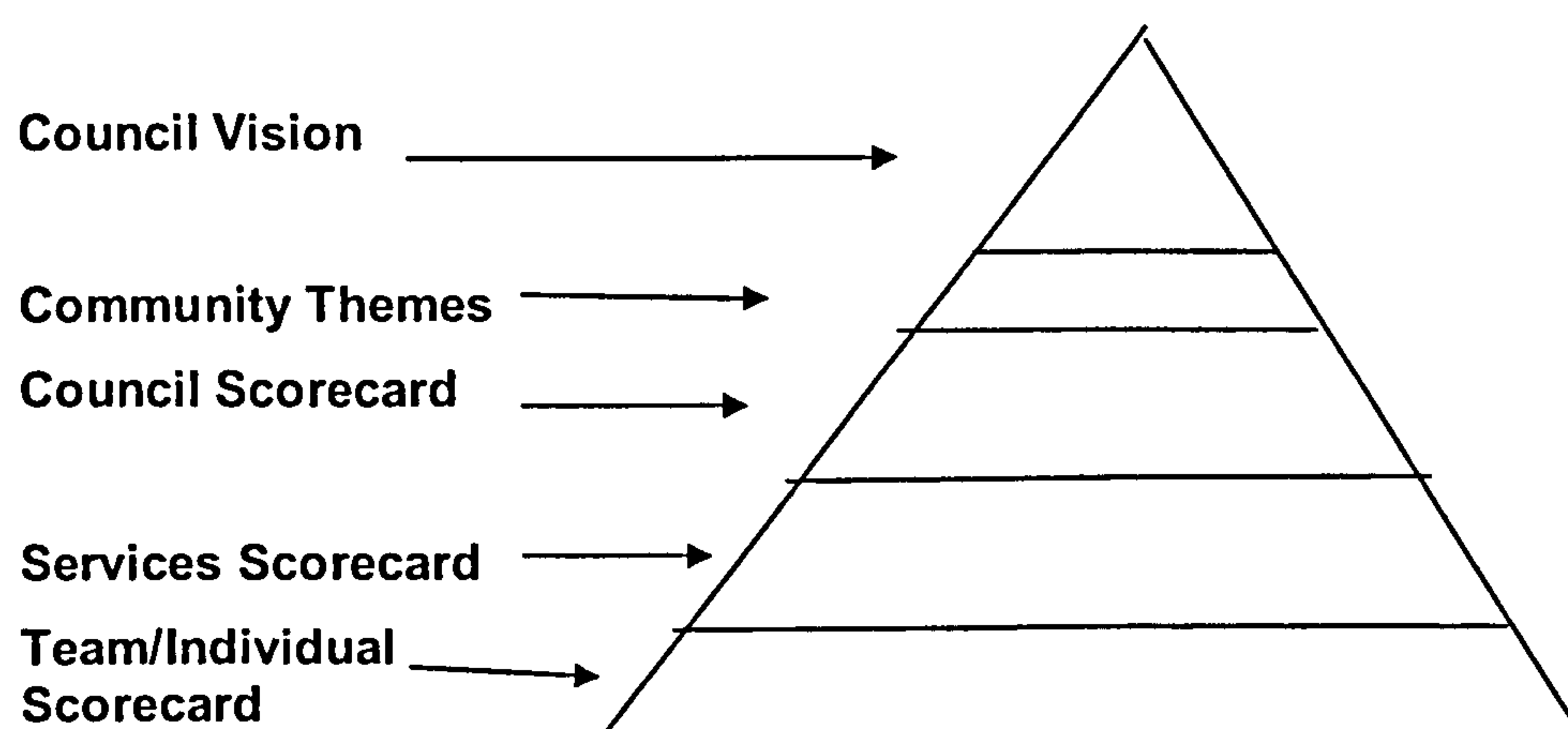
The testing and validation process will involve interviewing key managers of these directorates and services and conducting a general survey on the service and team level staff. Through the interviews the opinions and suggestions of the key managers will be gathered regarding the suitability and benefits of strategy maps and scorecards for the corporate and service level performance management of Tower Hamlets council.

In the general survey on the service and team level staffs, questions will be asked on the suitability and benefits of having such strategy maps and scorecards for corporate, services and teams of Tower Hamlets council.

6. THE SCHEME OF DEVELOPING STRATEGY MAPS AND SCORECARDS

The scheme of developing strategy maps and scorecards is based on the following strategy triangle:

Figure 5.1: Strategy Triangle based on BSC Model



The vision at the top is fulfilled by the realisation of the community themes at the second layer of this strategy triangle. The community themes have been made operational by objectives which are arranged in a cause-and-effect relationship and grouped under the four perspectives of BSC model. Together they form the council scorecard. The council scorecard is cascaded down into services scorecards and they are cascaded further into team and individual scorecards.

7. DEVELOPING STRATEGY MAP AND SCORECARD FOR THE COUNCIL ON BSC MODEL

The first task was to develop a strategy map for the whole council. Strategy map of an organisation is the 'description of its strategy by explicit cause and effect relationships among the objectives in the four BSC perspectives'¹. In other words a strategy map of an organisation is re-arranging the objectives in a 'cause-and-effect' fashion that describes how the strategy will be implemented.

Sources of Data and Information

The sources of data and information for developing the strategy map and scorecard for

¹ Strategy Maps: Converting intangible assets into tangible outcomes, Kaplan, Robert S; Norton, David P, Harvard Business School Publishing, Boston, USA 2004, P xii.

Tower Hamlets council were of three types: a. Strategy documents; b. Reports; and c. interviews with councillors and top officials of Tower Hamlets council.

(a) Strategy Documents: Tower Hamlets produces many strategy documents such as Strategic Plan, Community Plan, Best Value Performance Plan, and Neighbourhood Renewal Strategy etc. For this task The Tower Hamlets Strategic Plan 2002-6 and Community Plan 2004-5 were used as sources of data and information. Hard copies of these documents were collected from council office. The website of the Tower Hamlets Council was also very informative and useful. Valuable up to date data and information were downloaded from the council website.

(b) Reports: The council and external bodies also publishes periodic monitoring, evaluation and audit reports such as Annual report on the performance of Strategic Plan, Best Value Performance report, and Comprehensive Performance Assessment (Audit Commission) etc. Hard copies of these reports were collected from council office and similar up to date reports were downloaded from council and Audit Commission's websites. For this task the Tower Hamlets Strategic Plan Annual Report 2003-4, Audit Commission's Comprehensive Performance Assessment 2002 were used.

(c) Interviews: Interviews with relevant councillors and officials were very helpful in obtaining important information on council's performance measurement system. For this task the author met the Mayor, cabinet members, and top officials of Chief Executives Directorate who oversee the performance measurement process. The list of these interviewees is to be found in Appendix A. More officials will be interviewed in the final phase of study at Tower Hamlets council.

8. CONSTRUCTING THE STRATEGY MAP

Putting the vision at the top:

As shown in the strategy triangle before, the vision of Tower Hamlets council- 'To improve the quality of life for everyone living and working in the borough' was put at the top of the strategy map. The full version of the strategy map can be seen at Figure 5.1 at the Annex-5 at the end of this document.

The second position of the community themes:

The vision of the council would be considered fulfilled if the five community themes or the community focus areas were achieved. Those five community themes were formulated through extensive consultation with different sections of community and strategic planning. They are described below-

A Place for Living Safely – reducing crime and making people feel safer, improving the environment, reducing pollution and improving traffic conditions.

A Place for Living Well – an improved supply of decent and affordable housing. Healthier communities, with lower sickness and mortality rates and quicker and more convenient access to health services. Better provision and care for children and young people, older people and others who need support.

A Place for Creating and Sharing Prosperity – bringing investment into the borough and ensuring that all residents and businesses are in a position to benefit from growing economic prosperity.

A Place for Learning, Achievement and Leisure – raising aspirations, expectations and achievement and providing the widest range of arts and leisure opportunities for all.

A Place for Excellent Public Services – improving public services for local people to make sure they represent good value for money and are provided in ways that meet local needs.

These five community plan themes were placed below the 'vision' in the strategy map

as shown in the figure 5.1

The strategic objectives:

The community plan themes were made operational, as described in the Strategic Plan, by developing 12 priority objectives for the period to March 2006. Each theme is linked to one or more objectives as shown below:

Living Safely	1. Increased Community Safety 2. Cleaner, Safer Streets
Living Well	3. More Homes of a Decent Standard 4. Improved Outcomes for Vulnerable Children and Adults
Creating and sharing prosperity	5. Developing the Local Economy 6. Reducing Poverty
Learning, Achievement and Leisure	7. Improved Educational Attainment 8. Increased Participation in Leisure and Cultural Activities
Excellent Public Services	9. More Effective Staff 10. More Effective Council Services 11. Improved Equality of Opportunity 12. Increased Democratic Participation and Engagement

Among these 12 objectives mentioned above, 'Developing the local economy' (# 5) and 'Reducing poverty' (# 6) have been considered as one. So the 12 objectives became 11 for Strategy map. Seven more objectives were selected from the strategic documents for this task making the total number of objectives 18. These were then arranged into the four perspectives of BSC model. The newly chosen objectives are –

- (i) Improved financial management,
- (ii) Value-for-money in providing services, and

- (iii) Enhanced revenue collection in the Resource Management perspective;
- (iv) Improved management of partnership, and
- (v) Embedded Best Value methodologies across the council in the Internal efficiency perspective; and
- (vi) Promote accountability and best practices, and
- (vii) Develop E-government in the Learning and growth perspective.

The re-arrangement of strategic objectives under BSC perspectives:

The 18 objectives were grouped under

- Customer
- Financial
- Internal process, and
- Learning and growth perspective of BSC model.

For Tower Hamlets council the original nomenclature of BSC perspectives were slightly changed. The customer perspective was changed to service users, community and stakeholder perspective after consulting the relevant official of the council. During discussion with Tower Hamlets officials it was learnt that they call their customers as 'Service Users'. Therefore it was decided to change the Customer perspective to service users, community and stakeholder perspective. 'Community' and 'Stakeholder' were added to it because of the need to make it more comprehensive. The financial perspective has been renamed as Resource Management perspective as the latter has more comprehensive meaning. Recently the Tower Hamlets council has changed the name of its corporate director for Finance to Director for Resources. It was considered wise to change the nomenclature of financial perspective to reflect the changed mood within the council. The Internal process perspective has been changed to Internal efficiency perspective keeping in line with the national importance of achieving Economy, Efficiency and Effectiveness. The Learning and growth has been kept as the same.

The grouping of the objectives was done on the basis of what they were intended to achieve. The important consideration was to identify the 'cause and effect' relationships

among them. The 'cause and effect' relationship can be explained in terms of 'process and result or outcome'. For example, the outcomes that the service users and community want are 'increased community safety', 'cleaner-safer streets', 'more homes of decent standard' etc. These results can be obtained by efficient council services and efficient financial management of those services. Here the efficient financial management and other services are the causes or processes and the increased 'community safety', 'cleaner-safer streets', 'more homes of a decent standard' etc. are the effects or the outcomes. Again promotion of accountability and best practices, recruiting and retaining efficient council staff etc. will help the council sustain effective council services in the long term. So the former are the cause and the latter are the effects.

Service users, community and stakeholders perspective.

On the basis of these considerations, the first seven objectives which are like the most obvious outcomes that the community, service users and stakeholders expect from the council were grouped under the first perspective i.e. service users, community and stakeholders perspective.

Resource Management perspective

Under the second perspective i.e. Resource Management, those objectives were identified which were related to efficient financial and resource management process. The three objectives for this perspective have been chosen from other objectives as they were not among the 12 objectives identified by the strategic plan. But these three were discussed in the Strategic plan's Action plan as very important objectives for enhancing financial management of the council. As efficient financial management helps council achieve its other priority goals so they were selected for inclusion in the strategy map under the 'Resource Management' perspective.

Internal Efficiency' perspective

Four objectives were included under the 'Internal Efficiency' perspective. Among them two are from the priority objective list and the other two have been selected from other objectives because of the importance given to them in the Strategic plan, Tower

Hamlets partnership plan and the Neighbourhood renewal strategy documents. For example, the 'Improved management of partnership' is such an objective which encapsulates the need to make the Tower Hamlets Strategic Partnership more effective in delivering collaborative solutions to pressing needs of people living in Tower Hamlets. The other objective- 'Embedded Best Value methodologies across the council' is a national priority for all local government authorities. If embedded properly it will be a cause for all services to be more efficient for the customers and service users of Tower Hamlets. It deserves strategic status and therefore was placed under the Internal Efficiency perspective.

Learning and growth' perspective

The remaining four objectives were placed under the 'Learning and growth' perspective. Among them two were from the original list of 12 priorities and the other two were chosen from other objectives for this strategy map. The newly chosen two are- 'Promote Accountability and best practices' and 'Develop E-government'. Both were considered vital for the long term development and growth of the council. Both are strategically important for the council. For example- 'Promote accountability and best practices' will be cause for achieving accountability and transparency of the council activities to the voters and tax payers and best practices will help council provide more effective services for the customers which will in turn realise the community themes and vision. The second newly chosen objective is 'Develop E-government'. This is a top government agenda for the national and local governments worldwide. This is more so in the UK local governments. The Tower Hamlets council has formed E-government Steering Group and E-government Team to implement electronic service facilities in all council services by the end of 2005. So developing e-government is an important objective that will enhance the staff efficiency and service quality of Tower Hamlets tremendously. That is why this was included as an important objective within the 'Learning and growth' perspective.

The four groups of objective have been carefully chosen and were placed under the four BSC perspectives so that they relate to each other in logic of cause-and-effect relationship. The cause-and-effect relationship can be explained through an example.

The four objectives in the last perspective which are related to long term improvement of the council will help better processes of internal efficiency and resource management. There are seven objectives in these two perspectives. If these are achieved then it will mean the seven customer perspective objectives will be achieved. That will mean improved services for the service users, community and stakeholders. The satisfaction of the latter will help realise community themes and that will mean the fulfilment of council's vision. Looking from the top, the Vision of the council was broken into five community themes. The five community themes were made operational by selecting or identifying eighteen objectives. The eighteen objectives were arranged in four groups and placed under the four perspectives of BSC model in a cause-and-effect relationship. The whole diagram will be called Strategy Map of Tower Hamlets in the subsequent paragraphs and pages.

After constructing the Strategy Map for the Tower Hamlets, the Council Scorecard was developed.

9. THE TOWER HAMLETS COUNCIL SCORECARD

As discussed previously in this chapter, a scorecard for an organisation or for a part of it will comprise of objectives that are part of the Strategy Map, measures of objectives, targets of those objectives, and initiatives or actions for achieving those objectives. Scorecards may also include budget for each initiative and the name of the responsible person as shown in a tabular form below.

Table 5.1 A typical scorecard format

BSC perspective	Objectives	Measures	Targets	Initiatives	Budget	Responsible person

In the first column the name of the BSC perspective is written. The relevant objectives were placed in the second column. In the third column measures for each objective were placed. The fourth column will hold data for targets and the fifth column will

describe the initiatives. The sixth column will contain budget figures for each initiative.

Similar format was followed for prototyping scorecard for Tower Hamlets council which will be described later in this chapter.

Identifying and choosing measures:

The first task was to choose strategically important measures for each objective from a host of indicators and measures that were in existence. For example the Best Value Performance Indicators had a list of more than 200 indicators grouped into different areas of council activities. All of them were not strategically important. The Tower Hamlets index had a basket of 32 composite indicators made up of Best Value Performance Indicators (BVPI), Performance Assessment Framework (PAF), and Local Public Service Agreement (LPSA) indicators.

Table 5.2: Tower Hamlets Index

1	A Better Place for Living Safely	
	1.1 Increased Community Safety	
1.	The number of young people accessing drug treatments	Local PSA
2.	Domestic burglaries per 1,000 population	BV 126
3.	Violent offences per 1,000 population	Local
4.	The number of racial incidents per 100,000 population	BV 174
5.	Percentage of street lights not working	Local
6.	Number of street robberies	PSA 8
7.	Vehicle crimes per 1,000 population	BV 128
	1.2 Cleaner, Safer Streets	
8.	The standard of cleanliness in the borough's streets	Local PSA
9.	The average time for removal of abandoned cars	Local PSA
2	A Better Place for Living Well	
	2.1 More Homes of a Decent Standard	
10.	Percentage of urgent repairs completed in government time limits	Local
11.	Average re-let time for local authority dwellings	Local
12.	Overcrowding in Council stock	Local PSA
	2.2 Improved Outcomes for Vulnerable Children and Adults	
13.	Stability of children looked after	BV 49
14.	Review of Children protection cases	BV 162
15.	Adoptions of children looked after	BV 163 / Local PSA

16.	Admissions of supported residents aged 65+ to residential care	PAF C26
17.	Clients receiving a review	Local
3	A Better Place for Creating a Sharing Prosperity	
	3.1 Developing the Local Economy	
18.	Percentage of local residents claiming employment – related benefits	Local indicator
	3.2 Reducing Poverty	
19.	Average time to process new benefits claims	BV 78a
20.	Local indicator on increased take-up of welfare benefits to be developed	Local PI
4	A Better Place for Learning, Achievement and Leisure	
	4.1 Improved Education Attainment	
21.	School attendance	Local PI
22.	Number of schools causing concern	Local PI
	4.2 Increased Participation in Leisure and Cultural Activities	
23.	Number of visits to leisure centres	Local PI
24.	Number of visits to Council arts facilities	Local PI
25.	No of visits to libraries per 1,000	BV 117
5	A Better Place for Excellent Public Services	
	5.1 Staff Effectiveness	
26.	The proportion of working days / shifts lost due to sickness absence	BV 12
	5.2 Promoting Equality	
27.	Workforce to reflect this community: percentage of top earners that are from minority ethnic communities	BV 11a
28.	Workforce to reflect this community: percentage of top earners who are women	BV 11b
	5.3 Effective Council Services	
29.	Speed of processing changes in circumstances for benefits claims	BV 78b
30.	Budget performance (budget areas at variance from planned spend)	Local PI
31.	Proportion of undisputed invoices paid in 30 days	BV 8
	5.4 Democratic Engagement	
32.	Attendance at LSP events	Local PI

Again all of them are not relevant for long term direction of the council. There were two important considerations while choosing the right measures for each objective - first being strategically important and second being relevant to economy, efficiency and effectiveness or 'value-for-money'. Another important consideration was to keep the number of measures for each objective to a minimum. The latter was to make scorecard more manageable and avoid information overload.

As the number of objectives for the Strategy Map was increased from 12 to 18 so the measures were increased from the council determined 32 to 44. The difference was not a simple matter of arithmetic. It was the result of careful scrutiny of each objective and

corresponding measures listed in BVPI list, Tower Hamlets Index , Local PSA targets and in the action plan of Tower Hamlets Strategic plan 2004-5.

Table 5.3 : Local PSA performance targets

	Community plan theme	Strategic plan priorities	Local PSA performance targets	ODPM seven key priority services
1	Living Safely	Increased Community Safety	Reducing street robbery Reducing the average time for removal of abandoned cars	Creating Safer and stronger communities
2	Living Safely	Cleaner Safer Streets	Increasing the standard of cleanliness in the borough's streets Reducing the number of people, including young people, killed or seriously injured in road accidents on the borough's roads	Transforming the local environment Meeting local transport needs more effectively
3	Living Well	More Homes of a Decent Standard	Reducing overcrowding in council housing stock	
4	Living Well	Improved outcomes for vulnerable children and adults	Improving the number of children in public care who are adopted Increasing the number of young people accessing drug treatment interventions	Improving the quality of life for children, young people and families at risk Promoting healthier communities and narrowing Health inequalities
5	Creating & Sharing Prosperity	Developing the Local Economy		Promoting the economic vitality of Localities
6	Creating and Sharing Prosperity	Reduced Poverty		
7	Learning, Achievement and Leisure	Improved Educational Attainment	Increasing attainment at GCSE Improving the educational attainment of children in public care Reducing Teacher vacancy rates – improving recruitment and retention	Raising standards across schools
8	Learning, Achievement and Leisure	Increased participation in leisure and cultural activities	Increasing the number of young people (under 16) who are users of the Council's libraries	
9	Excellent Public Services	More Effective Staff		
10	Excellent Public Services	More Effective Council Services	Sustaining continuous improvement in the economy, efficiency and effectiveness of Council services	
11	Excellent Public Services	Increased equality of opportunity		
12	Excellent Public Services	Increased democratic participation and engagement		
13	Excellent Public Services		Achieving the e-Gov targets (B VPI 157) one year early Achieving 50% of interactions as electronic interactions, with three specific partners, by Dec 2004	

There are significant overlaps between the Strategic Plan priorities and the PSA targets agreed with the ODPM earlier this year (2004-5), and the Seven Key Priority Services. They reinforce and highlight the local priority outcomes

In the case of newly selected objective such as 'developing e-government' and 'Improved management of partnership' new measures were chosen after carefully going through the relevant strategic documents. For some of the listed objectives, new measure had to be identified as the listed measures were not found to be adequate for example- 'Developing local economy and reducing poverty' had such measures as 'average time taken to process benefit claim'. This measure at best tells the efficiency of staff dealing with benefit claim but does not indicate economic development or reduction of poverty. Another example is –'increased participation in Local Area Partnership events' is a listed measure of 'Increased Democratic participation and engagement' objective. The most obvious measure for this 'number of voters voting in council elections' was missing. So it was included as a measure for this objective. The following paragraphs will describe the chosen measures of each objective under the four BSC perspectives and their strategic and value-for-money relevance.

Table 5.4: Service users, community and stakeholder Perspective

BSC-perspective	Priorities/ Objectives	Measures
	1. Increased Community Safety	1a. Number of domestic burglaries per 1,000 households (BVI 126)
		1b. Number of racial incidents recorded per 100,000 population (BVI 174)
	2. Cleaner, Safer Streets	2a. Standard of cleanliness of the borough's streets (ENCAMS Index)
		2b. Road accidents casualties (BVI 99)
	3. More homes of decent standard	3a. No. of homes that meet decency standard as % of total public and private stock
		3b. No of dwellings made decent (Local PSA)
		3c. Net reduction in number of over crowded households (Local PSA)
	4. Improved outcome for vulnerable children and adults	4a. % of stability of looked after children with 3 or more placements (BVI 49)
		4b. Reviews of child protection cases (%) (BVI 162)
		4c. Adoption of children looked after (percentage of total) BVI 163/LPSA

		4d. Number of admissions of supported residents aged 65+ to residential care (PAF C26)
		4e. Clients receiving a review (Local PSA)
		4f. Intensive home care for 65+ per 1000 population (BVI 53)
	5. Developing local economy and reducing poverty	5a. No. of regeneration, development and investment related initiatives
		5b. % of people claiming employment-related benefits (Local)
		5c. level of unemployment in the borough
		5d. Average time taken to process new benefits claims (BVI 78a)
	6. Improved educational attainment	6a. Percentage of pupils achieving 5 or more GCSEs at grade A* - C (BVI 38)
		6b. No. of Schools causing concern (Local)
	7. Increased participation in leisure and cultural activities	7a. Percentage of respondents satisfied with sports and leisure facilities (BVI 119)
		7b. No of visits to leisure centres (Local)

1. Service users, community and stakeholder perspective:

There are seven objectives under this perspective namely –

- Increased community safety;
- cleaner, safer streets;
- more homes of decent standard;
- improved outcome for vulnerable children and adults;
- developing local economy and reducing poverty;
- improved educational attainment; and
- increased participation in leisure and cultural activities.

These are in fact outcomes that the service users, member of the tower hamlets community and council stakeholders want to see. Measures ranging from 2 to 5 were chosen for each of these objectives keeping their strategic and VFM relevance.

Increased community safety:

Two measures – (1) number of domestic burglaries and (2) number of racial incidents were considered more appropriate from among 8 listed measures in the strategic plan. A decrease in numeric value of these two measures will indicate not only the increasing safety but also the efficiency of the council's efforts and value for tax payers' money. Both of these measures are also Best Value Indicators (BVI) which are mandatory for the council to measure.

Cleaner, safer streets:

Two measures – (1) Environmental Campaign Standard (ENCAMS index) and (2) number of road accident casualties were chosen from among 5 listed measures in the strategic plan. These are also Best Value and local public service agreement (LPSA) indicators which the council need to measure regularly. The two measures will indicate the overall state of cleanliness of the borough's roads, footpaths and road safety. The road safety is improved by proper traffic control mechanisms such as traffic signals, directional signs for the motorists and safe road crossing arrangements. An increase in cleanliness index and reduction in road accident casualties will indicate both cleaner, safer streets and efficient and effective council service.

More homes of decent standard:

Three measures were selected for this objective. They are – (1) number of homes that meet decency standard, (2) number of dwelling that were made decent, and (3) reduction in overcrowding. These three measures were chosen from 5 listed measures in the strategic plan. The other two measures, related to efficiency of housing repair work and re-let time, were not considered strategically important. Of the three measures that were chosen for this objective, an increase in the numeric value of the first two and reduction in that of the third will indicate a rise in the housing standard of the people living in Tower Hamlets. These measures will also measure the efficiency and effectiveness of the Housing Services of Tower Hamlets council.

Improved outcomes for vulnerable children and adults:

All six listed measures in the strategic plan were selected for this objective owing to the sensitivity of vulnerable children and adults involved. These are - (1) stability of looked after children, (2) review of child protection cases, (3) adoption of looked after children, (4) number of admissions of supported residents aged more than 65 to resident care, (5) percentage of clients receiving a review, and (6) intensive home care for the residents aged more than 65. Among the six, three relates to vulnerable children and the other three relates to vulnerable adults. These measures belong to both the Best Value Indicators and local PSA. They are strategically important for council's

performance, fulfilment of community theme – ‘living well’ and are related to the main activities of the Social Services directorate of Tower Hamlets.

Developing local Economy and reducing poverty:

Four measures were selected for this objective. These are – (1) number of regeneration, development and investment related initiatives, (2) % of people claiming employment related benefits, (3) level of unemployment in the borough, and (4) average time taken to process new benefits claims. The second and fourth measure is two out of six listed measures in the strategic plan. Among the other four, two were discontinued from July 2004 because of the change of policy and the other two were not strategically significant. The first and the third measure were identified from the discussions in the strategic documents and found to be relevant to the objective of developing local economy and reducing poverty. Together they will measure the overall direction of the council towards the fulfilment of this objective and also tell about the efficiency and effectiveness of council's efforts.

Improved educational attainment:

Two measures were chosen five listed in the strategic plan. These are – (1) percentage of pupils achieving 5 or more GCSE s at grade A* to C and (2) number of schools causing concern. The other measures were related to teachers' vacancy and students' results at lower level. The GCSE results being the first significant national curriculum result were considered more important than results at lower levels. An improvement in the GCSE results and decrease in the number of schools causing concern will reassure the council that its education service is achieving its objective and outcome and its efforts being more efficient and effective.

Increased participation in leisure and cultural activities:

Two measures namely – (1) percentage of respondents satisfied with sports and leisure facilities and (2) number of visits to leisure centres was chosen out of four listed measures in the strategic plan. The other two were related to visits to arts centre and libraries. The first measure is strategically very important because it measures the people's satisfaction about the borough's sports and leisure facilities. The result will

influence council's next cycle of decision making on sports and leisure more than any other measures. The second measure will indicate whether more people find the leisure centres worth visiting. The results will also tell about the efficiency and effectiveness of the council's efforts and activities in this area.

2. Resource Management perspective:

Three objectives were selected and placed under this perspective. As discussed before, the financial perspective of BSC in the public sector non-profit organisations is different from that in the private for-profit organisations. Never the less, the efficiency in financial and resource management in public sector organisations remain a very important process for the achievement of other strategic objectives and goals of these organisations.

Table 5.5: Resource Management perspective

BSC perspective	Objectives	Measures
Resource Management	8. Improved financial management	8a. % of progress towards developing Medium Term Financial Strategy
		8b. Budget Performance (variance from planned) (Local)
	9. Value-for-money in providing services	9a. Sustaining continuous improvement in the economy, efficiency and effectiveness of council services (from index base of 100)
		10a. % of council tax collected. (BVI 9)
	10. Enhanced revenue collection	10b. % of non-domestic rates collected in time (BVI 10)

The three objectives that are chosen are –

- improved financial management,
- VFM in providing services and
- enhanced revenue collection.

All three are found in the strategic plan but they were not listed among the priority objectives for council's bi-monthly review. The achievement of these three will strengthen council's services to its customers and ultimately help achieve its goal.

The measures of each objective are described below:

Improved financial management: Two measures were selected for this objective – (1)

% of progress towards developing Medium Term Financial Strategy and (2) .Budget Performance (variance from planned). The first one has been discussed in the strategic plan and the latter is a Local PSA indicator. The complete development of medium term financial strategy means integration of financial and service plans. This will help council focus on strategic services activities and spend more money on those activities. This will enhance value for money for government grants and tax payers' money. The budget performance will indicate the efficiency of council's budgetary and cost control process.

Value for money (VFM) in providing services: One measure has been selected out of three measures mentioned in the strategic plan and performance indicators list of the council. The measure chosen is- (1) sustaining continuous improvement in the economy, efficiency and effectiveness of council services (from index base of 100). The measure is strategically important as it will show whether the council is continuously making efforts to achieve VFM in delivering its services. This measure will indicate council's focus to attain efficiency and economy in resource management.

Enhanced revenue collection: Two measures were selected for this objective – (1) % of council tax collected and (2) % non-domestic rates collected in time. Both measures are listed in the Best Value indicators list. They will indicate the efficiency of the council's revenue collection which is very important for overall financial management of the council.

3. Internal efficiency:

Four objectives have been grouped under this BSC perspective keeping the strategic value of the objectives in mind. The objectives selected for this perspective are –

- more effective council services;
- increased democratic participation and engagement;
- improved management of Tower Hamlets partnership; and
- Embedded Best Value methodologies across the council.

Table 5.6: Internal Efficiency perspective

BSC perspective	Objectives	Measures
Internal Efficiency	11. More effective council services	11a. %of residents satisfied with the overall services provided (BVI 3)
		11b. % of complainants satisfied with the handling of their complaint (BVI 4)
		11c. The percentage of invoices for commercial goods and services which were paid by the authority within 30 days of such invoices being received by the authority (BVI 8)
		11d. % of possible types of services delivered electronically (BVI 157 / PSA 13)
	12. Increased democratic participation and engagement	12a. Increased attendance at Local Area Partnership events (Local)
		12b. % of eligible voters voting in council elections
	13. Improved management of Tower Hamlets partnership	13a. % of Local Strategic Partnership (LSP) action plan targets achieved
	14. Embedded Best Value methodologies across the council	14a. % of BVPI being monitored, evaluated and followed up for each services

The realisation or positive achievements of these objectives will help the council deliver better services to its customers and better outcome for all stakeholders.

The measures of each of these objectives are described below:

More effective council services: Four measures have been selected from a list of BVI and Local PSA indicators keeping their strategic and VFM relevance in mind. The measures are- (1) residents satisfaction with council's services, (2) complainants satisfaction with the handling of complaints, (3) efficiency in paying suppliers' bill, and (4) number of electronic delivery of services. All the measures selected here will indicate the effectiveness of the council's services that will ultimately fulfil the community themes and council goals.

Increased democratic participation and engagement: Two measures were chosen for this objective – (1) attendance in local area partnership events and (2) percentage of eligible voters voting in council and national elections. The first measure was listed in the priority measures list while the latter was chosen as one of the most obvious indicators of democratic participation in any country in the world. These two measures

will indicate council's activities to promote and develop democratic awareness among its residents. This will help create democratic and tolerant society where accountability will be promoted and a better environment to live and work will be created.

Improved management of Tower Hamlets partnership: There was no measure for this objective in the priority list. It was identified from the tower hamlets partnership documents and partnership action plans. The measure identified is – (1) % of Local Strategic Partnership (LSP) action plan targets achieved. The measure will help top management to focus on the partnership activities and outcome. This will also indicate the efficiency of the partnership operations and co-ordination.

Embedded best value methodologies across the council: One measure has been selected for this objective. The measure is – (1) % of BVPI being monitored, evaluated and followed up for each service. Best value regime has been formulated to ensure achievement of best values in all council activities and services. This measure will help top management of the council to remain focus on the mandatory implementation of Best Value methodologies across the council activities and services.

4. Learning and Growth perspective:

Under this BSC perspective four objectives were grouped together keeping their strategic and VFM relevance in mind. The selected objectives are –

- promote accountability and best practices,
- improved equality of opportunity,
- develop E-government, and more effective staff.

Table 5.7: Learning and growth perspective

BSC perspective	Objectives	Measures
Learning and growth	15. Promote accountability and best practices	15a. % of progress milestones achieved towards strengthening scrutiny function
		15b. % of progress milestones achieved towards improving corporate governance
		15c. No. of quality awards or accreditations received
		15d. % of progress milestones achieved towards implementing risk management procedures in all services and projects
	16. Improved equality of opportunity	16a. National equality standard achieved

		16b. Percentage of top 5% earners that are women (BVI 11a)
		16c. Percentage of top 5% earners that are from black and ethnic minority communities (BVI 11b)
	17. Develop E-government	17a. % of E-government implementation stages completed
		17b. % of targeted electronic interactions operating (Local PSA)
	18. More effective staff	18a. % of posts vacant in main skill areas
		18b. % of progress towards developing new HRM strategy and workforce restructuring

Achievement of these four objectives will strengthen council's long term capacity to deliver high quality services to its people and remain strategically focussed.

The measures for each objective will be discussed in the following paragraphs:

Promote accountability and best practices: Four measures were chosen for this objective. They are – (1) % of progress milestones achieved towards strengthening scrutiny function, (2) % of progress milestones achieved towards improving corporate governance, (3) number of quality awards or accreditations received, and (4) % of progress milestones achieved towards implementing risk management procedures in all services and projects.

Each measure represents an important aspect of corporate activities of the council. For example the scrutiny function is an integral part of any democratic process. So strengthening the scrutiny process enhances democratic process within the council. The other three will measure the improvement of corporate governance, risk management and national accreditations. These measures will help council focus on quality improvement efforts and adopting best practices.

Improved equality of opportunity: Three measures were selected for this objective. They are – (1) National equality standard achieved, (2) Percentage of top 5% earners that are women, and (3) Percentage of top 5% earners that are from black and ethnic minority communities. The first measure was selected from the strategic plan and the other two were listed in the Best Value indicators list. These measures will keep council focussed on ensuring the implementation of national policy on equal opportunity and diversity. The achievement of these national goals will create an inclusive working environment where moral and motivation of the staff will be high. This will help council to work with a motivated work force. The measures will influence council's top

management to ensure that recruitment process is fair and transparent.

Develop E-government: Two measures were selected from the strategic plan and E-government strategy document for this objective. E-government is one of the top agenda of the UK local governments. The achievement of this objective will improve council services in terms of speed, efficiency and quality and will ultimately help in realising its goals. The measures are – (1) % of E-government implementation stages completed, and (2) % of targeted electronic interactions operating.

More effective staff: Two measures were selected for this objective which is listed in the list of the priority objectives of the council. The measures are – (1) % of posts vacant in main skill areas, and (2) % of progress towards developing new HRM strategy and workforce restructuring. The measures will indicate the necessity to recruit urgently required staff and also the efficiency of the recruitment service. The formulation of HRM strategy is a priority work that relates to long term work force and their skills. The measure will help council monitor progress towards its formulation.

The objectives and measures that have been selected and grouped to formulate Tower Hamlets Strategy Map and Scorecard are not new. They are being used by the council. Their rearrangement under BSC model shows that council can achieve better strategic focus of its activities by following BSC model as described in the above paragraphs.

The strategy map and scorecard will help the corporate management team and the cabinet to focus on the strategic direction of the council activities and take corrective action to keep the council strategically focussed.

10. THE PLAN TO TEST AND VALIDATE THE STRATEGY MAP AND SCORECARD

The proto type Strategy Map and the Balanced scorecard described in this chapter were constructed on the basis of the data collected at corporate and services levels of Tower Hamlets Council. The data collection was done through a number of interviews and meetings with the officials of Chief Executive's Directorate, Social Services Directorate and Housing Services Directorate and consultation and study of the strategic documents and performance reports of Tower Hamlets Council. Therefore it is logical that the validation of these documents should be done by talking to those officials again

and getting their opinion on these documents. The questions will be designed to collect their opinion on the suitability and perceived benefits of having a structured and comprehensive performance measurement and management system, the benefits of having vision, goal and objectives in a single sheet Strategy Map, and multi-perspective Scorecard in their day to day activities at Tower Hamlets Council etc.

Similar to these two documents, service level strategy maps and scorecards for Social Services and Housing Services will be developed. These will be described in the next two chapters. As mentioned above, the validation and testing process will take the forms of meetings and interviews with the relevant senior officials of Chief Executives Directorate, Social Services directorate and Housing Services directorate.

The result will help draw conclusion as to suitability and usefulness of BSC model for performance measurement and management of local government activities.

11. CONCLUSION

The present practice of having vision, themes, objectives and measures for Tower Hamlets performance measurement system has similarities with those of a BSC model. Some of the officials interviewed so far are aware of these similarities. They are also aware that the objectives and measures at corporate level do not fully align with those at services levels as described in their respective business plans and action plans. So a strategy map and a scorecard like the ones developed in this chapter will give them a good opportunity to test and form opinion regarding the suitability and effectiveness as tools for strategic measurement system.

Figure 5.2 : TOWER HAMLETS COUNCIL STRATEGY MAP

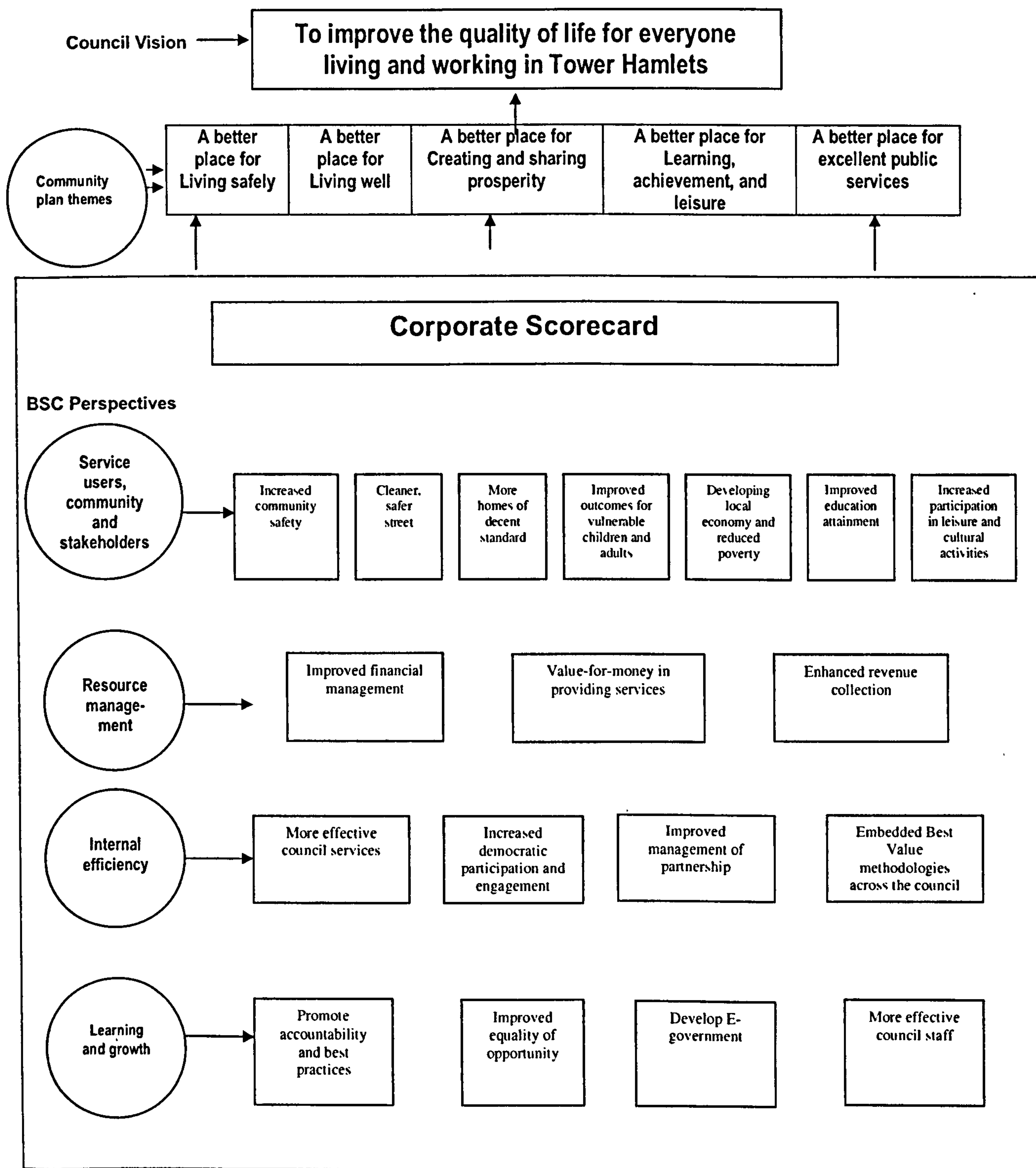


Table: 5.8 Tower Hamlets Council Scorecard

BSC-perspective	Priorities/Objectives	Measures	Targets	Initiatives	Budget
Service users, community and stakeholder Perspective	1. Increased Community Safety	1a. Number of domestic burglaries per 1,000 households (BVI 126)			
		1b. Number of racial incidents recorded per 100,000 population (BVI 174)			
	2. Cleaner, Safer Streets	2a. Standard of cleanliness of the borough's streets (ENCAMS Index)			
		2b. Road accidents casualties (BVI 99)			
	3. More homes of decent standard	3a. No. of homes that meet decency standard as % of total public and private stock			
		3b. No of dwellings made decent (Local PSA)			
		3c. Net reduction in number of over crowded households (Local PSA)			
	4. Improved outcome for vulnerable children and adults	4a. % of stability of looked after children with 3 or more placements (BVI 49)			
		4b. Reviews of child protection cases (%) (BVI 162)			
		4c. Adoption of children looked after (percentage of total) BVI 163/LPSA			
		4d. Number of admissions of supported residents aged 65+ to residential care (PAF C26)			
		4e. Clients receiving a review (Local PSA)			
		4f. Intensive home care for 65+ per 1000 population (BVI 53)			
	5. Developing local economy and reducing poverty	5a. No. of regeneration, development and investment related initiatives			
		5b. % of people claiming employment-related benefits (Local)			
		5c. level of unemployment in the borough			
		5d. Average time taken to process new benefits claims (BVI 78a)			
	6. Improved educational attainment	6a. Percentage of pupils achieving 5 or more GCSEs at grade A* - C (BVI 38)			
		6b. No. of Schools causing concern (Local)			
	7. Increased participation in leisure and	7a. Percentage of respondents satisfied with sports and leisure facilities (BVI 119)			
		7b. No of visits to leisure centres (Local)			

	cultural activities				
BSC perspective	Objectives	Measures	Target	Initiatives	Budget
Resource Management	8. Improved financial management	8a. % of progress towards developing Medium Term Financial Strategy			
		8b. Budget Performance (variance from planned) (Local)			
	9. Value-for-money in providing services	9a. Sustaining continuous improvement in the economy, efficiency and effectiveness of council services (from index base of 100)			
	10. Enhanced revenue collection	10a. % of council tax collected. (BVI 9)			
		10b. % of non-domestic rates collected in time (BVI 10)			
Internal Efficiency	11. More effective council services	11a. %of residents satisfied with the overall services provided (BVI 3)			
		11b. % of complainants satisfied with the handling of their complaint (BVI 4)			
		11c. The percentage of invoices for commercial goods and services which were paid by the authority within 30 days of such invoices being received by the authority (BVI 8)			
		11d. % of possible types of services delivered electronically (BVI 157 / PSA 13)			
	12. Increased democratic participation and engagement	12a. Increased attendance at Local Area Partnership events (Local)			
		12b. % of eligible voters voting in council elections			
	13. Improved management of Tower Hamlets partnership	13a. % of Local Strategic Partnership (LSP) action plan targets achieved			
	14. Embedded Best Value methodologies across the council	14a. % of BVPI being monitored, evaluated and followed up for each services			
Learning and growth	15. Promote accountability and best practices	15a. % of progress milestones achieved towards strengthening scrutiny function			
		15b. % of progress milestones achieved towards improving corporate governance			
		15c. No. of quality awards or accreditations received			
		15d. % of progress milestones achieved towards implementing risk management procedures in all services and projects			
	16. Improved equality of	16a. National equality standard achieved			

	opportunity				
		16b. Percentage of top 5% earners that are women (BVI 11a)			
		16c. Percentage of top 5% earners that are from black and ethnic minority communities (BVI 11b)			
	17. Develop E-government	17a. % of E-government implementation stages completed			
		17b. % of targeted electronic interactions operating (Local PSA)			
	18. More effective staff	18a. % of posts vacant in main skill areas			
		18b. % of progress towards developing new HRM strategy and workforce restructuring			

Table 5.9: Community theme, linked strategic priorities, goal, outcome and responsibilities

GOALS, OUTCOMES AND RESPONSIBILITIES			
COMMUNITY PLAN THEME AND LINKED PRIORITIES	GOAL	OUTCOME	LEAD DIRECTOR
A Better Place For Living Safely Crime and Safety A cleaner and more secure environment	To work with partners to build safe and harmonious communities in which crime is reduced and the fear of crime alleviated	<ul style="list-style-type: none"> Increased Community Safety 	Corporate Director (Environment and Culture)
	To ensure that, in partnership with others, we develop a cleaner, more secure, greener and more attractive Borough in which to live and work	<ul style="list-style-type: none"> Cleaner, safer streets 	
A Better Place For Living Well Ensuring Good Quality Housing Improving Health and Social Care	To ensure that all residents have a safe, decent and affordable home suitable to the needs	<ul style="list-style-type: none"> More homes of a decent standard 	Corporate Director (Social Services)
	To promote independence through providing effective support in the community, and to protect children and promote their welfare, working in partnership with families and respecting the diversity of our community	<ul style="list-style-type: none"> Improved outcomes for vulnerable children and adults 	
A Better Place For Creating And Sharing Prosperity	To ensure that all Tower Hamlets residents and businesses are in a position to benefit from the economic prosperity that surrounds them	<ul style="list-style-type: none"> Developing the local economy reduced poverty 	Corporate Director (Development and Renewal)
A Better Place For Learning, achievement And Leisure Learning and Lifelong Achievement Providing Quality Arts and Leisure	To raise aspirations, expectations and achievement so that Tower Hamlets is a thriving learning community with rapidly improving schools and with education at the centre of community regeneration and social inclusion, and lifelong learning a reality to those living and working locally	<ul style="list-style-type: none"> Improved education attainment 	Corporate Director (Education)
	To ensure, with other partners, that the widest range of arts and leisure opportunities and facilities are provided for the residents, workers and visitors of the borough, and that these are affordable and accessible	<ul style="list-style-type: none"> Increased participation in leisure and cultural activities 	

A Better Place For Excellent Public Services	To improve the quality and image of Council services by ensuring that our planning, service delivery, communication and review processes are more inclusive and effective, responding fairly to the needs of all service users and the wider community	<ul style="list-style-type: none"> • More effective staff • More effective Council services • Improved equality of opportunity • Increased democratic participation and engagement 	Chief Executive Corporate Director of Finance and Personnel
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VI. DEVELOPING STRATEGY MAP AND SCORECARD FOR TOWER HAMLETS SOCIAL SERVICE DIRECTORATE

1. INTRODUCTION:

In the previous chapter a Strategy Map and a Council Scorecard have been developed for Tower Hamlets. The strategy map showed the council vision, community plan themes and the rearranged strategic objectives under the four perspectives of Balanced Scorecard. Appropriate measures were chosen from the relevant strategic documents for each rearranged objective. At the end of the chapter the plan to cascade those two documents into one strategy map and one scorecard for Tower Hamlets Social Services Directorate (SSD) and one Strategy map and one scorecard for Housing Services was highlighted. Accordingly, the development of one cascaded strategy map and one cascaded scorecard for social services directorate will be discussed in this chapter.

2. THE SOCIAL SERVICES DIRECTORATE (SSD) OF TOWER HAMLETS

The local and national context in which SSD operates:

The Social Services Directorate (SSD) of Tower Hamlets has been mentioned briefly in chapter four while discussing the working of the council. It is one of the five corporate directorates of Tower Hamlets Council. In terms of its activities and functions, it is the main contributory to the achievement of Community Plan objective- 'Improved outcome for vulnerable Children and Adults'. But its functions are also conditioned by some important national drivers for health and social care such as - Health & Social Care Act 2001, Better Government for Older People 1998, Fair Access to Care Services 1998, Commissions, Better Care, Higher Standards, Our Healthier Nation 1999, Modernising Local Govt. 1998, Modernising Social Services 1998, Modernising Mental Health 1998, Performance Assessment Frameworks, Best value, Every Child Matters 2003, Children Act 2004, Vision for Adult Social Care 2005 etc. As a result the performance of SSD are monitored and evaluated by a number of regulatory bodies, besides the corporate management team (CMT) of Tower Hamlets council.

In order to fulfil its local and national duties, SSD provides help and support to vulnerable people, of all ages, who live in the borough, including children, the elderly and people with physical or learning disabilities or mental health problems. Services that are provided include home care, meals on wheels, day care, support for people with mobility difficulties (parking and concessionary fares permits), aids and adaptations for people with disabilities, short term breaks for children and adults, residential care for children and adults, family support including family centres, adoption and fostering.

The SSD also works closely with the independent and voluntary sector to improve its service-capacity to meet the overall needs of the people of Tower Hamlets.

Management structure and Service Teams:

The Social Services Department is headed by a corporate director. There are four functional groups – Children and Families Services, Adults Services, Strategic Services and Finance department. The corporate director is helped by four management teams namely - Directorate Management Team (DMT), Adult Services Management Team, Children Services Management Team, and Strategic Services Management Team. The DMT is headed by the corporate director while the other three are headed by their respective heads. The main outputs of the directorate are provided through the Children and Families Services, and Adults Services. Each service has number of functions in order to provide effective services to vulnerable children, families and adults. Each service is helped by a number of social worker teams who work closely with the patients and colleagues of partner organisations. Team Structure charts are given in the Annex-6 at the end of this chapter.

Vision of Social Services Directorate

SSD has adopted the same vision of the council for itself which is **to improve the quality of life for everyone living and working in Tower Hamlets**. One of the five themes of the Community plan **‘A place for living well’** is the goal of SSD. Besides showing the importance of a shared commitment and shared values across all parts of the council, the vision and goal of SSD indicates the hierarchical link of vision and goal

of SSD to those of the council. If the goal is achieved then the vision will be realised. SSD works within the overall planning framework of the council and is firmly linked with the strategic plan and community plan. Its business planning process is driven by its responsibilities to vulnerable children and adults set out in the Community Plan ("Living Well") and the Strategic Plan and the local strategic partnership.

Key priorities for 2005/6

In order to achieve its goal of making Tower Hamlets as a place of 'Living Well', the SSD has identified and adopted six priorities for the year 2005-6. Its business plan which describes its main business activities for the year 2005-6 contains an action plan to achieve these six priorities. The six priorities are listed below:

- To deliver excellent performance and a great experience for the service user in all areas.
- To involve, inform and communicate better with service users and the public.
- To improve partnership working with other Council directorates, with the NHS and the voluntary sector.
- To recruit, develop, support and retain quality staff at all levels of the organisation.
- To improve the use of information technology to deliver excellent services.
- To get maximum value out of every pound spent

Achieving these priorities would help achieve its goal of 'Living Well' and that in turn will fulfil the achievement of its vision

Key challenges in 2005/6

According to its Business Plan 2005-6, the SSD has identified some key challenges related to both children and adult services that will require focussed attention during the year. These are listed below:

3. CHILDREN'S SERVICES

- The CSCI while awarding the 'three star' status to SSD in 2004 concluded that

SSD was 'serving most children well' which is one rank lower than 'serving all children well'. The SSD, therefore, is now focusing to achieve this target of 'serving (all) children well' in the current year.

- The Directorate will also continue to work with the key partners towards the further integration of services for children in response to the Children Act 2004 and existing local policy initiatives.
- The Directorate will progress a plan to refocus and reconfigure its residential care resources for children looked after in 2005-06. The Directorate plans to identify capital opportunities in the medium term to re-site some of its residential units.

4. ADULTS SERVICES

- Like the targets for Children's services, the SSD has similar target to achieve a ranking of 'serving all people well' and "excellent' prospects for further improvement' in adult services as well. This will mean that SSD will try to achieve top performance on all indicators for adult services in the current year.
- To develop and deliver seamless, person-centred services for the users, maximising service user choice, control and empowerment, and delivering outcomes that enhance people's lives well beyond the boundaries of health and social care in line with the Government Green Paper 'on the future of adult social care' published in March 2005.
- Locally, it expects in 2005/6 to agree a joint strategy with the Primary Care Trust and other partners for primary and community care services, and to make significant progress with its implementation. It wants to put in place more locality based, integrated, multi-disciplinary services and to continue to develop a number of borough-wide centres of excellence - for example, the new plans for a multidisciplinary, community based Centre for Independent Living for people with physical disabilities.
- To ensure that carers' needs are recognised and met. Ensuring that it does that is a number one priority for 2005/6.

- The SSD wants to fully implement the single assessment process for older people across health and social care, with effective and streamlined information sharing and co-ordinated planning and service delivery. It hopes to ensure 100% accuracy in SWIFT recording, to ensure that there is a clear point of responsibility for every service user and that activity is focused and accurately reported.

5. STRATEGIC SERVICES

- For 2005/06 the SSD feels that it will need to continue to deliver the challenging programme of change. The Electronic Social Care Record (ESCR) will be rolled out across Children's and Adults services, drawing on the lessons from their 2004/05 pilots. It will be creating a programme of projects with Education, the Health Community and others that will lead to greater co-ordination and risk management in the delivery of changes to Children's and Adults' services.
- A new referral service called Integrated Children System (ICS) will be launched from January 2006. The SSD will continue to explore options for an information hub between agencies working with children and will start to implement the Common Assessment Framework for Children. The Children's Access Project: will review how clients and other agencies contact Children's Services.
- As a result of the Gershon review of government efficiency, all councils are now required to produce annual efficiency statements to demonstrate how they are making savings of 2% annually. Half of the savings are required to be directly linked to a reduction in spending, and the other half can be efficiencies like providing a better service, or more services, for the same cost. Its key challenges will be ensuring that effective ways of measuring efficiency are in place and achieving savings whilst maintaining high quality service provision.
- A priority will be to reduce the levels of staff sickness. Reducing staff sickness has a beneficial outcome for everyone, and also affords opportunities to contribute to Gershon efficiencies.

- The rationalisation of the borough's accommodation will be a further challenge. A lot of work is needed to rationalise social care accommodation, in terms of both flexible working arrangements, and securing shared office locations and joint premises with its partners as it moves towards further integrated service delivery.

6. PERFORMANCE MEASUREMENT AND PERFORMANCE INDICATORS

Performance measurements at SSD are part of the council's overall performance measurement and evaluation system which has been mentioned in chapter four while describing the functions of Tower Hamlets Council. The speciality at SSD in terms of performance measurement is its multiple external reviewers such as Commission for Social Care Inspectorate (CSCI), Audit Commission and Best Value Inspectors. While audit and inspection by Audit Commission and Best Value Inspectors are common for all other services, the reviews and evaluations by CSCI are unique to SSD. The CSCI reviews are done against the performance indicators developed by the Personal Social Services (PSS) Performance Assessment Framework (PAF). The latter pulls together information from a number of sources to provide a comprehensive overview of performance. It also has direct links with the improvement agenda for Local Government services as a whole, including Best Value (BV) and the Comprehensive Performance Assessment (CPA) process.

There are about 70 performance indicators associated with the PSS Performance Assessment Framework that provide an overview of performance at the year-end. These allow direct comparison between councils over time and allow targets to be set and monitored. 13 of these indicators have been selected by the Office of the Deputy Prime Minister (ODPM) to form part of the set of national Best Value Performance Indicators.

Table 6.1: The list of the current BVPI and Local PIs relevant to Social Services

Sl. No.	Health & Social Care	
1	BV 49	Stability of placements of children looked after by the

	THI 13 Amended	authority by reference to the percentage of children looked after on 31st March in any year with three or more placements during the year
2	BV 50 LPSA 006	Educational qualifications of children looked after (interface indicator with education services) by reference to the percentage of young people leaving care aged 16 or over with at least 1 GCSE at grades A*-G, or General National Vocational Qualification (GNVQ)
3	BV 53	Intensive home care per 1,000 population aged 65 or over
4	BV 54	Older people helped to live at home per 1,000 population aged 65 or over
5	BV 56	Percentage of items of equipment delivered within 7 working days
6	BV 161 amended 05/06	Employment, education and training for care leavers.
7	BV 162 THI 14	Reviews of child protection cases
8	BV 163 THI 15 LPSA 007 Amended PI 04/05	Adoption of children looked after
9	BV 195	Acceptable waiting time for assessments of older people
10	BV 196	Acceptable waiting time for care packages
11	BV 201 New PI 04/05	Number of adults and older people receiving direct payments per 100,000
Local Performance Indicators for Social Services		
12	THI 17	Clients receiving a review as a percentage of adult clients receiving a service
13	THI 16	Number of admissions of supported residents aged 65+ to residential care

These performance indicators are published in every council's Best Value Performance Plan and give an overall picture of the performance of every Local Authority in England and Wales. Additional performance data is collected through the CSCI in a twice-yearly Delivery and Improvement statement. Local monitoring supplements and ensures that objectives not covered in the national Performance Assessment framework (PAF) are not left out.

7. LOCAL PUBLIC SERVICE AGREEMENTS

The council has produced a Local Public Service Agreement (LPSA) with the Government on 13 areas and focusing on youth. The aim of the LPSA is to agree a number of stretched targets that are to be achieved by 2005/06 through the use of additional funding and flexibilities. Social services have been actively involved in its development and are involved in a number of stretch targets such as:

- increasing the educational outcomes for children in public care(BVPI 50),
- increasing the number of children in public care who are adopted BVPI 163) and;
- increasing the number of young people accessing drug treatment interventions.

8. COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA):

During 2002, a system of Comprehensive Performance Assessment (CPA) was launched by the Audit Commission as a result of the Government white paper "Strong Local Government- Quality Public Services", which aimed to focus Central Government monitoring and support towards the authorities who need it most, whilst giving high performers greater freedom and flexibility. The CPA results in a rating of local authority services as a whole, and the Social Services star rating contributes directly to the rating. In a five-point rating scale from poor to excellent, Tower Hamlets scored the second highest rating, which is 'Good'. This rating was confirmed in 2003. High scoring authorities in CPA have been granted a range of freedoms and flexibilities regarding the way they spend money and reductions in the amount of plans they have to produce and inspections they are subject to. The newly achieved three star rating by Tower Hamlets Social Services, whilst not guaranteeing a higher CPA rating, would help the authority in achieving it 'excellent' rating in future.

9. SUMMARY

Tower Hamlets Social Services is one of the important service directorates of the council. It contributes towards the fulfilment of one of the important community

objectives- 'improved outcome for the vulnerable children and adults' For that reason it has been working to provide better provision and care for children and young people, older people and others who need support. The whole service has been focused towards two important user groups - the vulnerable children and vulnerable Adults whose welfare is not only an important item in the Tower Hamlets Council's performance agenda but forms a significant part of national government priority and policy thrust. Over the years its activities were shaped by a fabric of government policy initiatives and reforms acts such as - Health & Social Care Act 2001 and Children Act 2004. This fact explains why SSD has so many external regulatory bodies. In the same way the successful delivery of its mandated and vested responsibilities required effective collaboration with a host of development partners as well.

This multi accountability setting has necessitated that its performance would be monitored and evaluated by a host of external auditors and reviewers with different sets of PIs and measures.

The Social Services Business Plan is the operational plan of SSD. It describes the vision, and priorities of the directorate. The action plan of the Business Plan shows the objectives under each priority. Each objective has targets/Pis, key activities, progress milestones, success criteria and resources to achieve it. All the divisions under social services follow the business plan and its action plan for their day to day businesses. The individual team action plan is the relevant portion of the bigger action plan of Social Services Business Plan.

The review and evaluation teams from CSCI, Audit Commission and Best Value Inspectorate measure the success of the services under social services. The inspections and evaluations are done by comparing council performance against the Best Value performance indicators and social services PAF performance indicators. Both the sets have 12 common indicators relevant to Tower Hamlets, which the external inspection teams focus most. The social services directorate publishes its Performance and Management Information every quarter showing its performance against these twelve indicators.

Thus the performance exercises are done at different levels with different sets of measure and PIs and with various degree of emphasis.

The relevant Community Plan theme- *A place for Living Well* has two strategic objectives- a. More Houses of decent objectives; b. Improved Outcomes for Vulnerable Children and Adults. These strategic objectives have been operationalised in the Strategic Plan by relevant objectives, measures, targets and activities. The Director for Social Services is responsible for this theme and its two strategic objectives. The Business Plan of SSD and its action plan reflect second strategic objective- 'Improved Outcomes for Vulnerable Children and Adults'. It also contains other operational objectives of SSD to achieve their six priorities mentioned at the beginning of this chapter. The problem with action plan is that it puts targets and PIs in the same column whereas in reality they are not the same. Moreover the PIs do not include all relevant Indicators of Best Value and PAF.

Therefore, it seems apparent that for providing operational guidance to the social services teams the SSD management follows their business plan and for measuring performance they follow Tower Hamlets Strategic plan, BVPIs and PAF indicators. This also means that individual service teams have to follow two action plans -the Tower Hamlets Strategic Plan action plan and Social Services Business Plan action plan for their day-today activities.

This non-alignment of strategic and service level objectives, priorities and measures may have adverse effect in terms of use of time, resources, team performance and individual staff performance. The sum of these may affect the overall performance of the council. Whether the use of Balanced Scorecard may resolve this problem of non-alignment of objectives and measures will be explored through further meetings and interviews with the relevant corporate and service level officials of the council.

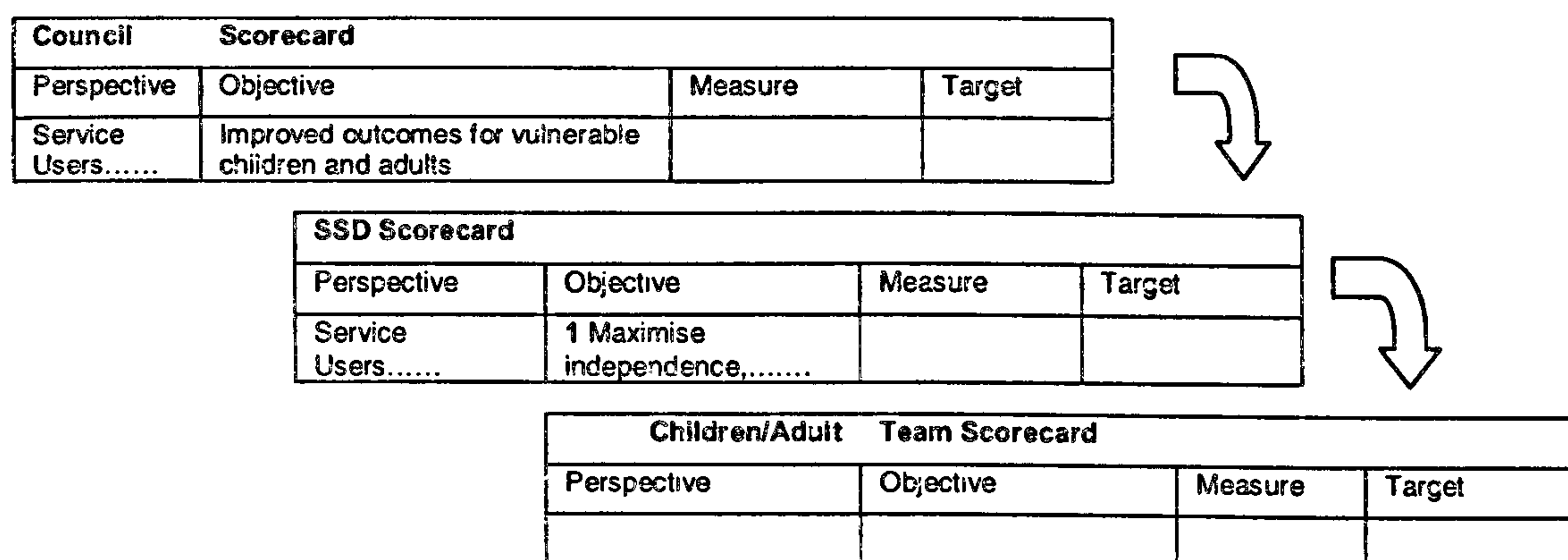
In order to effectively manage its performance and coordinate the internal and external monitoring and evaluation activities, like the Tower Hamlets Council, the SSD also required same kind of robust and comprehensive performance measurement framework as has been highlighted in the previous chapter. On the basis of the foregoing

discussion the case for testing the advantage of Balanced Scorecard has been strengthened

10. THE SCHEME OF DEVELOPING STRATEGY MAPS AND SCORECARDS

The scheme of developing strategy maps and scorecards for the SSD is based on the cascading methods as mentioned in the beginning of this chapter.

Figure 6. 1: Making and cascading the scorecard for SSD



However, the format of Strategy Map will take the form of the Triangular arrangement as was done for Council Strategy Map.

The Council Vision was adopted as the vision for SSD. Logically this has been placed at the top as SSD as functional directorate is vested with the responsibilities to contribute towards the realisation of this council vision. This is fulfilled by the realisation of the SSD goal-‘Improved outcome for Vulnerable Children and Adults’ at the second layer of this strategy triangle. The SSD goal will be achieved by implementing the six priorities which have been placed in the 3rd level. The six priorities have been further operationalised by 18 objectives which are arranged in a cause-and-effect relationship and grouped under the four perspectives of BSC model. Together they form the SSD scorecard. This strategy triangle is the result of one step down cascaded council strategy triangle.

11. DEVELOPING STRATEGY MAP and SCORECARD FOR SSD ON BSC MODEL

As mentioned in the previous chapter, 'Strategy map of an organisation is the 'description of its strategy by explicit cause and effect relationships among the objectives in the four BSC perspectives'². In other words a strategy map of an organisation is re-arranging the objectives in a 'cause-and-effect' fashion that describes how the strategy will be implemented.

Sources of data and information

The sources of data and information for developing the strategy map and scorecard for SSD were of three types: a. Strategy documents; b. Reports; and c. interviews with councillors and top officials of Tower Hamlets council.

(a) Strategy Documents: The Social Services Directorate works closely with a number of external stakeholders such as Department of Health (DOH), Commission for Social Care Inspection (CSCI) and partners such as Primary Care NHS Trust (PCT) etc. The SSD itself and the stakeholders and partners produce many strategy documents such as Business Plan, Better Care, Higher Standards Charter, Children Act 2004, etc. For this task The Tower Hamlets Strategic Plan 2005-6, Community Plan 2005-6, and SSD Business plan 2005-06 were used as sources of data and information. Hard copies of some of these documents were collected from council office. The website of the Tower Hamlets Council was also very informative and useful. Valuable up to date data and information were downloaded from the council and Department of Health (DoH) website such as PSS PAF Indicators Definitions for 2005-06.

(b) Reports: The SSD, the council and external bodies also publish periodic monitoring, evaluation and audit reports such as Annual report on the performance of SSD services, Information and performance of Social Services report, CSCI Inspection reports, Best Value Performance report, and

² Strategy Maps: Converting intangible assets into tangible outcomes, Kaplan, Robert S; Norton, David P, Harvard Business School Publishing, Boston, USA 2004, P xii.

Comprehensive Performance Assessment (Audit Commission) etc. Hard copies of these reports were collected from council office and similar up to date reports were downloaded from council and Audit Commission's websites. For this task the Tower Hamlets Strategic Plan Annual Report 2004-5, Audit Commission's Comprehensive Performance Assessment 2003 were used.

(c) Interviews: Interviews with relevant councillors and officials were very helpful in obtaining important information on SSD's performance measurement system. For this task the author met the Head of Strategic Services, Planning and Policy Manager, and Quality and Performance manager of Social Service Directorate. The list of these interviewees is to be found in Appendix A. More officials will be interviewed in the final phase of study at Tower Hamlets council.

12. CONSTRUCTING THE STRATEGY MAP

Putting the common vision at the top:

As shown in the strategy triangle before, the vision of Tower Hamlets council- 'To improve the quality of life for everyone living and working in the borough' was placed at the top of the strategy map. The full version of the strategy map can be seen at Figure 6.3 at the Annex-6 at the end of this document.

The second position of the corporate goal:

It was discussed in the previous chapter that the vision of the council would be considered fulfilled if the five community themes or the community focus areas were achieved. One of those five community themes was -

A Place for Living Well – an improved supply of decent and affordable housing. Healthier communities, with lower sickness and mortality rates and quicker and more convenient access to health services. Better provision and care for children and young people, older people and others who need support.

This community plan theme was linked to two strategic objectives mentioned in the Council's Strategic Plan- 1. More Homes of a Decent Standard; and 2. Improved

Outcomes for Vulnerable Children and Adults. The first one is related to Housing Strategy and the second one is the focus of Social Services Directorate (SSD). As a result of cascading from the council strategy map, this second strategic objective i.e. 'Improved Outcomes for Vulnerable Children and Adults' has been chosen as the Social services goal and was placed below the 'vision' in the strategy map as shown in the figure 6.3 at Annex 6

The third position of SSD priorities:

As mentioned at the beginning of this chapter that the SSD has adopted six priority areas to focus its activities during 2005-06. It has developed its business plan around these six priorities. The action plan in the Business Plan contains the descriptions of strategic objectives under each priority areas and performance indicators or target, activities and progress mile stones for each objective. Because of the SSD's assumption that focusing on these priority areas will result in achieving the Social Services goal, these six priorities have been placed at 3rd level of Strategy Map.

The strategic objectives:

The Social Services Business plan 2005-06 contains detailed action plan for the six priority areas. There are 57 strategic objectives developed under the six priority areas. Out of this 57 objectives, 13 are common with objectives developed under 'improved outcome for vulnerable children and adults' theme of council's strategic plan. They are listed in the following table 6.2 :

Table: 6.2 : Table showing the SSD's six priority areas and the shared objectives with council's community plan theme mentioned in strategic plan

SSD priority areas	Number of SSD Business Plan Objectives	Shared objectives related to 'Living Well' theme mentioned in council's strategic plan
1. To deliver excellent performance and a great experience for the service user in all areas.	18	1.1 To maximise independence, choice, and participation in community life
		1.2 To ensure Equalities Planning and Assessments are

		completed across all divisions in accordance with the Council's Equality Programme.
		1.3 To ensure the safety of vulnerable adults.
		1.4 To ensure a smooth transition between children's and adults' services.
		1.5 To ensure that services for vulnerable adults are responsive, timely and appropriate.
		1.6 To improve the life chances of children and young people in public care
		1.7 To increase integration of social care, education and health services for vulnerable children
		1.8 To increase integration of assessment processes across agencies
2. To involve, inform and communicate better with service users and the public	10	
3. To improve partnership working with other Council directorates, with the NHS and the voluntary sector	14	3.1 To ensure person-centred services, "joined-up" across organisational boundaries
		3.2 Improve service delivery to disabled children and their families
		3.3 Improve governance of borough's child protection service
4. To recruit, develop, support and retain quality staff at all levels of the organisation	7	4.1 To equip the workforce with the skills necessary to provide consistently high quality services.
5. To improve use of information technology to deliver excellent services	5	
6. To get maximum value out of every pound spent	3	6.1 To improve commissioning activity, insuring high quality and cost effective services.
	57	13

Among these 13 common objectives mentioned above, only 8 objectives were considered more strategic than the other and were considered to be included in the strategy map. They are :

- To maximise independence, choice, and participation in community life.
- To improve the life chances of children and young people in public care.
- Improve service delivery to disabled children and their families.
- To improve commissioning activity, insuring high quality and cost

effective services.

- To ensure that services for vulnerable adults are responsive, timely and appropriate.
- To increase integration of social care, education and health services for vulnerable children.
- To increase integration of assessment processes across agencies
- To ensure person-centred services, “joined-up” across organisational boundaries.

Ten more objectives were selected from Social Services Business Plan 2005-6 for this task making the total number of objectives 18. These are –

1. Enhanced and intensive home care support in partnership with PCT.
2. Increased customer care focus in Children's Services.
3. Improved resource management having regard to Value-for-money in service delivery.
4. Identify savings and achieve efficiency.
5. Improved strategic monitoring of expenditure and more effective use of resources.
6. Effective and efficient partnership among the service providers.
7. Improved internal and external communications.
8. Continuous improvement of recruitment and retention policies and practices to reflect the community
9. Implement ESCR and other components of E-government implementation plan.
10. Improve services as per recommendations of CPA & CSCI and best practices

The common 8 objectives and additional 10 objectives were slightly re-phrased as follows:

1. Maximise independence, health, and social inclusion of vulnerable adults and old people
2. Enhanced and intensive home care support in partnership with PCT

3. Improved life chances for children and young people in public care
4. Improved service delivery to black and ethnic minority children and families
5. Increased customer care focus in Children's Services
6. Improved resource management having regard to Value-for-money in service delivery
7. Identify and achieve efficiency savings
8. Improve commissioning activity, insuring high quality and cost effective services.
9. Improved strategic monitoring of expenditure and more effective use of resources
10. Responsive, timely and appropriate service
- 11 Integrated assessment and care services
12. Effective and efficient partnership among the service providers
13. Improved internal and external communications
15. Continuous improvement of recruitment and retention policies and practices to reflect the community
16. Integration of assessment and care for vulnerable adults and children across agencies and professional boundaries
17. Implement ESCR and other components of E-government implementation plan
18. . Improve services as per recommendations of CPA & CSCI and best practices

These 18 objectives were then arranged under the four perspectives of Balanced Scorecard Model within the strategy map.

The re-arrangement of strategic objectives under BSC perspectives:

The 18 objectives were grouped under

- Customer
- Financial
- Internal process, and
- Learning and growth perspective of BSC model.

For Tower Hamlets council the original nomenclature of BSC perspectives were slightly changed. The customer perspective was changed to service users, community and stakeholder perspective after consulting the relevant official of the council. During discussion with Tower Hamlets officials it was learnt that they call their customers as

'Service Users'. Therefore it was decided to change the Customer perspective to service users, community and stakeholder perspective. 'Community' and 'Stakeholder' were added to it because of the need to make it more comprehensive. The financial perspective has been renamed as Resource Management perspective as the latter has more comprehensive meaning. Recently the Tower Hamlets council has changed the name of its corporate director for Finance to Director for Resources. It was considered wise to change the nomenclature of financial perspective to reflect the changed mood within the council. The Internal process perspective has been changed to Internal efficiency perspective keeping in line with the national importance of achieving Economy, Efficiency and Effectiveness. The Learning and growth has been kept as the same.

The grouping of the objectives was done on the basis of what they were intended to achieve. The important consideration was to identify the 'cause and effect' relationships among them. The 'cause and effect' relationship can be explained in terms of 'process and result or outcome'. For example, the outcomes that the service users and community want are 'improved health and social inclusion for the adults', 'improved life chances for children in public care', 'Enhanced and intensive home care support' etc. These results can be obtained by efficient council services and efficient financial management of those services. Here the efficient financial management and other services are the causes or processes and the improved health and social inclusion for the adults', 'improved life chances for children in public care', 'Enhanced and intensive home care support' etc. are the effects or the outcomes. Again Continuous improvement of recruitment and retention policies, Implementation of ESCR and other components of E-government plan, and Improving services as per recommendations of CPA & CSCI and best practices etc. will help the council sustain effective council services in the long term. So the former are the cause and the latter are the effects.

Service users, community and stakeholders perspective.

On the basis of these considerations, the first five objectives which are like the most obvious outcomes that the community, service users and stakeholders expect from the SSD were grouped under the first perspective i.e. service users, community and

stakeholders perspective.

Resource Management perspective

Under the second perspective i.e. Resource Management, those objectives were identified which were related to efficient financial and resource management process. Four objectives were considered for this perspective. Among the four, only one was from the common 8 objectives and the other three were chosen from the business plan of SSD. Those three were discussed in the Business plan's Action plan as very important objectives for enhancing financial management of the Social Services. As efficient financial management helps SSD achieve its other priority goals so they were selected for inclusion in the strategy map under the 'Resource Management' perspective.

Internal Efficiency perspective

Four objectives were included under the 'Internal Efficiency' perspective. Among them two are from the common objective list and the other two have been selected from Business plan because of the importance given to them in it, and in the Tower Hamlets partnership plan. For example, the 'Effective and efficient partnership among the service providers' is such an objective which encapsulates the need to make the Tower Hamlets Strategic Partnership more effective in delivering collaborative solutions to pressing needs of social services in Tower Hamlets. The other objective- 'Improved internal and external communications' is a priority for Social Services Department. Improvement of internal and external communication will be a cause for social services to be more efficient for the clients and service users of Tower Hamlets. It deserves strategic status and therefore was placed under the Internal Efficiency perspective.

Learning and growth' perspective

The remaining five objectives were placed under the 'Learning and growth' perspective. Among them two were from the common list of 8 priorities and the other three were chosen from other objectives mentioned in the SSD Business Plan. The newly chosen three are- 'Continuous improvement of recruitment and retention policies and practices

to reflect the community', 'Implement ESCR and other components of E-government implementation plan' and 'Improve services as per recommendations of CPA & CSCI and best practices'. These were considered important for the long term development and growth of the Social Services. All three are strategically important for the council. For example- 'Continuous improvement of recruitment and retention policies and practices to reflect the community' will be cause for achieving high morale and commitment of staff for Social Services activities. This will help SSD provide more effective services for its clients which will in turn realise the community theme and SSD vision. The second newly chosen objective is 'Implementation of ESCR and other E-government components'. This is a top government agenda for the national and local governments worldwide. This is more so in the Social Services and UK local governments. The Tower Hamlets council has formed E-government Steering Group and E-government Team to implement electronic service facilities in all council services by the end of 2005. So developing e-government is an important objective that will enhance the staff efficiency, integration of services provided by partners and service quality of Tower Hamlets tremendously. The third newly included objective was 'Improve services as per recommendations of CPA and CSCI and best practices'. The external auditors and evaluators' advices are very important for SSD to follow. They often reflect best practices prevalent elsewhere. So this is a very important objective for SSD's future growth and learning. That is why these objectives were included within the 'Learning and growth' perspective.

The four groups of objective have been carefully chosen and were placed under the four BSC perspectives so that they relate to each other in logic of cause-and-effect relationship. The cause-and-effect relationship can be explained through an example. The five objectives in the last perspective which are related to long term improvement of the SSD and the council will help better processes of internal efficiency and resource management. There are eight objectives in these two perspectives. If these are achieved then it will mean the five customer perspective objectives will be achieved. That will mean improved services for the service users, community and stakeholders. The satisfaction of the latter will help achieve six SSD priorities and that will mean the

achievement of social services goal and fulfilment of council's vision.

Looking from the top, the Vision of the council was operationalised into relevant community theme, 'improved outcome for vulnerable children and adult'. This theme was further made operational by the six priorities of SSD. To achieve success in the six priority areas, eighteen strategic objectives were chosen from several objectives mentioned in the Social Service Business Plan and Tower Hamlets Council Strategy Plan. The eighteen objectives were arranged in four groups and placed under the four perspectives of BSC model in a cause-and-effect relationship. The whole diagram will be called Strategy Map of Tower Hamlets Social Services Department (SSD) in the subsequent paragraphs and pages.

After constructing the SSD Strategy Map, the Scorecard for SSD was developed.

13. THE TOWER HAMLETS SOCIAL SERVICES SCORECARD

As discussed previously in this chapter, a scorecard for an organisation or for a part of it will comprise of objectives that are part of the Strategy Map, measures of objectives, targets of those objectives, and initiatives or actions for achieving those objectives. Scorecards may also include budget for each initiative and the name of the responsible person.

In the first column the name of the BSC perspective is written. The relevant objectives were placed in the second column. In the third column measures for each objective were placed. The fourth column will hold data for targets and the fifth column will describe the initiatives. The sixth column will contain budget figures for each initiative.

Similar format was followed for prototyping scorecard for SSD which will be described later in this chapter.

Identifying and choosing measures:

The first task was to choose strategically important measures for each objective from a host of indicators and measures that were in existence. The Social Services activities

are mostly guided by Department of Health (DoH) and the newly formed Commission for Social Care Inspection (CSCI) and Best value Inspectorate. The recently developed indicators for measuring performance in Social Care are called Personal Social Service (PSS) Performance Assessment Framework (PAF) indicators.

The PAF indicators are a collection of 71 performance indicators (PIs) which together give a view of how local councils are serving their residents. The PIs highlight progress councils are making in improving services and meeting national objectives.

The PAF has three sections:

- Children and families (CF)
- Adults and older people (AO)
- Management and resources (MR)

There are five domains or standards:

- 1) National priorities and strategic objectives
- 2) Cost and efficiency
- 3) Effectiveness of service delivery and outcomes
- 4) Quality of services for users and carers
- 5) Fair access

Each domain has a set of indicators, which combined make up 71 indicators.

They measure social services activities and performance. Some of these PIs are common to the list of Best Value Performance Indicators. For constructing SSD's scorecard most of measures were chosen from the recent list of the PSS PAF indicators for 2005-6. For convenience the list of PIs are given below:

Table 6.3: PSS PAF indicators for 2005-06

a. CHILDREN'S SERVICES :

Children's PIs (Key Threshold PIs shaded)
Children looked after
CF/A1 Stability of placements of children looked after (BVPI 49) (KT)
CF/A2 Educational qualifications of children looked after [joint working] (BVPI 50) (KT)
CF/A4 Employment, education and training for care leavers [joint working] (BVPI 161)
CF/B7 Children looked after in foster placements or placed for adoption
CF/B8 Cost of services for children looked after
CF/C18 Final warnings/reprimands & convictions of children looked after
CF/C19 Health of children looked after
CF/C23 Adoptions of children looked after (BVPI 163) (KT)
CF/C24 Children looked after absent from school [joint working]
CF/D35 Long term stability of children looked after
CF/C63 Participation in reviews
CF/C68 Timeliness of LAC reviews
CF/C69 Distance children newly looked after are placed from home
Child protection
CF/A3 Re-registrations on the Child Protection Register
CF/C20 Reviews of child protection cases (BVPI 162) (KT)
CF/C21 Duration on the Child Protection Register
CF/64 Timing of core assessments
Children in need
CF/E44 Relative spend on family support
CF/E67 Children with disabilities
CAMHS services
CF/A70 Progress made towards a comprehensive Children and Adolescent Mental Health Service

Table 6.4 : PSS PAF indicators for 2005-06

b. ADULT SERVICES INDICATORS

All adults
AO/B11 Intensive home care as a percentage of intensive home and residential care
AO/B12 Cost of intensive social care for adults and older people
AO/B17 Unit cost of home care for adults and older people
AO/C28 Intensive home care (BVPI 53) (KT)
AO/D37 Availability of single rooms

AO/D39 Percentage of people receiving a statement of their needs and how they will be met
AO/D40 Clients receiving a review
AO/E50 Assessments of adults and older people leading to provision of service
AO/C51 Direct payments (BVPI 201) (KT)
AO/D54 Percentage of items of equipment and adaptations delivered within 7 working days (BVPI 56) (KT)
Older People
AO/C26 Admissions of supported residents aged 65 or over to residential/nursing care (KT)
AO/C32 Older people helped to live at home (BVPI 54)
AO/E47 Ethnicity of older people receiving assessment
AO/E48 Ethnicity of older people receiving services following an assessment
AO/D55 Acceptable waiting times for assessments (BVPI 195) (KT)
AO/D56 Acceptable waiting times for care packages (BVPI 196) (KT)
AO/D52 Older people home care user survey - satisfaction with services
AO/D71 Older people home care user survey - further PI to be announced in autumn
Adults 18<65
AO/C27 Admissions of supported residents aged 18-64 to residential/nursing care
Physically disabled and sensorily impaired adults aged <65
AO/C29 Adults with physical disabilities helped to live at home
<i>Adults with learning disabilities aged under 65</i>
AO/C30 Adults with learning disabilities helped to live at home
<i>Adults with mental health problems aged under 65</i>
AO/C31 Adults with mental health problems helped to live at home
Carers
AO/C62 Services to carers
Training PI (includes children)
MR/D59 Practice learning
NHS interface indicators
AO/A6 Emergency psychiatric re-admissions
AO/D41 Delayed transfers of care
AO/A60 Participation in drug treatment programmes (BVPI)

Again all of them are not relevant for long term direction of the council. There were two important considerations while choosing the right measures for each objective - first being strategically important and second being relevant to economy, efficiency and effectiveness or 'value-for-money'. Another important consideration was to keep the number of measures for each objective to a minimum. The latter was to make scorecard more manageable and avoid information overload.

Most of the measures were available from relevant PIs. In the case of those objectives where relevant PAF indicators were not available, such as 'Increased customer care focus in children's services' new measures were chosen after carefully going through the relevant strategic documents. The following paragraphs will describe the chosen measures of each objective under the four BSC perspectives and their strategic and value-for-money relevance.

Table 6.5: Service users, community and stakeholder Perspective

BSC-perspective	Priorities/ Objectives	Measures
Service users, community and stakeholder Perspective	1 Maximise independence, health, and social inclusion of vulnerable adults and old people	1.1 AO/D42 Carer assessments 1.2 AO/C29 Adults with physical disabilities helped to live at home 1.3 AO/C26 Admissions of supported residents aged 65 or over to residential/nursing care 1.4 AO/C32 Older people helped to live at home (BV54) 1.5 AO/C51 Direct payments
	2. Enhanced and intensive home care support in partnership with PCT	2.1 AO/B11 Intensive home care as a percentage of intensive home and residential care 2.2 AO/C28 Intensive home care (BV53) 2.3 AO/C29 Adults with physical disabilities helped to live at home 2.4 AO/C30 Adults with learning disabilities helped to live at home 2.5 AO/C31 Adults with mental health problems helped to live at home
	3. Improved life chances for children and young people in public care	3.1 CF/A1 Stability of placements of children looked after (BV49) 3.2 CF/A2 Educational qualifications of children looked after (BV50) 3.3 CF/C19 Health of children looked after 3.4 CF/C23 Adoptions of children looked after (BV163 Amended) 3.5 CF/D35 Long term stability of children looked after
	4. Improved service delivery to black and ethnic minority children and families	4.1 CF/E45 Ethnicity of children in need 4.2 AO/E47 Ethnicity of older people receiving assessment 4.3 AO/E48 Ethnicity of older people receiving services following an assessment
	5. Increased customer care focus in Children's Services	5.1 % of customer care promises/commitments in service information materials implemented

1. Service users, community and stakeholder perspective:

The above table 6.5 lists five objectives under this perspective. These are in fact outcomes that the service users, member of the tower hamlets community and council stakeholders want to see. Measures ranging from 1 to 5 were chosen for each of these objectives keeping their strategic and VFM relevance.

1 Maximise independence, health, and social inclusion of vulnerable adults and old people

All five measures –

1. AO/D42 Carer assessments,
2. AO/C29 Adults with physical disabilities helped to live at home,
3. AO/C26 Admissions of supported residents aged 65 or over to residential/nursing care,
4. AO/C32 Older people helped to live at home (BV54), and
5. AO/C51 Direct payments were considered appropriate from 5 listed measures in the Business plan. The result of these measurements will indicate how much efforts were given to increase independence, good health and social inclusion of the vulnerable adults.

2. Enhanced and intensive home care support in partnership with PCT:

Five measures –

1. AO/B11 Intensive home care as a percentage of intensive home and residential care
2. AO/C28 Intensive home care (BV53)
3. AO/C29 Adults with physical disabilities helped to live at home
4. AO/C30 Adults with learning disabilities helped to live at home
5. AO/C31 Adults with mental health problems helped to live at home

were chosen from among 8 listed measures in the Business plan. One of them is also Best Value indicator which the council need to measure regularly. These five measures will indicate the overall state of home care support for the handicapped adults.

3. Improved life chances for children and young people in public care:

Three measures were selected for this objective. They are –

1. CF/A1 Stability of placements of children looked after (BV49)
2. CF/A2 Educational qualifications of children looked after (BV50)
3. CF/C19 Health of children looked after
4. CF/C23 Adoptions of children looked after (BV163 Amended)
5. CF/D35 Long term stability of children looked after

These five measures were listed measures in the both strategic business plan. Three measures are also best value indicators and are nationally important. These measures will also indicate the efficiency and effectiveness of the Social Services in terms of ensuring a stable future for the children in public care.

4. Improved service delivery to black and ethnic minority children and families:

There were three listed indicators for this objective in the business plan. All of them were found to be important measures in terms of equality and fair access to services for the black and ethnic minority children and their families. These are -

1. CF/E45 Ethnicity of children in need
2. AO/E47 Ethnicity of older people receiving assessment
3. AO/E48 Ethnicity of older people receiving services following an assessment

The results of these measures will show council's performance in terms of equality and social care for black and ethnic minority people living in Tower Hamlets.

5. Increased customer care focus in Children's Services:

There was no performance indicator related to this objective mentioned or found in the Business plan or strategic plan. One measure was developed to measure this objective after carefully going through the initiatives and progress milestones of this objective mentioned in the Business plan. The measure is-

1. % of customer care promises/commitments in service information materials implemented.

This measure is important because it reflects the increasing importance being attached to customer service every where. The result of the measure will indicate the relative focus on customer care in children's services of Tower Hamlets.

2. Resource Management Perspective:

Four objectives were selected and placed under this perspective. As discussed before, the financial perspective of BSC in the public sector non-profit organisations is different from that in the private for-profit organisations. Never the less, the efficiency in financial and resource management in public sector organisations remain a very important process for the achievement of other strategic objectives and goals of these organisations.

Table 6.6: Resource Management perspective

BSC perspective	Objectives	Measures
Resource Management	6. Improved resource management having regard to Value-for-money in service delivery	6.1 CF/B8 Cost of services for children looked after (BV51) 6.2 CF/B 9 Unit cost of children's residential care 6.3 AO/B11 Intensive home care as a percentage of intensive home and residential care 6.4 AO/B12 Cost of intensive social care for adults and older people (BV52) 6.5 AO/B17 Unit cost of home care for adults and older people
	7. Identify and achieve efficiency savings	7.1 Results from Annual savings exercise. 7.2 Mid year Revenue Budget monitoring and review
	8. Improve commissioning activity, insuring high quality and cost effective services.	8.1 Results from review of domiciliary care services and day care services for older people 8.2 % of agreed standards implemented for externally commissioned services 8.3 % of unit costs (B12-17) within the top bands of performance for inner London as defined by CSCI
	9. Improved strategic monitoring of expenditure and more effective use of resources	9.1 No. of reviews and monitoring of expenditure conducted in a year and followed up.

The four objectives under this perspective have been listed in the table above. All four are found in the business plan but only one is common to both business plan and strategic plan. The achievement of these three will strengthen council's services to its

customers and ultimately help achieve its goal.

The measures of each objective are described below:

6. Improved resource management having regard to Value-for-money in service delivery:

Out of 9 PAF indicators five were chosen after considering their strategic importance and relevance to cost efficiency. The five measures selected are –

1. CF/B8 Cost of services for children looked after (BV51)
2. CF/B 9 Unit cost of children's residential care
3. AO/B11 Intensive home care as a percentage of intensive home and residential care
4. AO/B12 Cost of intensive social care for adults and older people (BV52)
5. AO/B17 Unit cost of home care for adults and older people

All the five indicators belong to the cost and efficiency domain of PAF list. So their inclusion here can be considered appropriate to measure cost efficiency and value for money. This will also help SSD in cost control process.

7. Identify and achieve efficiency savings:

Two measures have been identified from the discussion in the business plan. There was no PAF indicator available for this objective. The measures are:

1. Results from Annual savings exercise.
2. Results from Mid year Revenue Budget monitoring and review

These measures are strategically important as it will show whether the SSD is continuously making efforts to achieve 2% savings annually in delivering its services. This measure will indicate SSD's focus to deliver better service with lower cost.

8. Improve commissioning activity, insuring high quality and cost effective services:

Three measures were selected for this objective –

1. Results from review of domiciliary care services and day care services for older people
2. % of agreed standards implemented for externally commissioned services

3. % of unit costs (B12-17) within the top bands of performance for inner London as defined by CSCI

They will indicate the efficiency of SSD in commissioning activities insuring high quality service with less cost.

3. Internal Efficiency:

Four objectives have been grouped under this BSC perspective keeping the strategic value of the objectives in mind. The objectives selected for this perspective are listed in the following table 6.7

Table 6.7: Internal Efficiency perspective

Internal Efficiency	10. Responsive, timely and appropriate service	10.1 AO/D39 Percentage of people receiving a statement of their needs and how they will be met (BV58) 10.2 AO/D40 Clients receiving a review 10.3 AO/D54 Percentage of items of equipment and adaptations delivered within 7 working days (BV56) 10.4 AO/D55 Acceptable waiting times for assessments (BV195) 10.5 AO/D56 Acceptable waiting times for care packages (BV196) 10.6 AO/D58 Physically disabled and sensory impaired users who said that they can contact Social Services easily 10.7 CF/C20 Reviews of child protection cases (BV162) 10.8 AO/E50 Assessments of adults and older people leading to provision of service
	11 Integrated assessment and care services	11.1 No. of Children provided with integrated assessment and care that reflects provisions of Children Act 2004
	12. Effective and efficient partnership among the service providers	12.1 % of Local Strategic Partnership (LSP) action plan targets achieved
	13. Improved internal and external communications	13.1 % of staff and residents satisfied about the quality of information provided by and communications with SSD

The realisation or positive achievements of these objectives will help the council deliver better services to its customers and better outcome for all stakeholders. The measures of each of these objectives are described below:

10. Responsive, timely and appropriate service:

Eight measures have been selected from a list of 12 PAF indicators keeping their

strategic and Best Value relevance in mind. Out these eight indicators, four are also Best Value indicators making them strategically and nationally important.

The measures are-

1. AO/D39 Percentage of people receiving a statement of their needs and how they will be met (BV58)
2. AO/D40 Clients receiving a review
3. AO/D54 Percentage of items of equipment and adaptations delivered within 7 working days (BV56)
4. AO/D55 Acceptable waiting times for assessments (BV195)
5. AO/D56 Acceptable waiting times for care packages (BV196)
6. AO/D58 Physically disabled and sensory impaired users who said that they can contact Social Services easily
7. CF/C20 Reviews of child protection cases (BV162)
8. AO/E50 Assessments of adults and older people leading to provision of service

All the measures selected here will indicate the efficiency and effectiveness of the SSD's services to the vulnerable children and adults that will ultimately fulfil the community themes and council goals.

11. Integrated assessment and care services:

One measure was chosen for this objective –

1. No. of Children provided with integrated assessment and care that reflects provisions of Children Act 2004

As the integration of assessment, and care services across partners and professional boundaries is being developed, number of children receiving such coordinated care will reflect the state of that process. This will also help SSD to focus on the compliance of the provisions of children act 2004.

12. Effective and efficient partnership among the service providers:

There was no measure for this objective in the Business plan. It was identified from the tower hamlets partnership documents and partnership action plans. The measure identified is – (1) % of Local Strategic Partnership (LSP) action plan targets achieved.

The measure will help top management to focus on the partnership activities and outcome. This will also indicate the efficiency of the partnership operations and co-ordination.

13. Improved internal and external communications:

One measure has been selected for this objective. The measure is –

1. % of staff and residents satisfied about the quality of information provided by and communications with SSD.

This is one of the six priorities of SSD, But there was no PAF indicator to measure this objective. From the discussion contained in the business plan this measure was developed. This measure will help top management to get primary data on the quality of internal and external communication provided by SSD.

4. Learning and Growth perspective:

Under this BSC perspective five objectives were grouped together keeping their strategic relevance in mind. The selected objectives are listed in the following table 6.9

Table 6.8: Learning and growth perspective

BSC perspective	Objectives	Measures
Learning and growth	14. continuous review and improvement of the performance management system and process	14.1 No. of reviews and improvements made on the recommendations of internal and external evaluations (Best Value and Audit Commission etc.) reports
	15. Continuous improvement of recruitment and retention policies and practices to reflect the community	15.1 Staff turnover 15.2 % of staff who had a Personal Development Review (PDR) meeting 15.3 % of training targets of L&D strategy met. 15.4 Number of Practice learning initiatives (MR/D59)
	16. Integration of assessment and care for vulnerable adults and children across agencies and professional boundaries	16.1 % of progress in formulation of full integration plan by April 2006 16.2 % of progress towards single assessment process for older people across all agencies, supported by electronic information sharing 16.3 % of progress on Children's Pathfinder action plan in line with Children Act 2004
	17. Implement ESCR and other components of E-government implementation plan	17.1 % of number of systems/components transferred to SWIFT and ESCR 17.2 % of items of E-government implementation plan that relates to Social Services
	18. . Improve services as per recommendations of	18.1 % of recent BV/CPA/CSCI recommendations reviewed or implemented

	CPA & CSCI and best practices	18.2 No. of initiatives taken to improve Performance Management systems at Tower Hamlets that reflect best practices in the local governments
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Achievement of these five objectives will strengthen SSD's long term capacity to deliver high quality services to its customers and remain strategically focussed. The measures for each objective will be discussed in the following paragraphs:

14. Continuous review and improvement of the performance management system and process:

Only one measure was chosen for this objective. That is –

1. No. of reviews and improvements made on the recommendations of internal and external evaluations (Best Value and Audit Commission etc.) reports.

This measure will help council focus on quality improvement efforts and adopting best practices.

15. Continuous improvement of recruitment and retention policies and practices to reflect the community:

Four measures were selected for this objective. They are –

1. Staff turnover
2. % of staff who had a Personal Development Review (PDR) meeting
3. % of training targets of L&D strategy met.
4. Number of Practice learning initiatives (MR/D59)

These measures will keep council focussed on ensuring the continuous improvement of its HRM and recruiting staff from people of different ethnic background. The achievement of these national goals will create an inclusive working environment where moral and motivation of the staff will be high. This will help council to work with a motivated work force. The measures will influence council's top management to ensure that recruitment process is fair and transparent.

16. Integration of assessment and care for vulnerable adults and children across agencies and professional boundaries

Three measures were selected from the business plan and strategic plan. They are:

1. % of progress in formulation of full integration plan by April 2006
2. % of progress towards single assessment process for older people across all agencies, supported by electronic information sharing
3. % of progress on Children's Pathfinder action plan in line with Children Act 2004

These measures will indicate both council's and SSD's continuous efforts to integrate assessment process and actual care for children and adults to deliver seamless services. The achievement of this objective will improve council services in terms of appropriateness and cost efficiency and will ultimately help in realising its goals.

17. Implement ESCR and other components of E-government implementation plan:

Two measures were selected for this objective one of which has been more obvious from the discussion of SWIFT database system for the social care in the Tower Hamlets. The other has been chosen from the E-government strategic document. The measures are –

1. % of number of systems/components transferred to SWIFT and ESCR
2. % of items of E-government implementation plan that relates to Social Services

The measures will indicate the state of implementation of SWIFT and ESCR and overall implementation of E-government agenda. The measure will help council monitor progress towards complete implementation of E-government strategy.

18. Improve services as per recommendations of CPA & CSCI and best practices:

Two measures were chosen for this objective. The measures are -

1. % of recent BV/CPA/CSCI recommendations reviewed or implemented.
2. No. of initiatives taken to improve Performance Management systems at Tower Hamlets that reflect best practices in the local governments.

These measures will help council and SSD monitor their progress towards implementation of external evaluators' recommendation that will help council improve in the longer term.

The objectives and measures that have been selected and grouped to formulate SSD's Strategy Map and Scorecard are not new. They are being used by the council and SSD. Their rearrangement under BSC model shows that council and its departments such as SSD can achieve better strategic focus of their activities by following BSC model as described in the above paragraphs.

The strategy map and scorecard will help the Social Service Directorate Management Team (DMT) and the cabinet to focus on the strategic direction of the SSD's and council activities and take corrective action to keep SSD and council strategically focussed.

14. THE PLAN TO TEST AND VALIDATE THE STRATEGY MAP AND SCORECARD

The proto type Strategy Map and the Balanced scorecard described in this chapter were constructed on the basis of the data collected at corporate and services levels of Tower Hamlets Council. The data collection was done through a number of interviews and meetings with the officials of Chief Executive's Directorate, Social Services Directorate and Housing Services Directorate and consultation and study of the strategic documents and performance reports of Tower Hamlets Council. Therefore it is logical that the validation of these documents should be done by talking to those officials again and getting their opinion on these documents. A carefully developed semi structured interviews will be useful. The questions will be designed to collect their opinion on the suitability and perceived benefits of having a structured and comprehensive performance measurement and management system, the benefits of having vision, goal and objectives in a single sheet Strategy Map, and multi-perspective cascaded Scorecard in their day to day activities.

Similar to these two documents, service level strategy maps and scorecards Housing Services will be developed. This will be described in the next chapter i.e in chapter seven. As mentioned above, the validation and testing process will take the forms of meetings and interviews with the relevant senior officials of Chief Executives Directorate, Social Services directorate and Housing Services directorate.

The result will help draw conclusion as to the suitability and usefulness of BSC model

for strategic performance measurement and management of local government activities.

15. CONCLUSIONS

The present practice of having vision, themes, objectives and measures for Tower Hamlets performance measurement system has similarities with those of a BSC model. Some of the officials interviewed so far are aware of these similarities. They are also aware that –(a) the objectives and measures at corporate level do not fully align with those at services levels as described in their respective business plans and action plans; (b) a substantial amount of efforts and resources that are used in order to manage and measure performance at different levels with different sets of measures could be saved had they used a comprehensive and aligned ('golden thread') measurement system.

So a strategy map and a scorecard like the ones developed in this chapter will give them a good opportunity to test and form opinion regarding the suitability and usefulness of Balanced Scorecard as a framework for performance measurement system.

Fig 6.2: SOCIAL SERVICES STRATEGY MAP

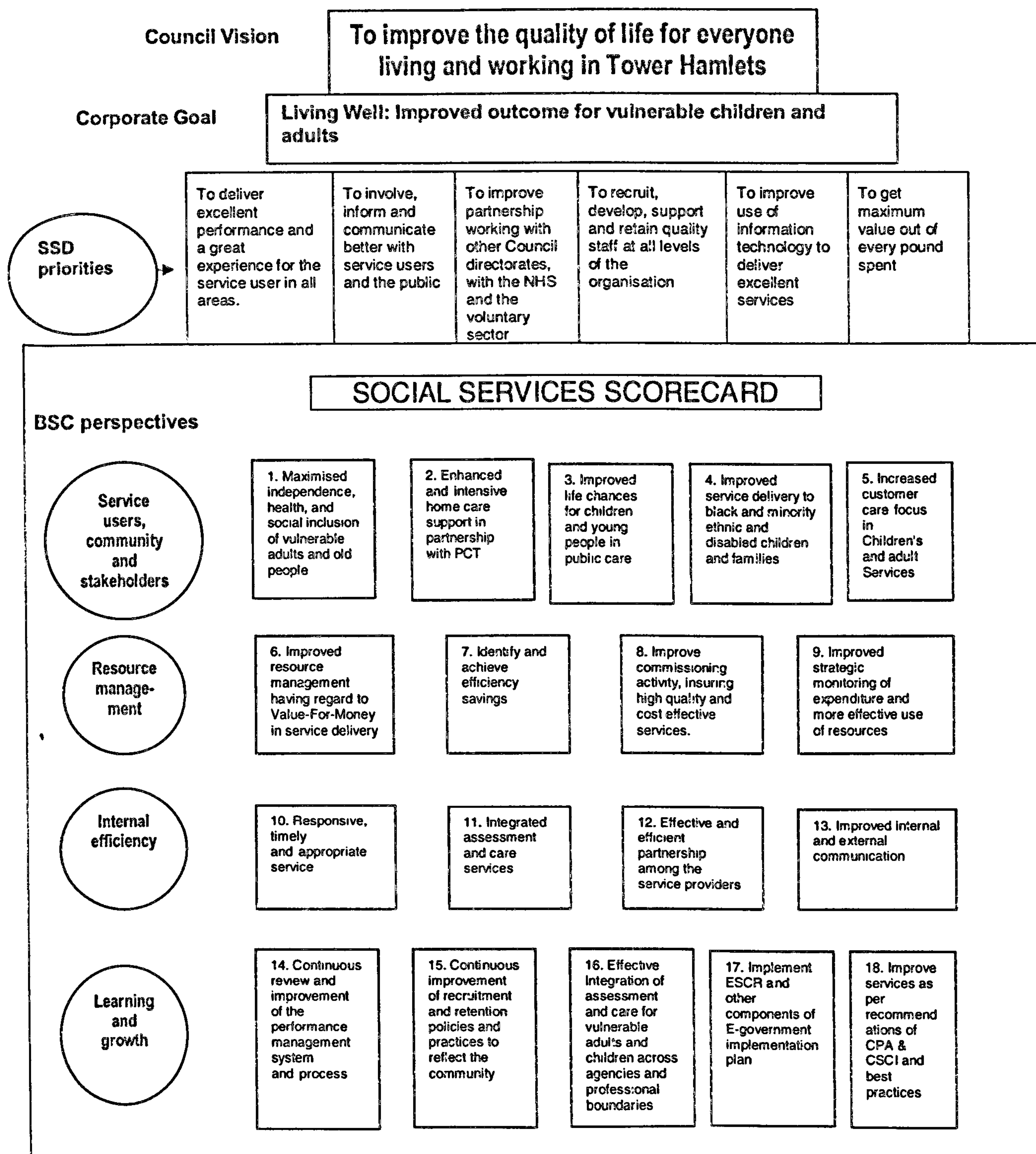


Table: 6.9 Tower Hamlets Social Services Scorecard

BSC-perspective	Priorities/Objectives	Measures	Targets	Initiatives	Budget
Service users, community and stakeholder Perspective	1 Maximise independence, health, and social inclusion of vulnerable adults and old people	1.1 AO/D42 Carer assessments 1.2 AO/C29 Adults with physical disabilities helped to live at home 1.3 AO/C26 Admissions of supported residents aged 65 or over to residential/nursing care 1.4 AO/C32 Older people helped to live at home (BV54) 1.5 AO/C51 Direct payments			
	2. Enhanced and intensive home care support in partnership with PCT	2.1 AO/B11 Intensive home care as a percentage of intensive home and residential care 2.2 AO/C26 Admissions of supported residents aged 65 or over to residential/nursing care 2.3 AO/C27 Admissions of supported residents aged 18-64 to residential/nursing care 2.4 AO/C28 Intensive home care (BV53) 2.5 AO/C29 Adults with physical disabilities helped to live at home 2.6 AO/C30 Adults with learning disabilities helped to live at home 2.7 AO/C31 Adults with mental health problems helped to live at home 2.8 AO/C32 Older people helped to live at home (BV54)			
	3. Improved life chances for children and young people in public care	3.1 CF/A1 Stability of placements of children looked after (BV49) 3.2 CF/A2 Educational qualifications of children looked after (BV50) 3.3 CF/C19 Health of children looked after 3.4 CF/C23 Adoptions of children looked after (BV163 Amended) 3.5 CF/D35 Long term stability of children looked after			
	4. Improved service delivery to black and ethnic minority children and families	4.1 CF/E45 Ethnicity of children in need 4.2 AO/E47 Ethnicity of older people receiving assessment 4.3 AO/E48 Ethnicity of older people receiving services following an assessment			
	5. Increased customer	5.1 % of customer care promises/commitments in service			

	care focus in Children's Services	information materials implemented			
BSC perspective	Objectives	Measures	Target	Initiatives	Budget
Resource Management	6. Improved resource management having regard to Value-for-money in service delivery	6.1 CF/B8 Cost of services for children looked after (BV51) 6.2 CF/B 9 Unit cost of children's residential care 6.3 CF/B10 Unit cost of foster care AO/B11 Intensive home care as a percentage of intensive home and residential care 6.4 AO/B12 Cost of intensive social care for adults and older people (BV52) 6.5 AO/B13 Unit cost of residential and nursing care for older people 6.6 AO/B14 Unit cost of residential and nursing care for adults with learning disabilities 6.7 AO/B15 Unit cost of residential and nursing care for adults with mental illness 6.8 AO/B16 Unit cost of residential and nursing care for adults with physical disabilities 6.9 AO/B17 Unit cost of home care for adults and older people			
	7. Identify and achieve efficiency savings	7.1 Results from Annual savings exercise. 7.2 Mid year Revenue Budget monitoring and review			
	8. Improve commissioning activity, insuring high quality and cost effective services.	8.1 Results from review of domiciliary care services and day care services for older people 8.2 % of agreed standards implemented for externally commissioned services 8.3 % of unit costs (B12-17) within the top bands of performance for inner London as defined by CSCI			
	9. Improved strategic monitoring of expenditure and more effective use of resources	9.1 No. of reviews and monitoring of expenditure conducted in a year and followed up.			
Internal Efficiency	10. Responsive, timely and appropriate service	10.1 AO/D39 Percentage of people receiving a statement of their needs and how they will be met (BV58) 10.2 AO/D40 Clients receiving a review			

		10.3 AO/D54 Percentage of items of equipment and adaptations delivered within 7 working days (BV56) 10.4 AO/D55 Acceptable waiting times for assessments (BV195) 10.5 AO/D56 Acceptable waiting times for care packages (BV196) 10.6 AO/D57 Physically disabled and sensory impaired users who said that their opinions and preferences were always taken into account 10.7 AO/D58 Physically disabled and sensory impaired users who said that they can contact Social Services easily 10.8 CF/C20 Reviews of child protection cases (BV162) 10.9 AO/C51 Direct payments 10.11AO/E50 Assessments of adults and older people leading to provision of service 10.12 AO/E61 Assessments of new clients aged 65 or over			
	11 Integrated assessment and care services	11.1 No. of Children provided with integrated assessment and care that reflects provisions of Children Act 2004			
	12. Effective and efficient partnership among the service providers	12.1 AO/A5No. of Emergency admissions 12.2 AO/A6 No. of Emergency psychiatric re-admissions 12.3 AO/D41Delayed transfers of care			
	13. Improved internal and external communications	13.1 % of staff and residents satisfied about the quality of information provided by and communications with SSD			
Learning and growth	14. continuous review and improvement of the performance management system and process	14.1 No. of reviews and improvements made on the recommendations of internal and external evaluations (Best Value and Audit Commission etc.) reports			
	15. Continuous improvement of recruitment and retention policies and practices to reflect the	15.1 Staff turnover 15.2 % of staff who had a Personal Development Review (PDR) meeting			

	community	15.3 % of training targets of L&D strategy met.			
		15.4 Number of Practice learning initiatives (MR/D59)			
	16. Integration of assessment and care for vulnerable adults and children across agencies and professional boundaries	16.1 % of progress in formulation of full integration plan by April 2006 16.2 % of progress towards single assessment process for older people across all agencies, supported by electronic information sharing 16.3 % of progress on Children's Pathfinder action plan in line with Children Act 2004			
	17. Implement ESCR and other components of E-government implementation plan	17.1 % of number of systems/components transferred to SWIFT and ESCR 17.2 % of items of E-government implementation plan that relates to Social Services			
	18. . Improve services as per recommendations of CPA & CSCI and best practices	18.1 % of recent BV/CPA/CSCI recommendations reviewed or implemented 18.2 No. of initiatives taken to improve Performance Management systems at Tower Hamlets that reflect best practices in the local governments			

Table 6.10: Social Services priorities and common objectives with the Tower Hamlets Strategic Plan

SSD priorities	No of detailed objectives	No of common objectives	Names of the common objectives	Comments
1. To deliver excellent performance and a great experience for the service user in all areas.	18	8	<p>1.2 To maximise independence, choice, and participation in community life (A1)</p> <p>1.5 To improve service delivery to black and minority ethnic children and families(C3)</p> <p>1.9 To ensure the safety of vulnerable adults(A4)</p> <p>1.10 To ensure a smooth transition between Children's and Adults' Services(A5)</p> <p>1.12 To ensure that April 2006 services for vulnerable adults are responsive, timely and appropriate(A3 & A6)</p> <p>1.14 To improve the life chances of children and young people in public care(C6)</p> <p>1.17 To increase integration of social care, education and health services for vulnerable children(C1)</p> <p>1.18 To increase integration of assessment processes across agencies(C2)</p>	
2. To involve, inform and communicate better with service users and the public.	10			
3. To improve partnership working with other Council directorates, with the NHS and the voluntary sector.	14	3	<p>3.1 To ensure person-centred services, "joined-up" across organisational boundaries.(A2)</p> <p>3.6 Improve service delivery to disabled children and their families(C4)</p> <p>3.7 Improve governance of borough's child protection service(C5)</p>	
4. To recruit, develop, support and retain quality staff at all levels of the organisation.	7	1	4.6 To equip the workforce with the skills necessary to provide consistently high quality services (A7).	
5. To improve our use of information technology to deliver excellent services.	5			
6. To get maximum value out of every pound we spend	3	1	6.2 To improve commissioning activity, insuring high quality and cost effective services(A8).	
Total	57	13		

VII. DEVELOPING STRATEGY MAP AND SCORECARD FOR TOWER HAMLETS HOUSING SERVICE DIRECTORATE

1. INTRODUCTION

In the previous chapter a Strategy Map and a Scorecard have been developed for Tower Hamlets Social Services (SSD). The strategy map showed the SSD vision, relevant community plan themes and the rearranged strategic objectives and priorities of SSD under the four perspectives of Balanced Scorecard. Appropriate measures were chosen from the relevant SSD and council strategic documents for each rearranged objective. At the end of the chapter the plan to cascade two similar documents i.e. a strategy map and a scorecard for Tower Hamlets Housing Service Directorate was highlighted. Accordingly, the development of one cascaded strategy map and one cascaded scorecard for housing service directorate (HSD) will be discussed in this chapter.

2. THE HOUSING SERVICES DIRECTORATE (HSD) OF TOWER HAMLETS

The local and national context in which HSD operates:

Similar to the Social Service Directorate (SSD) of Tower Hamlets, the Housing Service Directorate (HSD) has also been mentioned briefly in chapter four while discussing the working of the council. It is one of the five corporate directorates of Tower Hamlets Council. In terms of its activities and functions, it is the main contributory to the achievement of Community Plan objective- 'More Homes of a Decent Standard'. But its functions are also driven by some important sub-regional and national policy agenda to build sustainable communities – delivering Decent Homes, increasing the supply of affordable homes and regenerating deprived neighbourhoods etc.

Tower Hamlets Council is the largest single landlord in the borough, with about 24,000 tenanted properties and approximately 12,000 leasehold homes (27% of housing in the borough). Housing tenure in this borough is undergoing significant changes due to growth in private sector housing, investment in regeneration, registered social landlord development, and high levels of 'right to buy' sales.

Tower Hamlets is an area where demand is greater than the supply of affordable housing. Its lettings policy is designed to target the available supply of homes to the people in most need. In spite of this situation, the council seems to be committed to improving the quality of housing across all tenures in the borough and providing services and housing advice to private sector tenants and landlords.

The housing office gives advice to home seekers about their prospects for housing via the Tower Hamlets housing list. It also offers information about other housing options.

Partner landlords

Tower Hamlets Housing Service (HSD) has several partner landlords whose houses and flats are in the list of HSD. At present the following land lords are Tower Hamlets partners in housing:

- Bethnal Green & Victoria Park Housing Association
- Poplar HARCA
- LABO Housing Association
- Spitalfields Housing Association, and
- Tower Hamlets Community Housing
- East End Homes
- Southern Housing Group
- Swan Housing Association.

All the Tower Hamlets partner landlords use the same lettings policy and decide applicants' priority for housing in the same way.

Housing options—central registration housing service

A new simplified house hunting service developed by the Metropolitan Homes Organisation (MHO) and other East London boroughs in consultation with local housing associations is now available to Tower Hamlets residents.

The aim of the service is to provide a centralised "one-stop-shop" of affordable home ownership and rental properties for applicants who live, work or want to live in the following East London sub-region boroughs:

Barking and Dagenham, City, Hackney, Havering, Newham, Redbridge, Tower Hamlets, and Waltham Forest

The Housing Options service has been designed so applicants will only have to deal with one contact and fill in one application form to access properties from all the different housing associations that operate across the Sub-Region. The schemes that will be available are:

- Shared Ownership - A part buy, part rent scheme
- Homebuy - A 25% 'equity loan' towards a home provided by the Housing Association
- Intermediate Rent - Short-term, good quality, private rented accommodation 20%-30% cheaper than conventional private renting.

Priority on the housing list

Tower Hamlets has a very large demand for affordable housing and a very short supply of it. So some criteria have been developed for assessing the relative priority of the applicants.

Criteria for assessing priority

By law, 'reasonable preference' are given to people who:

- are homeless or threatened with homelessness or owed a duty under Homelessness legislation
- need to move on medical or welfare grounds
- live in overcrowded or unsanitary or otherwise unsatisfactory housing conditions
- need to move to a particular area to ease hardship.

In Tower Hamlets the HSD has devised four categories of applicants, called 'community groups', to comply with the law and take account of local needs.

Key worker scheme

A new scheme for 'selected public sector worker', sometimes called a 'key worker', has been launched recently for those who do not have a social tenancy and/or do not live within a reasonable distance of workplace. They will be given additional priority for getting council tenancy provided they are employed full or part time on a permanent contract (i.e. not agency staff) within the borough as one of the following:

- ambulance staff who is also a paramedic
- a fully qualified nurse working in one of the borough's NHS hospitals
- a fire fighter or police officer stationed in the borough
- a teacher working in one of the borough's Local Education Authority (LEA) maintained schools.

Home buy schemes

Two kinds of scheme are in operation under Home Buy Schemes for the social tenants of Tower Hamlets Council.

Cash incentive scheme

The cash incentive scheme offers grants to existing social tenants in Tower Hamlets to buy a home of their own, therefore releasing their home to someone on the housing list. You do not have to pay this grant back.

Due to shortage of funds, only the social tenants living in Tower Hamlets who have a family-sized (i.e. two bedrooms or more) secure or assured social tenancy is considered.

Shared ownership

Shared ownership allows one to buy a share of a house or flat, usually from a housing association, and pay rent for the remainder. Later, if the buyer can afford it, he can increase his share until he owns the whole property.

Priority is usually given to council or registered social landlord tenants, or those on the housing waiting list. The scheme is also open to key workers in the borough.

Designated properties and schemes for the over 50s

Every week the DHS advertise homes that have been designated for people who are over 50. This is in recognition of the fact that some people who are over 50 may have more difficulty than younger people in finding suitable housing.

Sheltered housing schemes

In addition, for those who are over 60, every week the DHS advertise sheltered housing schemes specially designed for the over 60s. These are not residential care or care homes.

Moving to the countryside or by the sea

For the people over 60, there is an option to retire to a home by the sea or in the country, through the HOMES scheme. The homes are flats and bungalows with one or two bedrooms and are scattered all over England.

3. HOUSING STRATEGY

Tower Hamlets Housing Strategy has been formulated within the wider national legislative and policy context. The Strategy responds to the regional framework of priorities, with Tower Hamlets being disproportionately affected by many concerns found within the Thames Gateway. The Strategy is shaped by local circumstances and the needs and aspirations of residents and the Council's key partners.

The Strategy sets out the Council's approach to the housing concerns facing Tower Hamlets. This includes further developing the Council's enabling role, working with others to improve housing supply; addressing poor housing conditions across all tenures; providing access to advice and housing opportunities for all residents and assisting in addressing wider community concerns. The Strategy also sets out the Council's approach to the delivery of Decent Homes and the role of residents and partners in the development of the Strategy.

Strategic framework

Tower Hamlets is a distinct and unique borough, where the spectacular regeneration of Docklands vies for national attention with the acute poverty of the most deprived area in the country. The Council has a vision to: "improve the quality of life for everyone living and working in Tower Hamlets." The Housing Strategy is set within this corporate vision and highlights Housing's contribution to meeting the five themes developed to meet this vision, which are to make Tower Hamlets:

- a better place for living safely;
- a better place for living well;
- a better place for creating and sharing prosperity;
- a better place for learning, achievement and leisure;
- a better place for excellent public services.

Housing has a significant role to play in contributing to all of these corporate themes, with a primary focus on living safely, living well and providing excellent public services. The Housing regeneration programmes seek to address wider corporate goals through improving housing and diversifying tenure, providing employment, training and health improvements and addressing crime and anti-social behaviour concerns with its partners.

At present the HSD has identified four areas of strategic focus in order to contribute to the Community Plan themes and Council's Strategic priorities. The following table shows the linkage of these four focus areas with the relevant Community Plan themes and Council Strategic Plan objectives.

Table: 7.1 The link of HSD's strategy and service plan priorities with community plan aims and council's strategic plan.

Tower Hamlets Community Plan Aims	Tower Hamlets Council Strategic Priorities	Housing Strategy & Service Priorities
A better place for living well	More homes of a decent standard.	1. To increase the supply of affordable homes.

A better place for living well. A better place for living safely. A better place for creating & sharing prosperity. A better place for learning achievement & leisure.	Increased community safety. Cleaner, safer streets. More homes of a decent standard.	2. To provide Decent Homes and Decent Neighbourhoods.
A better place for living well.	Improved outcomes for vulnerable children and adults. Reducing poverty.	3. To reduce homelessness and meet the needs of vulnerable residents.
A better place for excellent public services.	More effective staff. More effective council services. Improved equality of opportunity. Increased democratic participation & engagement.	4. To provide excellent housing services.

4. HSD'S CONTEXT FOR KEY AREAS OF WORK IN 2005/06

The tenure profile of Tower Hamlets has undergone significant changes in the last 17 years. The shift away from the predominance of council housing since the late eighties is due to a range of factors, including growth in private sector housing, investment in regeneration, registered social landlord development, and right to buy sales. In 1987 housing was predominantly managed by the council (74%), private housing was 18%, and Registered Social Landlords (RSLs) accounted for 8%. In 2004, the tenures have changed significantly with private housing amounting to 55%, council housing 27% and RSLs 19%. With this kind of fast changing scenario and the four focus areas mentioned in the table 7.1 in mind, the following areas of work have been prioritised by HSD for 2005-6 financial year.

Preparing for the Future of housing

The HSD is preparing to operate in an increasing multi-landlord environment. For instance, many of its leaseholders are themselves becoming landlords and Housing Choice Estate Steering Groups - representing 80% of homes on estates - have chosen a Registered Social Landlord (RSL) partner to work with to find the necessary investment to improve their estate. The HSD's services must meet the needs of residents regardless of their tenure type. During the current business year HSD will review and reconfigure floating support services to provide support to households from all tenures – including families or people in temporary accommodation. HSD will be responding to its changing management role as both a direct service provider and a growing coordinator of social housing. It will provide strong leadership and direction for providers of social housing in the borough, and develop working relations with landlords that enhance sharing best practice.

East London Sub-regional working

At the sub-regional level, HSD works in close partnership with the seven other boroughs that make up the East London Housing Partnership. As well as having the highest calculated need for housing in London, East London has been highlighted by the Government Communities Plan as an area with huge potential for increasing the supply of affordable homes. The East London Housing Partnership members will work closely together to co-ordinate the strategic direction for housing in East London. The collaboration of the local authorities in the Sub Region can be seen in the agreement on the allocation of nomination entitlements across East London, plans to harmonise lettings policies and implement a unified waiting list for low cost home ownership properties, and procurement of temporary accommodation. During 2005/06 the partnership will produce an **East London Housing Strategy** and develop strategies and policies which complement and support the new housing growth areas, such as the **'Thames Gateway'**.

Providing excellent services

The HSD intends to make all its services to be excellent housing services. This is a clear theme in its Housing Strategy Statement and the Housing Service Plan. It has conducted an in-house assessment and gap analysis exercise of their services against the Audit Commission Key Lines of Enquiry (KLOE) reports. The results of the analysis were used to inform service improvement activities which were prioritised and fed into development of team plans. It is also committed to rolling out the Customer Promise in line with Corporate direction and making sure that it is embedded within all team plans and work standards. The Customer Promise is in essence a contract between the council and users of services which stipulates the level of service they can expect from us. It includes new standards – which will be monitored - for staff dealing with customers face-to-face, over the phone and in correspondence.

Customers' ability to access HSD services is another area targeted for improvement during the year. The Council is extending the capability of the Customer Contact Centre to handle 80% of general enquiries. Part of the planned developments include establishing a housing customer contact centre to support queries taken by the Customer Contact Centre, thus reducing the number of service related telephone numbers currently in existence and to avoid holding customers in a chain of transferring phone calls.

Value for money in service provision

The Corporate efficiency agenda requires HSD to identify potential for increasing value for money in service provision. This involves identifying ways of releasing resources that can potentially be reinvested in priority areas that deliver important outcomes. Housing's contribution to the corporate annual efficiency statement for 2005/06 – which seeks savings of 2.5% - are:

- holding Supporting People Service contract prices at 2004/05 levels (**non-cashable saving**: efficiency that does not release cash savings, but involves delivering improved services at the same cost);

- increase take up of Family Rent Deposit Scheme to prevent homelessness cases (cashable saving: predicted efficiency saving of approximately £368,000 from easing demand on Homeless Service for temporary accommodation and housing).

By the end of the year, HSD intends to identify further efficiency savings – cashable and non-cashable – to meet the requirements of the Corporate Efficiency Strategy and Resource Plans, and the development of the Efficiency Statement for 2006/07.

E-government

E-government and use of technology has been identified as a key tool for improving delivery of its services. This is also in line with the directives of the ODPM who sees it as a primary driver in providing value for money of local services. During the year it will continue migration of service data to the Integrated Housing Management System so that implementation of all modules is complete by April 2006. The new system will allow services to adopt more efficient processes to support their work

An integrated system also increases the effectiveness of monitoring and reporting arrangements. The system will support Management scrutiny of the local performance indicators developed for the new Housing Performance Framework. Many of the indicators that will be reported to the Service Head's Star Chamber - such as the indicators for the Rents and Housing Benefits Service (eg the number of home visits per case officer, arrears recovered or instances of fraud detected) - are closely linked with HSD's aspirations to increase value for money in delivery of services.

Operating to the highest standard of equalities

Tower Hamlets is applying for Level 5 of the national Equality Standard for Local Government this year. Apart from Lewisham, it is the only Council in the United Kingdom to apply for the highest level of Equality Standard.

In previous years the HSD have been working to mainstream the corporate equality and diversity policy into its working practices and delivery of its services to residents. It has

initiated service improvement activities which increased equal opportunity for involvement and access to services.

In 2003/04 it introduced diversity monitoring categories to its application forms and satisfaction surveys to assess the impact of services on different diversity groups.

This year the HSD intends to ensure that equalities objectives and activities continue to be embedded across all housing teams and services so that all services can demonstrate best practice in meeting Level 5 requirements.

The HSD wants to review its HR strategy for progress in achieving a workforce that reflects the make up of the Tower Hamlets community, and ensuring that staffs have an equalities objective/s and activities in their Personal Development Review (PDR).

Development of excellent staff

Developing excellent staff has been recognised as a key driver in providing excellent services at HSD. It has achieved 'Investors in People' (IiP) status in 2004/05 and, corporately, it aspires to reach the highest level of Investors in People by 2008. It wants to meet the development needs of its staff and to help all staff to understand the vital contribution their everyday work makes to the overall performance of their service and the Directorate. During 2005/06 it will roll out the new Personal Development Review (PDRs) process to all housing staff. Implementation will be supported by the Housing Learning and Development section, who will meet with Managers to discuss the work set out in their team plans, training requirements for staff, and how to incorporate targets from the Housing Service Plan and Corporate initiatives into individual staff PDRs.

The HSD also attaches importance to improved communication at all levels of the Housing Directorate for increasing staff satisfaction. The Housing Directorate Communications Strategy is being revised to address the findings of the staff survey conducted in 2004, and the suggestions made during the follow up housing staff focus groups.

5. MANAGEMENT STRUCTURE AND SERVICE TEAMS

The Housing Service Directorate is headed by a director. There are three service groups – Strategy and Development, Central Housing Services, and Housing Management Services. The director is helped by Directorate Management Team (DMT), and the three service teams.

The main outputs of the directorate are provided through the three Services. Each service has number of functions in order to provide effective services to the tenants. The housing directorate organisation chart is given in the Annex-7 at the end of this chapter.

6. PERFORMANCE MEASUREMENT AND PERFORMANCE INDICATORS

Performance measurement activities at HSD are part of the council's overall performance measurement and evaluation systems which has been briefly mentioned in chapter four while describing the workings of the Tower Hamlets Council. The performance measurement and evaluation of HSD activities are similar to those at other service directorates. The HSD does not have anything equivalent to CSCI or DoH for Social Service Directorate. The HSD's performance are measured by a host of performance indicators (PIs). These indicators represent a mixture of national (mostly BVPIs) and local indicators, which are also identified in the Council's Best Value Performance Plan. In the table 7.2 the BVPI and local indicators relevant to HSD are listed.

Table 7.2: The list of the current BVPI and Local PIs relevant to Housing Services

Sl. No.	BVPI	Performance indicators
1	BV 62	% of unfit private sector dwellings made fit/demolished
2	BV 63	Average SAP rating of LA dwellings
3	BV 64	No. of private sector vacant dwellings returned into occupation/demolished as a result of action by LA
4	BV 66a	Rent collected as a proportion of rent owed
	BV 66b	No. of tenants with more than 7 wks rent arrears as a % of total tenants
	BV 66c	% of tenants in arrears with Notices Seeking Possession
	BV 66d	% of tenants evicted as a result of rent arrears
5	BV 164	CRE code of practice & Good Practice Standards
6	BV 183a	Average stay in B&B accommodation (weeks)
	BV 183b	Average stay in hostel accommodation (weeks)
7	BV 202	No. of people sleeping rough on a single night

8	BV 203	% change in number of families placed in temporary accommodation
9	BV 213	No. of households who considered themselves as homeless who sought housing advice & where intervention resolved the situation
10	BV 214	Proportion of households accepted as statutory homeless who were accepted as statutory homeless within the last two years
11	BV 211a	Proportion of planned repairs compared to responsive maintenance
	BV 211b	Proportion of expenditure on emergency and urgent repairs compared to non-urgent
12	BV 212	Average time taken to re-let property
13	BV 184a	Local Authority homes which were non-decent
	BV 184b	Change in proportion on non-decent homes

Besides these Best Value indicators for measuring performance of HSD, there are some more BV indicators to measure satisfaction of the clients on the quality of services provided by HSD. They are listed in Table 7.3

Table 7.3: List of the BVPI for Housing service satisfaction

	BVPI	Housing Service Satisfaction Indicators
14	BV 74a	Satisfaction of tenants with the overall service: all tenants Confidence interval (646)
	BV 74b	Satisfaction of tenants with the overall service: black and minority ethnic tenants Confidence interval (196) +/-7.00
	BV 74c	Satisfaction of tenants with the overall service: non-black and minority ethnic tenants Confidence interval (442) +/-4.60
	BV 74x	Year of survey
15	BV 75a	Satisfaction of tenants with opportunities for participation: all tenants Confidence interval (551) +/-4.10
	BV 75b	Satisfaction of tenants with opportunities for participation: black and minority ethnic tenants Confidence interval (168) +/-7.50
	BV 75c	Satisfaction of tenants with opportunities for participation: non-black and minority ethnic tenants Confidence interval (374) +/-5.00
16	BV 80	
		(a) Overall I am satisfied with the facilities to get in touch with the benefits office: strongly agree/agree – all
		(b) Overall I am satisfied with the service in the actual office: strongly agree/agree – all
		(c) Overall I am satisfied with the telephone service: strongly agree/agree – all
		(d) Overall I am satisfied with the staff in the benefits office: strongly agree/agree – all
		(e) Overall I am satisfied with the clarity and understandability of the forms, leaflets and letters: strongly agree/agree – all
		(f) Overall I am satisfied with the amount of time it took them to tell me whether my claim was successful: strongly agree/agree – all
		(g) Service overall: strongly agree/agree – all

The BVPI also measures the performance of Housing benefit services offered by HSD of Tower Hamlets. The Table 7.4 lists these indicators.

Table 7.4: List of the BVPI for Housing Benefits

	BVPI	Housing Benefits Service Indicators
17	BV 76a	Number of claimants visited/1000 caseload
	BV 76b	Number of fraud investigators/1000 caseload
	BV 76c	Number of fraud investigations/1000 caseload
	BV 76d	Number of prosecutions and sanctions/1000 caseload
18	BV 78a	Average time for processing new claims (days)
	BV 78b	Average time for processing notifications of changes of circumstances (days)
19	BV 79a	Percentage of cases for which the calculation of the amount of benefit due was correct
	BV 79b	Percentage of recoverable overpayments (excluding Council Tax Benefit) that were recovered in the year.
	BV 79b(i)	Amount of overpayment recovered during year as % of that deemed recoverable
	BV 79b(ii)	Overpayments recovered as a percentage of the amount of overpayment debt
	BV 79c(iii)	Overpayments written off as a percentage of overpayment debt outstanding

Besides the statutory BVPIs there are local indicators known as Tower Hamlets Index (THI) and Local Public Service Agreement (LPSA) indicators. They are listed in Table 7.5

Table 7.5: Local PSA indicators and Tower Hamlets Index

	PSA, THI, &	Local Indicators
21	THI 10 Local 72	% of urgent repairs completed in government time
22	Local/ BV 62	% of unfit private sector dwellings made fit/demolished
24	Local/ BV 185	% of responsive repairs, which the LA both made & kept appointment
25	THI 11	Average re-let times for dwellings (days)
26	THI 12a	No. of Common Housing Register lettings to overcrowded households
	THI 12b	No. of Common Housing Register lettings to under-occupying households

These performance indicators are published in every council's Best Value Performance Plan and give an overall picture of the performance of every Local Authority in England and Wales.

Monitoring & reporting performance

The Housing Regeneration and Investment Group monitors Community Plan and Corporate Strategy targets. The servicing planning process provides for progress against targets to be reported to the Directorate's Management (DMT) Team and the

Directorate's Best Value Steering Group monitor the implementation of Housing Best Value Improvement Plans.

The Cabinet monitors progress on the achievement of the Tower Hamlets Index, aiming for upper quartile performance on a specified basket of indicators. Key housing management performance information covering voids, repairs, lettings, rents, Housing Benefits, homelessness, enquiries and complaints is reported to Members on a quarterly basis under Scrutiny arrangements. Performance is also reported in the borough's Best Value Performance Plan, the Annual Report to Tenants and to area TCG meetings. The regular performance Bulletin to Members and residents continues to be developed.

Best Value reviews

Three Best Value Reviews have been inspected in the last year and all were assessed as 'likely to improve', two being awarded '1 star' and one received no stars. The areas covered were: *Repairs, Right-to-Buy (RTB) & Leasehold Services, Estate Management, Major Works, Tenancy Management, Best Value consultation, and Benchmarking*

7. SUMMARY

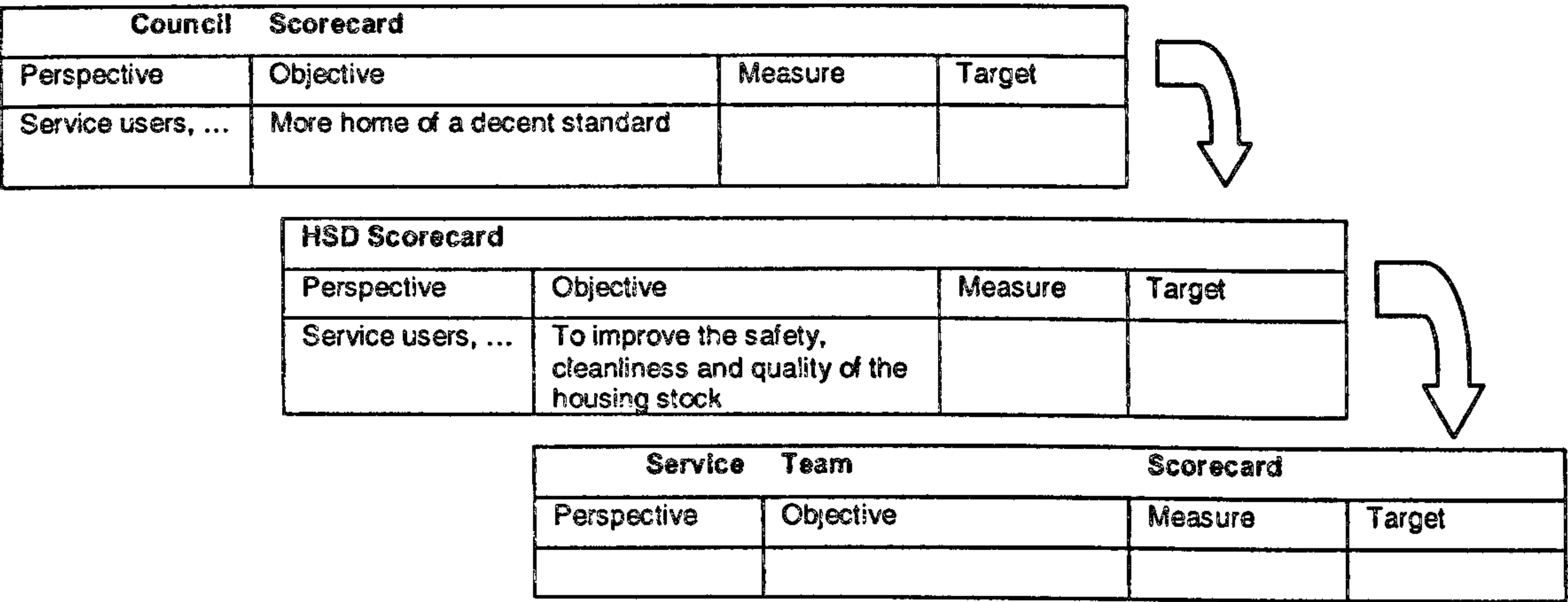
Tower Hamlets Housing Service is one of the important directorates that contribute to the realisation of Council Vision 'To improve the quality of life for everyone living and working in Tower Hamlets'. Affordable quality housing is essential for a modern and quality community life. This fact underpins the activities HSD. Table 7.1 shows the linkage of its priorities with community plan themes and council strategic priorities. Besides these, the national strategy on Neighbourhood renewal has put additional emphasis on making more homes of decent standard. The fact of being in the most deprived area of the country has made the task of HSD more challenging. As mentioned in the last chapter regarding the SSD, partnership is similarly important for HSD to continuously deliver best services to its clients and at the same time prepare for the changing role of a social housing coordinator.

In order to effectively manage its performance and coordinate the internal and external monitoring and evaluation activities, like the Tower Hamlets Council, the HSD also requires same kind of robust and comprehensive performance measurement framework as has been highlighted in the previous chapter. On the basis of the foregoing discussion the case for testing the advantage of Balanced Scorecard has been strengthened

8. THE SCHEME OF DEVELOPING STRATEGY MAPS AND SCORECARDS

The scheme of developing strategy maps and scorecards in the HSD is based on the cascading method as mentioned in the previous chapter.

Fig 7.1: Making and cascading the scorecard for HSD



However the format of the strategy map will take the form of triangular arrangement as was done for Council Strategy Map.

The Council Vision was adopted as the vision for HSD. Logically this has been placed at the top (Fig 7.3 at Annex 7) as HSD as functional directorate is vested with the responsibilities to contribute towards the realisation of this council vision. This is fulfilled by the realisation of the HSD goal-‘More homes of a decent standard’ at the second layer of this strategy triangle. The HSD goal will be achieved by implementing the four priorities which have been placed in the 3rd level. The four priorities have been further

operationalised by 15 objectives which are arranged in a cause-and-effect relationship and grouped under the four perspectives of BSC model. Together they form the HSD scorecard. This strategy triangle is the result of one step down cascaded council strategy triangle.

9. DEVELOPING STRATEGY MAP and SCORECARD FOR HSD ON BSC MODEL

As mentioned in the previous chapter, 'Strategy map of an organisation is the 'description of its strategy by explicit cause and effect relationships among the objectives in the four BSC perspectives'³. In other words a strategy map of an organisation is re-arranging the objectives in a 'cause-and-effect' fashion that describes how the strategy will be implemented.

Sources of Data and Information

The sources of data and information for developing the strategy map and scorecard for HSD were of three types: a. Strategy documents; b. Reports; and c. interviews with councillors and top officials of Tower Hamlets council.

(a) Strategy Documents: For this task The Tower Hamlets Strategic Plan 2005-6, Community Plan 2005-6, and HSD Service plan 2005-06, Housing Revenue Account Business Plan, Housing Strategy Statement and other documents were used as sources of data and information. Hard copies of some of these documents were collected from council office. The website of the Tower Hamlets Council was also very informative and useful. Valuable up to date data and information were downloaded from the council website.

(b) Reports: The HSD, the council and external bodies also publish periodic monitoring, evaluation and audit reports such as Annual report on the performance of HSD services, Information and performance of Housing Services

³ Strategy Maps: Converting intangible assets into tangible outcomes, Kaplan, Robert S; Norton, David P, Harvard Business School Publishing, Boston, USA 2004, P xii.

report, Best Value Inspection reports, Audit Commission's Comprehensive Performance Assessment etc. Hard copies of these reports were collected from council office and similar up to date reports were downloaded from council and Audit Commission's websites. For this task the Tower Hamlets Strategic Plan Annual Report 2004-5, Audit Commission's Comprehensive Performance Assessment 2003 were used.

(c) Interviews: Interviews with relevant councillors and officials were very helpful in obtaining important information on HSD's performance measurement system. For this task the author met the Performance Management Manager of Chief Executives Department, and Housing Performance Manager. The list of these interviewees is to be found in Appendix A. More officials will be interviewed in the final phase of study at Tower Hamlets council.

10. CONSTRUCTING THE STRATEGY MAP

Putting the common vision at the top:

As shown in the strategy triangle in Chapter five, the vision of Tower Hamlets council- 'To improve the quality of life for everyone living and working in the borough' was placed at the top of the strategy map. The full version of the strategy map can be seen at Figure 7.3 at the Annex-7 at the end of this document.

The second position of the corporate goal:

It was discussed in the previous chapter that the vision of the council would be considered fulfilled if the five community themes or the community focus areas were achieved. One of those five community themes was -

Making Tower Hamlets ***A Place for Living Well*** – where an improved supply of decent and affordable housing, healthier communities with lower sickness and mortality rates and quicker and more convenient access to health services, better provision and care for children and young people, older people and others who need support are easily available. This community plan theme was linked to two strategic objectives mentioned in the Council's Strategic Plan- 1. More Homes of a Decent Standard; and 2. Improved

Outcomes for Vulnerable Children and Adults. The first one is related to Housing Strategy and is the focus of Housing Service Directorate (HSD). As a result of cascading from the council strategy map, this first strategic objective i.e. 'More homes of a decent standard' has been chosen as the Housing service goal and was placed below the 'vision' in the strategy map as shown in the figure 7.3

The third position of HSD priorities:

As mentioned at the beginning of this chapter that the HSD has adopted four priority areas to focus its activities during 2005-06. It has developed its service plan around these four priorities. The action plan in the Service Plan contains the descriptions of strategic objectives under each priority areas and performance indicators or target, activities and progress mile stones for each objective. Because of the HSD's assumption that focusing on these priority areas will result in achieving the Housing Service goals, these four priorities have been placed at 3rd level of Strategy Map.

The strategic objectives:

The Housing Service plan 2005-06 contains detailed action plan for the four priority areas. There are 27 strategic objectives developed under the four priority areas. Out of this 27 objectives, 25 are common with objectives developed in the action plan of Council's Strategic Plan. They are listed in Table 7.6.

Table: 7.6 : Common objectives of Housing Service plan and Council's Strategic plan

Housing Strategy & Service Plan Priority	Housing Service Plan Objectives	Tower Hamlets Council Strategic Plan Reference
1. To increase the supply of affordable homes.	1. To enable residents to actively participate in deciding the future investment opportunities and management of their homes. Strategic Plan ref 2.1.1	More homes of a decent standard.
	2. To improve the quality of the housing stock. Strategic Plan ref 2.1.3	
	3. To increase the supply of affordable homes (Strategic Plan ref 2.1.2)	
	4. To enable older service users to access health and social care services through a single process. Strategic Plan ref 2.2.2	

2. To provide Decent Homes and Decent Neighbourhoods.	5. To reduce the level of antisocial behaviour (ASB) and the impact which ASB has on the quality of life of our communities Strategic Plan ref 1.1.2	
	6. Improve Community safety by improving security to residents homes Strategic Plan ref 1.1.8	
	7. To improve the cleanliness of housing estates Strategic Plan ref 1.2.3	
	8. To improve recycling activity and performance in the borough. Strategic Plan ref 1.2.4	
3. To reduce homelessness and meet the needs of vulnerable residents.	9. To prevent and deal with homelessness. Strategic Plan ref 2.1.6	
	10. Assist vulnerable people to sustain their accommodation. Strategic Plan ref 2.1.5	
	11. To increase local employment rates in Housing Construction and maintenance work. Strategic Plan ref 3.2.1	
	12. To enhance access to employment opportunities for young people. Strategic Plan ref 3.2.2	
4. To provide excellent housing services.	13. To develop a high performance culture by investing in staff Strategic Plan ref 5.1.1 & 5.1.2	
	14. To prepare for the Future of Housing: Responding to the council's changing management role and growing partnership/co-ordination role with multi-landlords operating in the borough.	
	15. To facilitate service review to generate improvement and ensure best value. Strategic Plan ref 5.2.3	
	16. To embed and improve performance management framework in housing Strategic Plan ref 5.2.4	
	18. To provide and disseminate accurate data & monitoring information and analysis to support service provision. Strategic Plan ref 5.2.5	
	19. To improve value for money (VFM) in providing services Strategic Plan ref 5.2.12	
	20. To improve access to public services. Strategic Plan ref 5.2.15	
	21. To use new technology to support the delivery of excellent public services. Strategic Plan ref 5.2.16	
	22. To develop and implement an effective corporate records management function in the council.	

	Strategic Plan ref 5.2.17	
	23. To ensure efficient use of Council accommodation resources. Strategic Plan ref 5.2.18	
	24. To improve the extent to which the workforce reflects the community. Strategic Plan ref 5.3.1	
	25. To promote and sustain community cohesion by ensuring that Council services operate to the highest standard of equalities. Strategic Plan ref 5.3.2	
	26. To support the effective development of the Tower Hamlets Partnership, ensuring strategic and operational integration with the work of the council. Strategic Plan ref 5.4.4	
	27. Improve resident involvement opportunities	

Among these 27 common objectives mentioned above, only 15 objectives seemed more strategic than the others and were considered for inclusion in the strategy map. They are:

- 1) To enable residents to actively participate in deciding the future investment opportunities and management of their homes.
- 2) To improve the safety, cleanliness and quality of the housing stock.
- 3) To increase the supply of affordable homes
- 4) To prevent and deal with homelessness
- 5) Assist vulnerable people to sustain their accommodation
- 6) To improve access to housing services.
- 7) To improve value-for-money in providing services
- 8) To use new technology to support the delivery of excellent public services.
- 9) To promote and sustain community cohesion by ensuring that Council services operate to the highest standard of equalities
- 10) To embed and improve performance management framework in housing
- 11) To develop a high performance culture by investing in staff
- 12) To improve the HRM so that the workforce reflects the community.
- 13) Improve housing services as per recommendations of internal and external reviews and best practices.
- 14) Efficient rent collection and maximisation of income

- 15) To prepare for the Future of Housing: Responding to the council's changing management role and growing partnership/co-ordination role with multi-landlords operating in the borough.

13 of these objectives are common to HSD service plan and council's strategy plan. The 14th objective 'Efficient rent collection and maximisation of income' was taken from the Best Value list and the 15th objective 'To prepare for the Future of Housing: Responding to the council's changing management role and growing partnership/co-ordination role with multi-landlords operating in the borough' is a unique objective mentioned in the HSD's service plan and reflects the changing role of HSD from being the largest house owner in 1970s to a coordinator of social housing in the Tower Hamlets council in 2006.

These 15 objectives were then arranged under the four perspectives of Balanced Scorecard Model within the strategy map.

The re-arrangement of strategic objectives under BSC perspectives:

The 15 objectives were grouped under

- Customer
- Financial
- Internal process, and
- Learning and growth perspective of BSC model.

For Tower Hamlets council the original nomenclature of BSC perspectives were slightly changed. The customer perspective was changed to service users, community and stakeholder perspective after consulting the relevant official of the council. During discussion with Tower Hamlets officials it was learnt that they call their customers as 'Service Users'. Therefore it was decided to change the Customer perspective to service users, community and stakeholder perspective. 'Community' and 'Stakeholder' were added to it because of the need to make it more comprehensive. The financial perspective has been renamed as Resource Management perspective as the latter has more comprehensive meaning. Recently the Tower Hamlets council has changed the name of its corporate director for Finance to Director for Resources. It was considered

wise to change the nomenclature of financial perspective to reflect the changed mood within the council. The Internal process perspective has been changed to Internal efficiency perspective keeping in line with the national importance of achieving Economy, Efficiency and Effectiveness. The Learning and growth has been kept as the same.

The grouping of the objectives was done on the basis of what they were intended to achieve. The important consideration was to identify the 'cause and effect' relationships among them. The 'cause and effect' relationship can be explained in terms of 'process and result or outcome'. For example, the outcomes that the service users and community want are 1. To enable residents to actively participate in deciding the future investment opportunities and management of their homes, 2. To improve the safety, cleanliness and quality of the housing stock, 3. To increase the supply of affordable homes, etc. These results can be obtained by efficient council services and efficient financial management of those services. Here the efficient financial management and other services are the causes or processes and the improved safety, quality homes and affordable homes of decent standard etc. are the effects or the outcomes. Again improvement of HRM, Implementation of E-government plan, and Improving services as per recommendations of Audit commission and best practices etc. will help the council sustain effective council services in the long term. So the former are the cause and the latter are the effects.

Service users, community and stakeholders perspective.

On the basis of these considerations, the first six objectives which are like the most obvious outcomes that the community, service users and stakeholders expect from the HSD were grouped under the first perspective i.e. service users, community and stakeholders perspective.

Resource Management perspective

Under the second perspective i.e. Resource Management, those objectives were identified which were related to efficient financial and resource management process. Three objectives were considered for this perspective. The first one-' To improve Value-

for-money in providing services' was chosen from the common list of Housing Service Plan and Council's Strategic Plan. The second one 'Efficient rent collection and maximisation of income' was chosen from the BVPI list. The third one-' To prepare for the Future of Housing: Responding to the council's changing management role and growing partnership/co-ordination role with multi-landlords operating in the borough' was unique one and was mentioned in the Housing service plan only. These three were very important objectives for enhancing financial management of the Housing Service. As efficient financial management helps HSD achieve its other priority goals so they were selected for inclusion in the strategy map under the 'Resource Management' perspective.

Internal Efficiency perspective

Three objectives were included under the 'Internal Efficiency' perspective. All are from common list of Housing Service plan and Council's Strategic Plan and were considered strategically important.

Learning and growth' perspective

The remaining three objectives were placed under the 'Learning and growth' perspective. All three objectives are mentioned in the HSD Service Plan. They are considered strategically important in the long run for the development and growth of the council.

The four groups of objective have been carefully chosen and were placed under the four BSC perspectives so that they relate to each other in logic of cause-and-effect relationship. The cause-and-effect relationship can be explained through an example. The three objectives in the last perspective which are related to long term improvement of the HSD and the council will help better processes of internal efficiency and resource management. There are six objectives in these two perspectives. If these are achieved then it will mean the six customer perspective objectives will be achieved. That will mean improved services for the service users, community and stakeholders. The satisfaction of the latter will help achieve four HSD priorities and that will mean the achievement of housing services goal and fulfilment of council's vision.

Looking from the top, the Vision of the council was operationalised into relevant community theme, 'more home of a decent standard. This theme was further made operational by the four priorities of HSD. To achieve success in the four priority areas, fifteen strategic objectives were chosen from several objectives mentioned in the Housing Service Plan and Tower Hamlets Council Strategy Plan. The fifteen objectives were arranged in four groups and placed under the four perspectives of BSC model in a cause-and-effect relationship. The whole diagram will be called Strategy Map of Tower Hamlets Housing Service Department (HSD) in the subsequent paragraphs and pages.

After constructing the HSD Strategy Map, the Scorecard for HSD was developed.

11. THE TOWER HAMLETS HOUSING SERVICE SCORECARD

As discussed previously in this chapter, a scorecard for an organisation or for a part of it will comprise of objectives that are part of the Strategy Map, measures of objectives, targets of those objectives, and initiatives or actions for achieving those objectives. Scorecards may also include budget for each initiative and the name of the responsible person.

In the first column the name of the BSC perspective is written. The relevant objectives were placed in the second column. In the third column measures for each objective were placed. The fourth column will hold data for targets and the fifth column will describe the initiatives. The sixth column will contain budget figures for each initiative.

Similar format was followed for prototyping scorecard for HSD which will be described later in this chapter.

Identifying and choosing measures:

The first task was to choose strategically important measures for each objective from a host of indicators and measures that were in existence. Unlike the Social Services activities, the HSD activities are guided by council's strategic plan and government's neighbourhood renewal strategy. As such the performance measurement exercises rely

mostly on Best Value Indicators and also on Tower Hamlets Index and Local Public Service Agreement indicators. There is no equivalent external inspector like CSCI in the case of Housing Services.

As mentioned before, from a host 45 indicators (Table 7.1) 35 indicators were chosen to measure 15 objectives. There were two important considerations while choosing the right measures for each objective - first being strategically important and second being relevant to economy, efficiency and effectiveness or 'value-for-money'. Another important consideration was to keep the number of measures for each objective to a minimum. The latter was to make scorecard more manageable and avoid information overload.

The following paragraphs will describe the chosen measures of each objective under the four BSC perspectives and their strategic and value-for-money relevance.

1. Service users, community and stakeholder perspective:

There are six objectives and nineteen measures under this perspective. They are listed in the following table 7.8

The following paragraphs will describe these objectives and their measures.

To enable residents to actively participate in deciding the future investment opportunities and management of their homes

Three measures were chosen from the BVPI list mentioned in the Housing Service Plan.

1. BV 75a Satisfaction of tenants with opportunities for participation: all tenants
2. BV 75b Satisfaction of tenants with opportunities for participation: black and minority ethnic tenants
3. BV 75c Satisfaction of tenants with opportunities for participation: non-black and minority ethnic tenants

As all the three indicators measures the tenants' satisfaction with the opportunities to decide the management of their homes and future investment, they appropriate to be considered as useful measures for this objective.

To improve the safety, cleanliness and quality of the housing stock

Six measures were chosen from a mixed list of BVPI, Tower Hamlets Index and local indicators mentioned in the Housing Service Plan. This objective is more close to the council strategic objective-'More Homes of a decent standard'. The first two were from BVPIs which were intended to measure the number of homes that were made decent. The next two were intended to measure the punctuality with which housing repairs are done. The last two were intended to measure the reduction in overcrowding which is one of the important Local Public Service Agreements for Tower Hamlets. They are mentioned below:

1. BV 184a Local Authority homes which were non-decent
2. BV 184b Change in proportion on non-decent homes
3. THI 10 Local 72 % of urgent repairs completed in government time
4. Local/ BV 185 % of responsive repairs, which the LA both made & kept appointment
5. THI 12a No. of Common Housing Register lettings to overcrowded households
6. THI 12b No. of Common Housing Register lettings to under-occupying households

In combination the six measures will help to gauge the condition of decent houses, responsive repairs and reduction in overcrowding in Tower Hamlets. In other words they will help to measure the quality of housing stock in Tower Hamlets.

Table 7.7: Service users, community and stakeholder Perspective

BSC-perspective	Priorities/ Objectives	Measures
Service users, community and stakeholder Perspective	1. To enable residents to actively participate in deciding the future investment opportunities and management of their homes.	1.1 BV 75a Satisfaction of tenants with opportunities for participation: all tenants 1.2 BV 75b Satisfaction of tenants with opportunities for participation: black and minority ethnic tenants 1.3 BV 75c Satisfaction of tenants with opportunities for participation: non-black and minority ethnic tenants
	2. To improve the safety, cleanliness and quality of	2.1 BV 184a Local Authority homes which were non-decent

	the housing stock.	2.2. BV 184b Change in proportion on non-decent homes 2.3 THI 10 Local 72 % of urgent repairs completed in government time 2.4 Local/ BV 185 % of responsive repairs, which the LA both made & kept appointment 2.5 THI 12a No. of Common Housing Register lettings to overcrowded households 2.6 THI 12b No. of Common Housing Register lettings to under-occupying households
	3. To increase the supply of affordable homes	3.1 % of planned new build completed and delivered 3.2 BV 64 No. of private sector vacant dwellings returned into occupation
	4. To prevent and deal with homelessness	4.1 % of applications assessed within 33 days 4.2 Reduction in number of applications 4.3 BV 203 % change in number of families placed in temporary accommodation. 4.4 BV 213 No. of households who considered themselves as homeless who sought housing advice & where intervention resolved the situation 4.5 No of statutory homeless households re-housed in the year
	5. Assist vulnerable people to sustain their accommodation	5.1 % of progress milestones completed in the year
	6. To improve access to housing services.	6.1 % of 'Customer first' and 'customer promise' programmes implemented. 6.2 % of customers/service users satisfied with the accessibility of housing services

To increase the supply of affordable homes

This objective is one of the common objectives found in the housing service plan and council strategic plan. Two measures were chosen for this objective.

1. % of planned new build completed and delivered.
2. BV 64 No. of private sector vacant dwellings returned into occupation.

The first one- '% of planned new build completed and delivered' has been chosen from the description of activities and progress milestones mentioned in the housing service

plan as there was no PI or measures available in the BVPI list that relates to affordable housing stock. The second one is BVPI 64 'No. of private sector vacant dwellings returned into occupation'. It was chosen because it will measure the increase in the housing stock. The two together will indicate the state of affordable housing stock in the borough.

To prevent and deal with homelessness

This is one of the key national priorities in the deprived areas like Tower Hamlets is one of the common objectives of both housing service plan and council's strategic plan. Five measures were chosen to measure the efficiency and effectiveness of the activities to prevent and deal with homelessness. Among them, two are from the relevant BVPI list and the other three have been chosen from the housing service plan. They are listed below.

1. % of applications assessed within 33 days
2. Reduction in number of applications
3. BV 203 % change in number of families placed in temporary accommodation.
4. BV 213 No. of households who considered themselves as homeless who sought housing advice & where intervention resolved the situation.
5. No. of statutory homeless households re-housed in the year

The first two will measure the speed and efficiency, with which the applications are dealt, the third and fourth measures will show the short term action taken by HSD to solve problem and the fifth measure will show the number of homeless people who got permanent accommodation. Together, the five measures will show HSD's efficiency and effectiveness in dealing with homeless people and solving their problem on long term basis.

Assist vulnerable people to sustain their accommodation

This is one of the important objectives of the council and HSD. There is no BVPI for this objective. So only one measure was chosen from the Housing Service Plan.

1. % of progress milestones completed in the year

This will show HSD's activities towards the achievement of this objective.

To improve access to housing services

This objective reflects council's focus towards excellent customer services. It is more so in housing service. This objective also common to Council's e-government agenda. Two measures were chosen for this objective.

1. % of 'Customer first' and 'customer promise' programmes implemented.
2. % of customers/service users satisfied with the accessibility of housing services

Both the measures were chosen from the housing service plan. Together they will show the amount of improvements made for customers to access the housing services and customers' satisfaction.

2. Resource Management perspective:

Three objectives were selected and placed under this perspective. As discussed before, the financial perspective of BSC in the public sector non-profit organisations is different from that in the private for-profit organisations. Never the less, the efficiency in financial and resource management in public sector organisations remains a very important process for the achievement of other strategic objectives and goals of these organisations. Table 7.9 lists these objectives with their measures.

Table 7.8: Resource Management perspective

BSC perspective	Objectives	Measures
Resource Management	7. To improve Value-for-money in providing services	7.1 Sustaining continuous improvement in the economy, efficiency and effectiveness of council services (from index base of 100) 7.2 % of VFM integration into Financial Planning process and Medium Term Planning in line with Gershon Efficiency Agenda
	8. Efficient rent collection and maximisation of income	8.1 BV 66a Rent collected as a proportion of rent owed
	9. To prepare for the Future of Housing:	9.1 % of progress milestones for New Housing Strategy and Accommodation strategy achieved.

	Responding to the council's changing management role and growing partnership/co-ordination role with multi-landlords operating in the borough.	

Out of the three objectives listed above, the first one is common to housing service plan and council's strategic plan. The other two have been chosen from the housing service plan for their operational and strategic importance.

In the following paragraph the measures for each objective will be described.

To improve Value-for-money in providing services

Two measures were chosen from council's strategic plan and housing service plan.

They are listed below:

1. Sustaining continuous improvement in the economy, efficiency and effectiveness of council services (from index base of 100).
2. % of VFM integration into Financial Planning process and Medium Term Planning in line with Gershon Efficiency Agenda.

These two will show the efforts that HSD is putting to ensure VFM in providing service.

Efficient rent collection and maximisation of income

Only one measure was chosen for this objective. There was a relevant BVPI for this objective –

1. BVPI 66a 'Rent collected as a proportion of rent owed'

It will show the efficiency of housing rent collection. The full rent collection will help the council fund its services better.

To prepare for the Future of Housing: Responding to the council's changing management role and growing partnership/co-ordination role with multi-landlords operating in the borough

This objective is a strategic objective for the Tower Hamlets Council that reflects the changing role of HSD in a fast changing housing ownership and tenure situation. There was no BVPI available for this objective. One measure was chosen from the housing service plan.

1. % of progress milestones for New Housing Strategy and Accommodation strategy achieved

This will measure the council's efficiency in preparing for the future housing role.

3. Internal efficiency:

Three objectives have been grouped under this BSC perspective keeping the strategic value of the objectives in mind. The objectives selected for this perspective are listed in table 7.10

The realisation or positive achievements of these objectives will help the council deliver better services to its customers and better outcome for all stakeholders. The measures of each of these objectives are described below:

To use new technology to support the delivery of excellent public services

This objective is part of the greater E-government agenda of Tower Hamlets Council and its service departments. This is one of the priority areas of ODPM and local public service agreement. As such this objective is very important for HSD

Table 7.9: Internal Efficiency perspective

Internal Efficiency	10. To use new technology to support the delivery of excellent public services.	10.1 % of progress milestones for Integrated Housing Management System achieved and operational. 10.2 % of E-Government agenda for housing services completed. 10.3 % of possible types of services delivered electronically (BVI 157 / PSA 13)
	11. To promote and sustain community cohesion by ensuring that Council services operate to the highest standard of equalities	11.1 % of progress milestones achieved 11.2 % of equalities objectives and targets included in team and service plans and in staff PDRs
	12. To embed and improve performance management framework in housing	12.1 % of progress milestones achieved for the new system

Three measures were chosen for this objective.

10.1 % of progress milestones for Integrated Housing Management System achieved and operational.

10.2 % of E-Government agenda for housing services completed.

10.3 % of possible types of services delivered electronically (BVI 157 / PSA 13)

The first two were chosen from the housing service plan and the third one is a BVPI. Together they will show the level of activities the council and HSD are undertaking to achieve this strategically important objective.

To promote and sustain community cohesion by ensuring that Council services operate to the highest standard of equalities

This objective reflects the national agenda for promoting equality in local government services. Two measures were chosen from the housing service plan as shown below.

1. % of progress milestones regarding the Equality Action Plan achieved
2. % of equalities objectives and targets included in team and service plans and in staff PDRs

Together the two measures will show the council's and HSD's level of activities to ensure equality in providing services to their customers and clients.

To embed and improve performance management framework in housing

This objective relates to HSD's initiatives to improve its performance management framework. One measure was chosen from the housing service plan.

1. % of progress milestones achieved for the new system

This measure will show the results of HSD's activities to implement new performance management system and improvement.

4. Learning and Growth perspective:

Three objectives have been chosen under this BSC perspective keeping the long term goals and their contribution towards internal efficiency and customer services in mind. They are listed in the table 7.11 below.

Table 7.10: Learning and growth perspective

BSC perspective	Objectives	Measures
Learning and growth	13. To develop a high performance culture by investing in staff	13.1 % of Housing learning & development plan for staff delivered 13.2 % of Housing Investors in People (IiP) Action Plan completed 13.3 % of Personal Development Review (PDR) process completed
	14. To improve the HRM so that the workforce reflects the community.	14.1 % of Corporate WFTRC targets met
	15. Improve housing services as per recommendations of internal and external reviews and best practices	17.1 % of best value reviews, audit, and scrutiny panel recommendations followed up or implemented 17.2 % of Areas for improvement identified and translated into actions included in team and service plans for 05/06 and 06/07 17.3 % of Audit Commission's Key Line of Enquiry (KLOE) criteria met

The corresponding measure or measures for each objective are also listed in the above

table. In the following paragraphs, each objective and its measure or measures will be described.

To develop a high performance culture by investing in staff

This one of the important objectives mentioned in both housing service plan and council's strategic plan. This objective reflects the importance both council and HSD attaches to having high quality skilled staff for better service. Three measures were chosen for this objective. All were chosen from the housing service plan and council's strategic plan as there no appropriate BVPI for this objective. The three measures are listed below:

1. % of Housing learning & development plan for staff delivered
2. % of Housing Investors in People (IIP) Action Plan completed
3. % of Personal Development Review (PDR) process completed

The first measure will evaluate the amount of work done to deliver planned Learning & Development' activities to train and develop council staff. The second one will measure the amount of work done to achieve highest level of Investor in People (IIP). The council got this award in 2004/5 and now wants to achieve the highest level of it by 2008.

To improve the HRM so that the workforce reflects the community (WFTRC)

This is also one the very important objectives of Tower Hamlets Council and its service departments as it is one of the multi-ethnic and multi-culture boroughs of greater London. One measure was chosen for this objective.

1. % of Corporate WFTRC targets met

There are number of targets in order to monitor and evaluate the fairness of recruitment and promotion of staff. The aim is to ensure that the make up of the council work force should reflect the actual ethnic mix of the borough proportionally. This measure will show how much of the planned target have been achieved.

The objectives and measures that have been selected and grouped to formulate Tower Hamlets Housing Service Strategy Map and Scorecard are not new. They are being used by the council and the HSD. Their rearrangement under BSC model shows that

the directorate and the council can achieve better strategic focus of their activities by following BSC model as described in the above paragraphs.

The strategy map and scorecard will help the Directorate Management Team, Corporate Management Team and the cabinet to focus on the strategic direction of the directorates' council activities and take corrective action to keep the directorates and the council strategically focussed.

12. THE PLAN TO TEST AND VALIDATE THE STRATEGY MAP AND SCORECARD

The proto type Strategy Map and the Balanced scorecard described in this chapter were constructed on the basis of the data collected at corporate and services levels of Tower Hamlets Council. The data collection was done through a number of interviews and meetings with the officials of Chief Executive's Directorate, Social Services Directorate and Housing Services Directorate and consultation and study of the strategic documents and performance reports of Tower Hamlets Council. Therefore it is logical that the validation of these documents should be done by talking to those officials again and getting their opinion on these documents. But since performance management involves more staff at different levels, their opinion on the proposed Strategy Map and Balanced Scorecard will be necessary.

A general survey with a carefully developed semi structured interviews will be useful. The questions will be designed to collect their opinion on the suitability and perceived benefits of having a structured and comprehensive performance measurement and management system, the benefits of having vision, goal and objectives in a single sheet Strategy Map, and multi-perspective and cascaded Scorecard in their day to day activities.

This chapter completes the series of prototype Strategy Maps and Scorecards developed in chapter five and chapter six for the council and for social service directorate of Tower Hamlets. As mentioned above, the validation and testing process will take the forms of meetings and interviews with the relevant senior officials and a survey of the opinions of the mid and field level staffs of Chief Executives Directorate, Social Service directorate and Housing Service directorate.

The result will help draw conclusion as to the validity and effectiveness of BSC model as a framework for strategic performance measurement and management of local government activities.

13. CONCLUSION

The present practice of having vision, themes, objectives and measures for Tower Hamlets performance measurement system has similarities with those of a BSC model. Some of the officials interviewed so far are aware of these similarities. They are also aware that the objectives and measures at corporate level do not fully align with those at services levels as described in their respective business plan, service plan and action plans. So a strategy map and a scorecard like the ones developed in this chapter and in the last two chapters will give them a good opportunity to compare and form opinion regarding the suitability and effectiveness of these as tools for strategic performance measurement system.

The next chapter will deal with the analysis of the results of interviews with top management teams of corporate, social service and housing service and have the conclusion of this thesis.

Figure 7.2: HOUSING SERVICE STRATEGY MAP

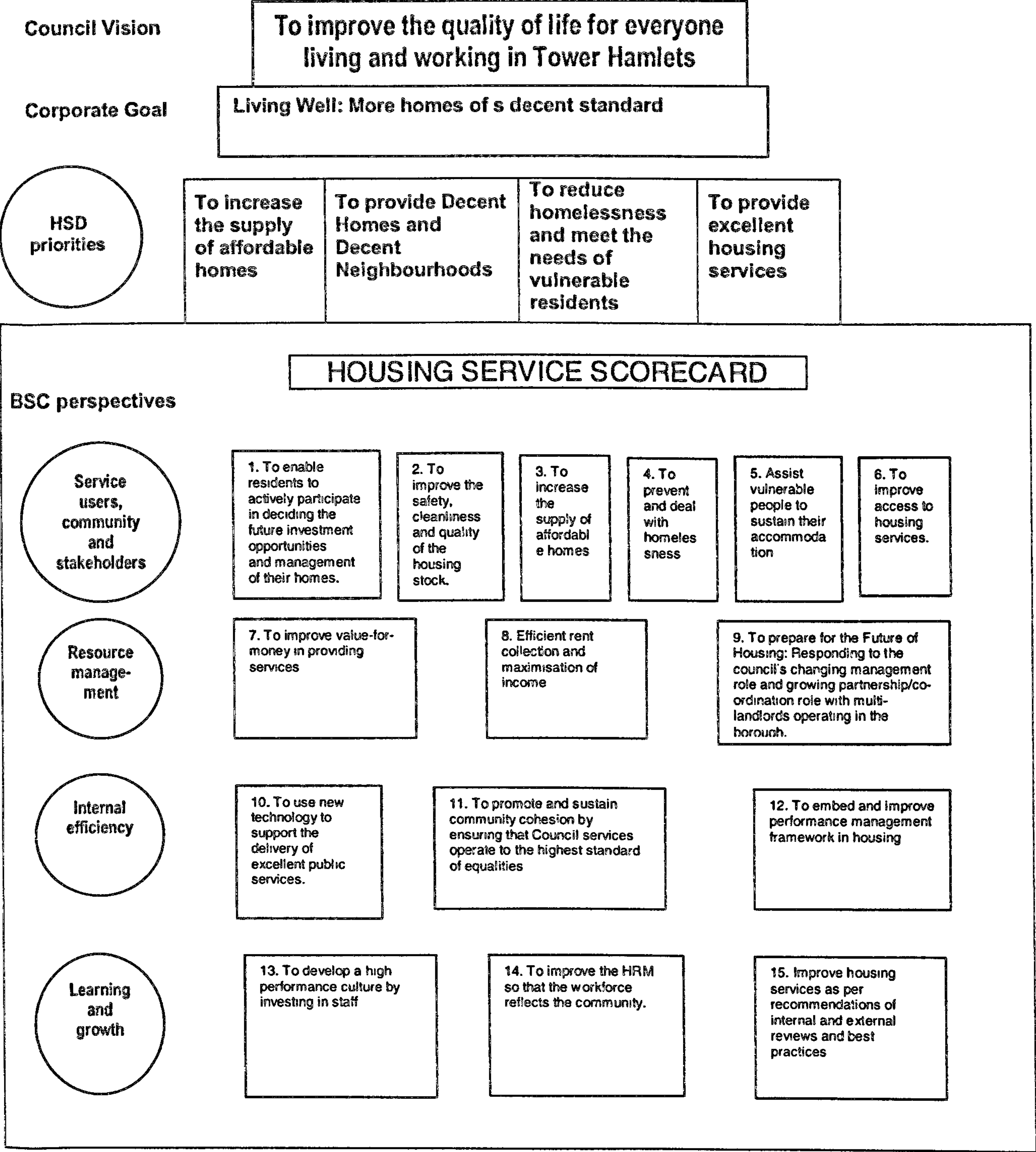


Table: 7.11 Tower Hamlets Housing Service Scorecard

BSC- perspective	Priorities/ Objectives	Measures	Targets	Initiatives	Budget
Service users, community and stakeholder Perspective	1. To enable residents to actively participate in deciding the future investment opportunities and management of their homes.	1.1 BV 75a Satisfaction of tenants with opportunities for participation: all tenants 1.2 BV 75b Satisfaction of tenants with opportunities for participation: black and minority ethnic tenants 1.3 BV 75c Satisfaction of tenants with opportunities for participation: non-black and minority ethnic tenants			
	2. To improve the safety, cleanliness and quality of the housing stock.	2.1 BV 184a Local Authority homes which were non-decent 2.2. BV 184b Change in proportion on non-decent homes 2.3 THI 10 Local 72 % of urgent repairs completed in government time 2.4 Local/ BV 185 % of responsive repairs, which the LA both made & kept appointment 2.5 THI 12a No. of Common Housing Register lettings to overcrowded households 2.6 THI 12b No. of Common Housing Register lettings to under-occupying households			
	3. To increase the supply of affordable homes	3.1 % of planned new build completed and delivered 3.2 BV 64 No. of private sector vacant dwellings returned into occupation			
	4. To prevent and deal with homelessness	4.1 % of applications assessed within 33 days 4.2 Reduction in number of applications 4.3 BV 203			

		% change in number of families placed in temporary accommodation. 4.4 BV 213 No. of households who considered themselves as homeless who sought housing advice & where intervention resolved the situation 4.5 No of statutory homeless households re-housed in the year			
	5. Assist vulnerable people to sustain their accommodation	5.1 % of progress milestones completed in the year			
	6. To improve access to housing services.	6.1 % of 'Customer first' and 'customer promise' programmes implemented. 6.2 % of customers/service users satisfied with the accessibility of housing services			
Resource Management	7. To improve Value-for-money in providing services	7.1 Sustaining continuous improvement in the economy, efficiency and effectiveness of council services (from index base of 100) 7.2 % of VFM integration into Financial Planning process and Medium Term Planning in line with Gershon Efficiency Agenda			
	8. Efficient rent collection and maximisation of income	8.1 BV 66a Rent collected as a proportion of rent owed			
	9. To prepare for the Future of Housing: Responding to the council's changing management role and growing partnership/co-ordination role with multi-landlords operating in the borough.	9.1 % of progress milestones for New Housing Strategy and Accommodation strategy achieved.			

Internal Efficiency	10. To use new technology to support the delivery of excellent public services.	10.1 % of progress milestones for Integrated Housing Management System achieved and operational. 10.2 % of E-Government agenda for housing services completed.			
	11. To promote and sustain community cohesion by ensuring that Council services operate to the highest standard of equalities	11.1 % of progress milestones achieved 11.2 % of equalities objectives and targets included in team and service plans and in staff PDRs			
	12. To embed and improve performance management framework in housing	1 % of progress milestones achieved for the new system			
Learning and growth	13. To develop a high performance culture by investing in staff	13.1 % of Housing learning & development plan for staff delivered 13.2 % of Housing Investors in People (IiP) Action Plan completed 13.3 % of Personal Development Review (PDR) process completed			
	14. To improve the HRM so that the workforce reflects the community.	14.1 % of Corporate WFTRC targets met			
	15. Improve housing services as per recommendations of internal and external reviews and best practices	17.1 % of best value reviews, audit, and scrutiny panel recommendations followed up or implemented 17.2 % of Areas for improvement identified and translated into actions included in team and service plans for 05/06 and 06/07 17.3 % of Audit Commission's Key Line of Enquiry (KLOE) criteria met			

VIII. VALIDATION PROCESS AND ANALYSIS OF RESPONSES

1. INTRODUCTION:

As mentioned in the previous chapter, this chapter will deal with the validation process for the three strategy maps and scorecards. It will also contain the conclusion and recommendation of this thesis. The validation process involves preparing questionnaire, interviewing the senior officials and managers and analysis of the results of interviews. The conclusion of the thesis will be based on the findings and analysis of the responses.

2. VALIDATION PROCESS:

As mentioned in the three previous chapters that the prototype strategy maps and scorecards will be tested to confirm their validity and appropriateness for a local authority like London Borough of Tower Hamlets, three sets of questionnaire were developed – one for each of Corporate, Social Service and Housing Service. The intended responses from the questions were related to the research questions mentioned in chapter One and Two.

The main research question of this thesis is:

3. Is Balanced Scorecard (BSC) a useful model for measuring and managing performance of UK local governments?

The main question has been broken down into 5 sub-questions so that their answers would constitute the answer to the main question:

1. Does BSC model help local governments develop appropriate performance measures?
2. Is it easy to use and provide a better focus on the strategic objectives of the local governments?
3. Does it help organisational alignment and staff involvement?
4. Does it help monitoring and evaluation of performance?

5. Does it help inform next cycle of decision making and improve strategy?

Designing and developing questionnaire:

The first task in the validation process was to design and develop appropriate questionnaire for the senior managers of Tower Hamlets Council. Keeping the research questions in mind three sets of questionnaire were designed – one for corporate level, one for social service and one for housing service (Please see annex-8)

Questionnaire for the corporate level:

The questionnaire for the corporate level was developed in order to get opinion of the senior managers at corporate level. In the present system of performance measurement at Tower Hamlets, senior managers at corporate level i.e. at Chief Executives Department, oversee the whole process of performance measurement from chief executive's department down to all other functional and service directorates. So it was thought logical to get their opinion on the suitability of both corporate and service level strategy maps and scorecards for performance measurement and management of Tower Hamlets Council.

The questionnaire was developed by describing the scheme of Balance Scorecard model and its two main components – the strategy map and scorecard. This was followed by seven sections of questions. One section for each of strategy map and scorecard necessitated six sections of questions and the seventh section was developed for overall opinion of the whole scheme of performance measurement using Balanced Scorecard Model.

The first section dealt with the various aspects of usefulness of strategy map. There were two main questions in this section. The first questions had three sub questions regarding the benefit of strategy map as describer of vision, goal, strategic priorities, and operational objectives. The second question had four sub-questions regarding

suitability of arranging operational objectives under four BSC perspectives i.e. Service Users, Community and Stakeholders, Resource Management, Internal Efficiency and Learning and Growth perspectives and their cause-and-effect relationship.

The second section had one main question and five sub-questions under it. The questions were regarding the utility of scorecard - its format and contents; and its linkage with operational objectives, measures, targets, initiatives and budget and its ability to help focus on lagging areas.

The third section was about Tower Hamlets Social Service Directorate (SSD) Strategy Map. There are two main questions and six sub-questions under them in this section. The first question and its two sub-questions were regarding the usefulness of SSD Strategy Map as describer of vision, goal and strategic priorities of SSD. The second question and its four sub-questions were regarding the arrangement of operational objectives of SSD under the four perspectives of BSC and the cause-and-effect relationship among them.

The fourth section had one main question and five sub-questions under it. The questions were regarding the utility of scorecard for Tower Hamlets SSD - its format and contents; and its linkage with operational objectives, measures, targets, initiatives and budget and its ability to help focus on lagging areas.

The fifth section had two main questions related to suitability of using strategy map for Tower Hamlets Housing Service Directorate (HSD). There were six sub-questions under the two main questions and dealt with utility of using strategy map and the arrangement of operational objectives under the four BSC perspectives.

The sixth section had one main question and five sub-questions under it. The questions were regarding the utility of scorecard for Tower Hamlets HSD - its format and contents; and its linkage with operational objectives, measures, targets, initiatives and budget and its ability to help periodic performance reviews and identifying and focussing on lagging areas.

The last section i.e. the seventh section contained questions related to opinion on the overall benefit of using Balanced Scorecard (BSC) Model for a local government authority like Tower Hamlets in terms of Performance Measures, Organisational Alignment and Staff involvement, Strategic Focus and Performance Management, Monitoring and Evaluation and Informing and Refining strategy.

Differentiating questionnaire for the other two directorates:

The questions described were relevant to all three directorates i.e. Chief Executive's, Social Service and Housing Directorates of Tower Hamlets. While all the questions were relevant to Chief Executive's Directorate, the questions regarding the social service directorate were not directly relevant to housing service directorate and questions relevant to housing service were not relevant to social service. So the questions were required to be differentiated and focussed to relevant directorates.

To do this, all the questions under the seven sections were kept intact for Corporate level senior managers of Chief Executive's Directorate. For the senior managers at Social Service Directorates, section five and six which contained questions relevant to Housing Service were deleted. So they were asked to answer questions contained in section one to four and section seven.

Table 8.1: The Scheme of differentiating Questionnaire for the three Directorates

	Questions in Section 1 and 2 related to Strg Map and Scorecard of Corporate level	Questions in Sections 3 and 4 related to Strg Map and Scorecard of SSD	Questions in Sections 5 and 6 related to Strg Map and Scorecard of HSD	Questions in Section 7 related to overall usefulness of using BSC Model for Tower Hamlets
Chief Exec	√	√	√	√
SSD	√	√	x	√
HSD	√	x	√	√

In the same way the senior managers at Tower Hamlets Housing Service Directorate were asked to answer questions from sections -one, two, five, six and seven. The scheme of this differentiation can be seen in table 1 above.

Selecting the Respondents:

The strategy map and scorecards were developed after talking with the members of cabinet, senior managers of Chief Executives, Social Service and Housing Service Directorates who are involved either in the day to day operations of performance management or oversee the whole process of performance measurement or both. Therefore it was logical to validate the usefulness and appropriateness of strategy maps and scorecards through a second round of meetings and interviews with them.

For Corporate level meetings and interviews, leader of the house, the chief executive and four senior managers were listed. For Social Service Directorate level meetings and interviews the lead Cabinet member, the head of social service, two other senior managers were listed. For Housing Service Directorate the lead cabinet member for Housing, The Corporate Director for Housing Service and three other senior managers were listed.

Table 8.2: Targeted Respondents

Corporate level	Social Service	Housing Service
Leader of the House	Lead Member	Lead Member
Chief Executive	Corporate Director	Corporate Director
4 Senior Managers	2 Senior Managers	3 Senior Managers
Total = 6	Total = 4	Total = 5

As shown above in Table 2, a total of 15 respondents were targeted for interviewing keeping their involvement with performance management and measurement of Tower Hamlets in mind.

Contacting the respondents and sending out questionnaires:

As the questionnaires were developed for a face to face interview with the respondents, it was felt necessary to talk to them first and then make appointments for visits. It was planned to meet the leader of the house first and through him the chief executive and other corporate directors and their senior managers. According to the plan the leader of

the house was contacted and a meeting was arranged. But after his defeat in the council election in May, he was out of office and that plan did not work out. Subsequently, the new leader was contacted but she was too busy to organise her office and new responsibilities and did not agree to a meeting. Then the office of the chief executive was contacted and there was no favourable response. More efforts were made to contact the targeted senior managers. Only one responded. As per her request the questionnaire was sent to her through email and she preferred to send a written response containing her opinion on the strategy maps and scorecard.

The lead member for social service was contacted. He agreed to a face to face meeting and subsequently he was interviewed. He tried to organise meetings with other senior members of social service. The Corporate Director for Social Service was contacted. He neither agreed to a meeting nor any written comment on the strategy maps and scorecards. The other senior managers were contacted but they did not respond.

The lead member for housing was contacted. He agreed to the idea of interviews and meetings with his senior managers. Through his good office two senior managers-one dealing with central housing services and the other responsible for housing management services were contacted. They both agreed and were interviewed. After these two interviews the manager for performance and quality was contacted. She sent her written opinion on the strategy maps and scorecard.

Responses:

As mentioned in the previous paragraphs, out of planned fifteen respondents only five agreed to a meeting or giving a written response to the questionnaires. In terms of individual questions, five persons responded to questions under section 1 and 2, two persons responded to questions under section 3 and 4, four persons responded to questions under sections 5 and 6 and all five responded to questions under section 7.

Focus Group as an additional validation exercise:

In order to strengthen the validation process, a focus group involving academia, researchers and practitioners of public sector performance measurement and

management was planned. The intention was to place the prototype strategy maps and scorecards before them and ask them to discuss and give their opinion on their suitability and usefulness for local government authorities. Twenty one persons were invited from four universities, The Chartered Institute of Public Finance and Accountancy (CIPFA), Improvement and Development Agency (IDeA), City Corporation of London, London Borough of Tower Hamlets, London Borough of Newham and London Borough of Barking and Dagenham. Only one person agreed to attend the focus group. Considering the low turnout it was decided to postpone the focus group session.

3. ANALYSIS OF THE RESPONSES

As mentioned previously, out of fifteen targeted officials, five agreed to respond. Out of those five, three consented to face to face meeting and two preferred to send their views/opinion by email. The answers/opinions/suggestions of those who agreed to meet were recorded against the relevant questions. In the following paragraphs, the analysis of the answers to each section of questions will be made.

Responses to questions under section 1 and 2:

As shown in the table 1 above, all the targeted respondents of corporate, social service and housing services were asked the questions under these two sections.

As mentioned previously, the questions under section 1 dealt with the suitability of strategy map of Tower Hamlets Council (Fig 5.2). There were two main questions and seven sub-questions under them. The first three sub-questions under the first questions asked about the usefulness of strategy map as describer of vision, goal, strategic priorities, and operational objectives.

The second question had four sub-questions regarding suitability of arranging operational objectives under four BSC perspectives i.e. Service Users, Community and Stakeholders, Resource Management, Internal Efficiency and Learning and Growth perspectives and their cause-and-effect relationship.

The three face-to-face respondents answered all the questions in the affirmative and found the prototype strategy maps and scorecards useful. One of the two respondents who sent their opinion through email also expressed her agreement to the usefulness of one-page strategy map, found the grouping of objectives and indicators into four perspectives quite helpful and was able to see how it is important to have strong performance in each of the dimensions of BSC.

The other respondent expressed her opinion on BSC as having strong internal focus, found the prototype strategy map as interesting but could not understand its layout. She thought that the four themes of BSC missed out some of the current priorities of Tower Hamlets. In her conclusion she thought a re-balanced Scorecard which includes some of their priorities would be more appropriate approach for Tower Hamlets.

A reply to her email was sent clarifying the four BSC perspectives and the grouping of the priorities of Tower Hamlets on the basis of 'cause-and-effect' relationship under them. There was no reply received from her since then.

Her verbal and written opinions reflected her concern for specific issues and priorities of Tower Hamlets rather than general suitability and usefulness of BSC model to describe and achieve vision, goal and strategic priorities of local authorities. Her suggestion that 'If the balanced scorecard could be 're-balanced' to focus more on some of our priorities, this might be a more appropriate approach for Tower Hamlets' is very significant for the validity of the prototype strategy maps and scorecards. It reflected her agreement with the overall scheme of Balanced Scorecard as being appropriate for Tower Hamlets provided it includes all its priorities. The fact that every council have their own list of priorities, inclusion or exclusion is a matter of small amendment. The agreement to overall appropriateness is very important validating point.

The section two had five sub-questions which dealt with the structure of the scorecard (Table 5.8), the appropriateness of the chosen measures and their linkage with targets,

initiatives and budget. The last question was about the ability of the scorecard to identify and focus on the lagging areas.

Four out of five respondents replied in affirmative and expressed their agreement with the claim that the format of such scorecard would help managers focus on the priority areas and keep an eye on their achievement against set targets. They also said that the scorecard seemed especially valuable for its linkage with operational priorities and preparation of budget on a rational basis. They also opined that the row-and-column format of the scorecard would help periodic performance reviews and help identify less achieving areas for further attention. The other respondent did not mention anything about the measures or format of the scorecard.

Table 8.3: Summary of the responses to section 1 & 2 questions

Questions		Responses		
SECTION-1		Corporate	Social Service	Housing service
Question 1	3 sub questions asked about the usefulness of strategy map as a describer of vision, goal, strategic priorities and operational objectives of the council	1 response through email, partially agreed, provided some suggestions.	1 response, face to face, affirmative.	2 response, face to face, affirmative. 1 response, through email, affirmative but did not understand the layout.
Question 2	4 sub questions asked about the suitability of arranging the operational objectives under the four BSC perspectives	Same as above	Same as above	Same as above
SECTION-2				
Question 3	5 sub questions were asked about the scorecard structure, appropriateness of the chosen measures and their linkages etc.	1 response through email but did not answer Q3.	1 response, face to face, affirmative.	2 response, face to face, affirmative. 1 response, through email, affirmative

The overwhelming favourable responses to this section's questions strengthened the claim of scorecard being a suitable and useful integrated tool for measuring and managing performance.

Responses to questions under section 3 and 4:

As mentioned previously, the questions under these two sections related to prototype Strategy Map and Scorecard of Social Service (SSD) directorate (Figure 6.3). There were two main questions under section three and one main question under section four. The first question under section three had two sub-questions regarding the usefulness of strategy map in describing the vision, goal and strategic priorities of SSD. The second question had four sub-questions under it. Those were related to the grouping of operational priorities under the four perspectives of BSC on the basis of 'cause-and-effect' logic among the groups.

There was one main question and five sub-questions under section four. The questions were related to the scorecard of SSD (Table 6.9), its format, the chosen measures, their appropriateness and importance, their linkage with strategic objectives, financial and physical resources and their usefulness in achieving alignment to strategic initiatives, long run capital budget, and annual expenses.

Two respondents replied to these two questions. One agreed to face to face interview and the other sent her opinion by email. The first respondent during his face to face interview said while answering questions under section three that the strategy map seemed very useful as it described the council's and SSD's vision, goal and priorities and the operational objectives in a single page. He also said this type of strategy map would be helpful in having the summary of all key success factors in one page and may help align SSD's activities with the overall priorities of the Council. He also agreed to the claim that the grouping of the operational objectives arranged under the four BSC perspectives seemed to have 'cause-and-effect' relationship among them.

In answering the questions under section four he said that he found the format of the scorecard very useful in terms of having a 'bird's eye view' of the whole spectrum of operational objectives, measures, targets, initiatives and budget in a broadsheet of

paper. He also agreed to the claim that format of the scorecard will help periodic performance measurement reviews and identify lagging areas for further attention.

The other respondent sent her views through email but did not comment on any questions under section three and four.

Table 8.4: Summary of the responses to section 3 & 4 questions

Questions		Responses	
SECTION-3		Corporate	Social Service
Question 4	2 sub questions asked about the usefulness of strategy map of SSD as a describer of vision, goal, strategic priorities of SSD.	1 response through email, but did not comment on this question	1 response, face to face, affirmative.
Question 5	4 sub questions asked about the suitability of grouping the SSD operational priorities under the four BSC perspectives	Same as above	Same as above
SECTION-4			
Question 6	5 sub questions were asked about the SSD scorecard structure, appropriateness of the chosen measures and their linkages etc.	1 response through email, but did not comment on this question	1 response, face to face, affirmative.

The answers to questions under these sections were significant. The respondent was a practitioner of performance measurement of Tower Hamlets Social Service. He was also the lead cabinet member who was responsible to oversee the whole operation of Social Service in Tower Hamlets Council. His answers attested the validity of the claim that BSC model and its two important components-strategy map and scorecard may be useful to performance measurement of social service if implemented properly.

Responses to questions under section 5 and 6:

Both the sections contained questions related to prototype strategy map (Figure 7.3) and scorecard (Table 7.12) of Tower Hamlets Housing Service Directed (HSD).

Section five had two main questions. The first question had two sub-questions under it dealing with suitability of having a strategy map as a describer of vision, goal, strategic

and operational priorities of the HSD. The second question had four questions related to the suitability of arranging operational objectives of HSD into four BSC perspectives and their 'cause-and-effect' relationships.

Section six had one main question and five sub-questions under it. The questions were related to the suitability of the prototype scorecard of HSD in terms of its contents and format. The questions categorically asked about the appropriateness and importance of chosen measures, their linkage with operational objectives and strategic initiatives, long run budget and annual expenses. One of the questions was about its utility for periodic performance reviews and identifying and focussing on lagging areas.

There were four respondents to these questions. Two agreed to face to face interviews and two preferred to send their comments by email. The two persons who gave face to face interview were senior managers of Housing Management team.

In answering the questions under section one, both of them found the prototype strategy map very useful and handy because of its being a describer of council and HSD's vision, Goals, strategic and operational priorities in a single page. Both of them said them this type of document can help senior management team to focus on strategic priorities of housing directorate. They also felt that at a time when council's role as a main provider of housing service is changing, a strategy map which includes 'cooperation with partners' as one of its operational objective will be very useful.

While answering questions under section two, both the managers said that the arrangement of the operational objectives under the four BSC perspectives seemed interesting. They also agreed that the four groups of objectives seemed to have a 'cause-and-effect' relationship among them. They particularly appreciated the three operational objectives under the 'Learning and growth' perspective – investing in housing staff, improving HRM to reflect the community, and adopting the best practices'. They said that these in general and the 'improvement of HRM' in particular will help improve staff efficiency of HSD in Tower Hamlets.

In their reply to questions under section six, both of them appreciated the layout of the prototype scorecard for the HSD. They said the ability of its format to accommodate operational objectives, measures, targets, initiatives, and budget is particularly commendable as it would facilitate macro view of the whole spectrum of performance. They have pointed to the benefit of rational budget making due to the linkage and transparency across the operational objectives, initiatives, targets and budget. They also hoped that such scorecard will help personal development reviews (PDR) of staffs which in turn will encourage them to align their personal ambitions with the overall objectives of the directorate.

One of the two respondents who replied through email did not make any comment on the questions under these two sections. The other respondent found it useful to see prototype strategy map in a single page. She believed that the staffs in her directorate have a good grasp of cascading and hierarchical link from corporate to service and team levels. She also found the grouping of the objectives under the four BSC perspectives quite helpful and saw the importance of having strong performance for each objective. But she did not understand the term 'cause-and-effect' relationship and the rationale of choosing the measures that were chosen for the prototype scorecard of HSD.

Table 8.5: Summary of the responses to section 5 & 6 questions

Questions		Responses	
SECTION-5		Corporate	Housing Service
Question 7	2 sub questions asked about the usefulness of strategy map of HSD as a describer of vision, goal, strategic priorities of HSD.	1 response through email, but did not comment on this question	2 response, face to face, affirmative. 1 response through email, affirmative but did not understand the term 'cause-and-effect'.
Question 8	4 sub questions asked about the suitability of grouping the HSD operational priorities under the four BSC perspectives	Same as above	Same as above
SECTION-6			
Question 9	5 sub questions were asked about the HSD scorecard structure, appropriateness of the chosen measures and their linkages etc.	1 response through email, but did not comment on this question	2 responses face to face, affirmative. 1 response through email, affirmative.

The answers to the questions under sections five and six were quite significant as they confirmed the suitability and usefulness of both strategy maps and scorecards for HSD of Tower Hamlets.

Responses to questions under section 7:

The questions under this section were related to the overall benefit of adopting and using BSC model for local authorities such as London Borough of Tower Hamlets. There were five broad questions related to (a) performance measures, (b) organisational alignment and staff involvement, (c) strategic focus and performance management, (d) monitoring and evaluation, and (e) informing and refining strategy. Four out of five respondents answered these questions. Among the four respondents, three gave their answers during face to face interviews and the other through email.

(a) Performance measures

The first question asked whether they thought the BSC model can help local governments develop appropriate performance measures.

There were four respondents to this question. Three answered in face to face interviews and one answered through email. All the three respondents felt that the chosen measures from the list of Best Value and other sources for each of the operational objectives seemed to be relevant although more appropriate measures for the council could be developed through the involvement of relevant managers and policy planners. They appreciated the structure and mechanism of BSC model which make it easy to develop appropriate measures for the operational objectives of the council.

The fourth respondent wrote that she could not understand why the chosen measures were chosen. She however commented that measures and indicators will change with the changing priorities and strategies of the government and the council.

The first three responses were supportive of the claim that BSC model help its users to develop appropriate measures for their operational activities.

(b) Organisational alignment and staff involvement

The second question asked whether they thought the BSC model could help local governments get organisational alignment and staff involvement in all of their operational activities.

Like the previous question, this question was also answered by four respondents - three answered through face to face interviews and one through email. The first three respondents said that they felt that the cause-and-effect relationship among the operational objectives may help different groups of staff and teams to be aligned. They also thought that the operational objectives in the 'Learning and Growth' perspective may help Personal Development Review (PDR) of the staffs which will help them align personal ambitions with the achievements of the objectives of the council.

(c) Strategic focus and Performance Management

The third question asked whether they thought such strategy map and scorecard will be easy to use and enable the users and managers have a better focus than what they have through the present system on the strategic objectives of the council and the community and perform and manage their work well?

There were four respondents to this question. Three answered in face to face interviews and one answered through email.

One of the three interviewed said that he believed that this type of strategy map and scorecard would be easy to use and help the users focus on the strategic priorities of the council. The second respondent said that he felt both the documents seemed very logically laid out and would be convenient to use. He also said the strategy map depicts the whole picture of Performance Management in a single page which he found to be very convenient. The third respondent among the three interviewed said that he found the council's objectives are clearly laid out in the strategy map. He also said that the scorecard is appropriately linked with the strategy map and seemed very useful to him. He believed that if both the documents are used for the council then the users will have better focus on the council priorities.

The official who decided to respond by email wrote that she found it useful to have the strategy map on a single page. She also found the grouping of the objectives and indicators into four BSC perspectives quite helpful.

(d) Monitoring and Evaluation:

The fourth question asked whether the BSC model can help the managers, reviewers and auditors monitor and evaluate performance well?

There were three respondents to this question. All three answered in face to face interviews. The first person interviewed said that he believed that the BSC model will help yearly and other periodic reviews. He also believed that such model will facilitate consultation with the community. The other respondent said that he felt that the format of the scorecard will help the management monitor progress against the targets, ask question for non achievement of targets, investigate the reason for variance and take corrective actions. He believed that the scorecard will help both yearly and periodic internal and external monitoring and evaluation. The third respondent expressed his optimism about the usefulness of BSC model and its scorecard on facilitating both internal and external reviews.

(e) Informing and Refining Strategy:

The fifth question was asked whether the BSC model can help the local government authorities inform the next cycle of policy making and refine their corporate strategy.

There were three respondents to this question. All three answered the questions in face to face interviews. The first respondent said in reference to his answer to previous question that yearly and periodic reviews will feed back to the next cycle of decision making. He said that the involvement of Scrutiny panel in considering the review reports and recommendations are important for the policy makers in order to refine corporate strategy.

The second respondent also referred to his answer to the previous question and said that the result of the follow up actions on variance analysis on over or under performance would definitely influence the next year's policies and strategies.

The third respondent said that he believed that if the BSC is implemented properly then its apparent arrangement and format seemed conducive to good performance review. He further said that the performance reviews would enable the policy makers to make necessary amendments to previous policies and strategies. He also said that the performance reviews would also help the service and team managers to improve their future plans.

Table 8.6: Summary of the responses to section 7 questions

Questions		Responses		
SECTION-7		Corporate	Social Service	Housing service
Question 10	Can BSC help develop appropriate performance measures?	1 response through email, but did not answer this question.	1 response, face to face, affirmative.	2 response, face to face, affirmative. 1 response, through email, but did not understand the measures
Question 11	Can BSC help organisational alignment and staff involvement?	Same as above	1 response, face to face, affirmative.	2 response, face to face, affirmative. 1 response, through email, but did not mention this question
Question 12	Can BSC help achieve strategic focus and improve performance management?	1 response through email, found the strategy map helpful.	1 response, face to face, affirmative.	2 response, face to face, affirmative.
Question 13	Can BSC help monitoring and evaluation of performance?	No answer	1 response, face to face, affirmative.	2 response, face to face, affirmative.
Question 14	Can BSC help next cycle of decision making and refine strategy?	No answer	1 response, face to face, affirmative.	2 response, face to face, affirmative.

All the three respondents expressed their opinion in favour of BSC's capability to help performance reviews and influence next cycle of policy making and improving council

strategy. These answers were very significant in terms of validation of the usefulness and suitability of BSC for local government performance management.

4. SUMMARY OF THE ANALYSIS

Table 8.7: Summary of the responses to ALL questions

Questions		Responses		
SECTION 1 & 2		Corporate	Social Service	Housing service
3 Questions	12 sub questions	1 respondent, partly answered in affirmative, partly did not answer	1 respondent, answered all questions in affirmative.	2 respondents answered all questions in affirmative. 1 respondent, partly answered.
SECTION 3 & 4				
3 Questions	11 sub questions	1 respondent through email, but did not answer these questions	1 respondent, answered all questions in affirmative.	-not relevant-
SECTION 5 & 6				
3 Questions	11 sub questions	1 respondent through email, but did not answer these questions	-not relevant-	2 respondents answered all questions in affirmative. 1 respondent, partly affirmative. Partly did not understand the term used.
SECTION 7	5 Questions	1 respondent, partly answered in affirmative, partly did not answer	1 respondent, answered all questions in affirmative.	2 respondents answered all questions in affirmative. 1 respondent, partly answered question 10 and 11

In the above table, a summary of all the questions and their responses has been provided to facilitate drawing conclusion. Overall, most of the respondents confirmed the usefulness and suitability of the different components of the BSC model, i.e. the prototype strategy maps and scorecards for corporate, social and housing service directorate of London Borough of Tower Hamlets which indicates the suitability and usefulness of modified BSC model for London Borough of Tower Hamlets.

IX. SUMMARY AND CONCLUSION

This chapter will summarise the whole thesis and present the conclusion of the research study. It will also recommend areas for future research

1. SUMMARY OF THE THESIS:

Research objective:

The research objective of this thesis is to test the modified BSC model in a UK local government council and explore whether its application will be useful in terms of performance measures, organisational alignment, strategic focus, and attainment of organisational objectives, goal and vision.

The literature review:

The literature review provided the definition of performance measurement for the organisations. It also overviewed the present status and recent trends of performance measurement in the private and public sector organisations, the need for balanced measures of performance and Balance Scorecard (BSC) model of Professor Kaplan and Norton and the relevance of Performance Management Model and BSC model for the local governments of UK.

During the course of the literature review it became clear that the local governments in the UK need a comprehensive and robust framework of performance management that is continuous, internal to the organisation and that provides the decision makers with up-to-date information (both lead and lag indicators) on programme performance and strategic measures. The up-to-date information collected through the comprehensive measurement framework will facilitate the local governments prepare the mandatory 'Best Value' reports, monitor progress of their activities and refine future strategy.

For government organisations like local governments of UK the multi dimensional BSC model seemed to be both reasonable and attractive. However, the BSC model has not been tested widely in the UK local governments. Recent experiments with BSC in

different countries both at federal and local level showed good prospect of success in terms of getting useful management information and decision making. The recent experiments also showed that the original BSC quadrants need to be modified for public sector organisations as the definition of customer and financial perspectives are not same as those of private sector organisation.

The Local governments of UK are at present required to report their efforts for realisation of 'Best Value' for their citizen. The modified BSC model may be profitably used to help managers at local authorities to develop useful and strategy focused measures, which will facilitate 'Best Value' reporting and ultimately contribute towards attainment of their vision and goal.

Research Methodology:

As the BSC model was not in wide use among the local government authorities of UK, an exploratory case study seemed appropriate for this research study. As such it was planned to test the suitability of modified BSC model in two London Boroughs – one where the BSC was being used and in another where the BSC was not being used.

Field Research:

According to the research plan London Borough of Barking and Dagenham was approached to allow the researcher to collect data and carry out his research there. The council declined to cooperate or give access in spite of several attempts. Then the London Borough of Tower Hamlets was approached. The Mayor and his officials agreed to cooperate and allowed the researcher to carry out his research there.

The test of the modified model of BSC was done on the London Borough of Tower Hamlets' Corporate, Social and Housing Service Directorates. The testing of the model involved developing prototype 'Strategy Maps' and 'Scorecards' for all three service directorates and validating these through interviewing relevant officials.

As each of the directorates were different in terms of service delivery objectives, stakeholders and performance measures or indicators, developing strategy maps and scorecards for each of them was necessary. The Strategy map included the vision, mission and strategic objectives of the organisation and directorates while scorecard showed the strategic objectives and their performance measures grouped under four perspectives of BSC- Service Users, Community and Stakeholders, Resource Management, Internal Process and Learning & growth.

The proto type strategy map and scorecard for the corporate level was developed after thoroughly studying the council's community plan and strategic plans and talking with relevant official's of chief executives directorate. For the social service directorate similar two documents were developed after consulting the relevant officials and studying their business plan. The officials in housing service directorate provided the necessary information and strategic documents such as housing service plan to develop similar strategic map and scorecard.

The validation process:

As the proto type strategy maps and scorecards were developed after consulting the relevant officials and in depth study of their strategic documents, it was necessary to talk to them again in order to validate these documents.

For the validation process, three sets of semi-structured questionnaires were developed to get the opinions of the relevant officials of the three directorates of Tower Hamlets Council on the different aspects of the BSC model as depicted in the prototype strategy maps and scorecards. Fifteen relevant officials of the three directorates were selected for interviews. The questionnaires were sent to all of them before the interviews. Only five officials responded. Among the five, three agreed to meet the researcher and the other two preferred to send their opinions/suggestions through email.

In order reinforce the validation, a focus group meeting was planned and twenty five relevant academic, researcher and practitioners were invited. But it had to be abandoned because of the very poor response.

Analysis of the results:

All responses to the questions were analysed. The analysis of the interview responses confirmed that most of the officials believed that the modified BSC model is suitable as a performance measurement framework for a local government authority like London Borough of Tower Hamlets. Some of them also believed that if implemented properly, it can help achieve organisational alignment and inform next cycle of decision making.

2. CONCLUSION:

The research objective of this thesis was to test the modified BSC model in a UK local government council and explore whether its application will be useful in terms of performance measures, organisational alignment, strategic focus, and attainment of organisational objectives, goal and vision. Through the development of prototype strategy maps and scorecards for London Borough of Tower Hamlets and testing their validity and suitability by the senior officials of the same borough this objective has been met.

The responses received from the officials of corporate, social and housing service officials on each of the five sub questions have been analysed. It was found that majority of the officials interviewed felt that if BSC model is implemented properly it will help local authorities like LBTH in choosing appropriate measures, achieving organisational alignment and strategic focus on council priorities, and in achieving organisational objective, goal and vision. In spite of the fact that this has been a single case study on a London Borough, its similarity in structure, functional objectives, operations and governance with other local authorities of UK enabled us to generalise the findings and conclusion of the study for other local authorities of UK.

3. RECOMMENDATIONS FOR FUTURE RESEARCH

1. BSC model has not been tested and implemented widely across UK Local Authorities. A study to determine whether BSC model is a better and effective performance measurement model for UK Local Authorities could be undertaken through a multiple case studies involving those Boroughs who use BSC and those who do not.
2. On the basis of the conclusions and generalisations made above, research studies to test whether BSC model can help central government departments to improve their performance can be undertaken.
3. Charities and Non Government Organisations (NGO) are important organisations in the UK. A research study to test whether implementation of BSC model can improve performance of charities and NGOs can be undertaken.
4. During the validation process some of the senior managers interviewed expressed their opinion that if the BSC model is implemented properly, it would help organisational alignment within a local authority. A research study to explore whether implementation of BSC model can help local authorities achieve alignment of middle and lower level management with top level management may be undertaken.
5. So far BSC model has been implemented widely in private sector organisations and selectively in public and non-profit organisations in different parts of the world. A research study to compare the effectiveness of BSC model in these two types of organisations may be undertaken in order to contribute to organisational learning.
6. Similar study may be undertaken to explore the benefits of using BSC for communicating to the community and stakeholders the objectives achieved and actual performance obtained in the UK Local Governments.

Appendix A

List of the persons interviewed at Tower Hamlets Council

1	Councillor Abdul Aziz Sardar	Mayor
2.	Councillor Abul Asad	Lead member, Social Service
3.	Councillor Motinuzzaman	Lead Member, Environment
4.	Luise Russell	Manager, Performance Management, Chief Executive's Directorate
5.	Henry Jackson Koufie	Manager, Best Value Unit, Chief Executive's Directorate
6.	Anthony Walters	Manager, Quality and Performance, Social Service Directorate
7.	Dilsher Ali	Senior Manager, Policy and Planning, Social Service Directorate
8.	Sally Holland	Head of Strategic Services, Social Service Directorate
9.	Lesley Owen	Manager, Performance Management, Housing Service
10	Vernon Simpson	Service Head, Central Housing Services
11.	Terry Damiano	Service Head, Housing Management Services
12	Ian Wilson	Corporate Director, Social Service, and Asstt. Chief Executive

DAMAGED

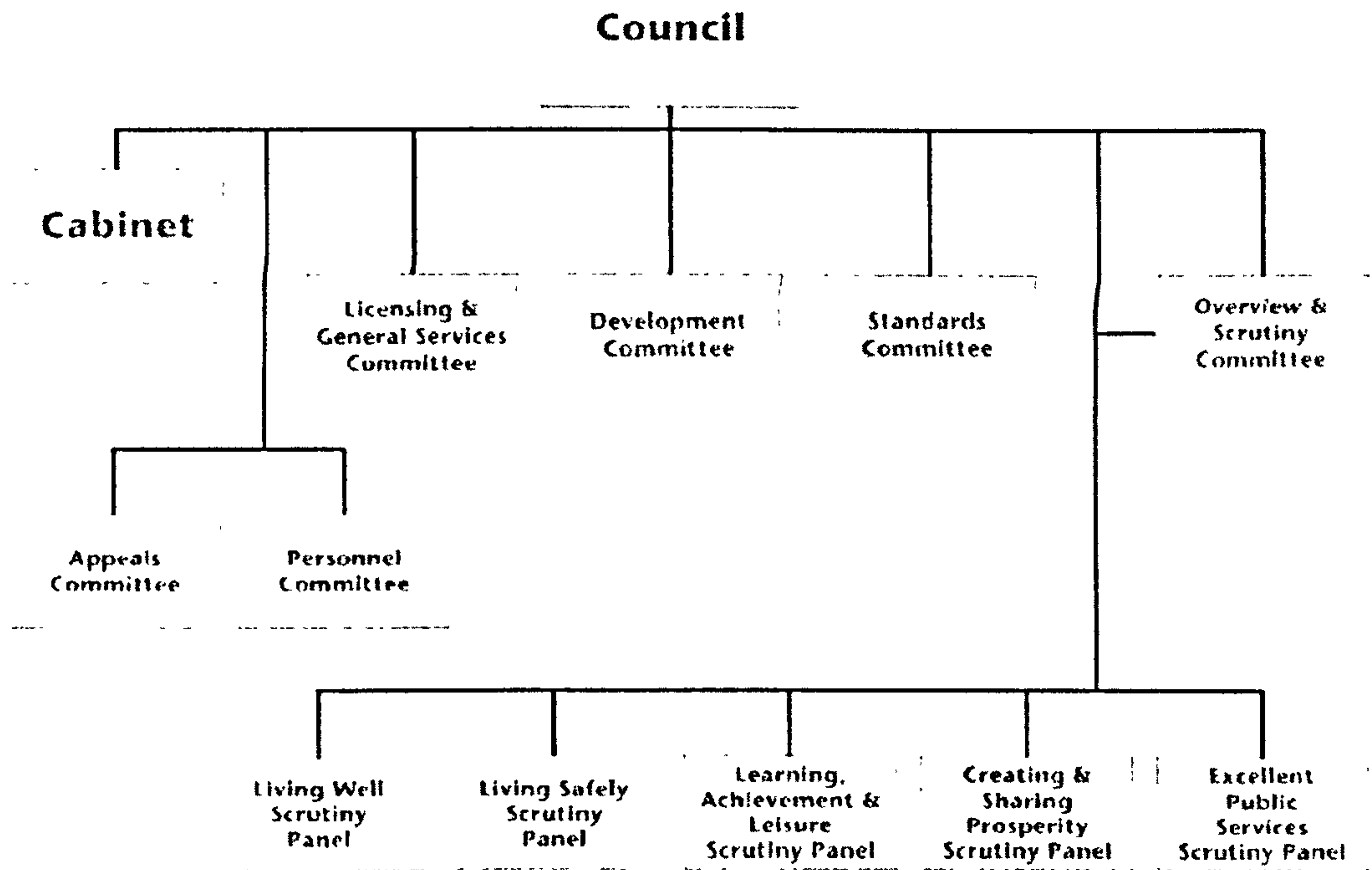
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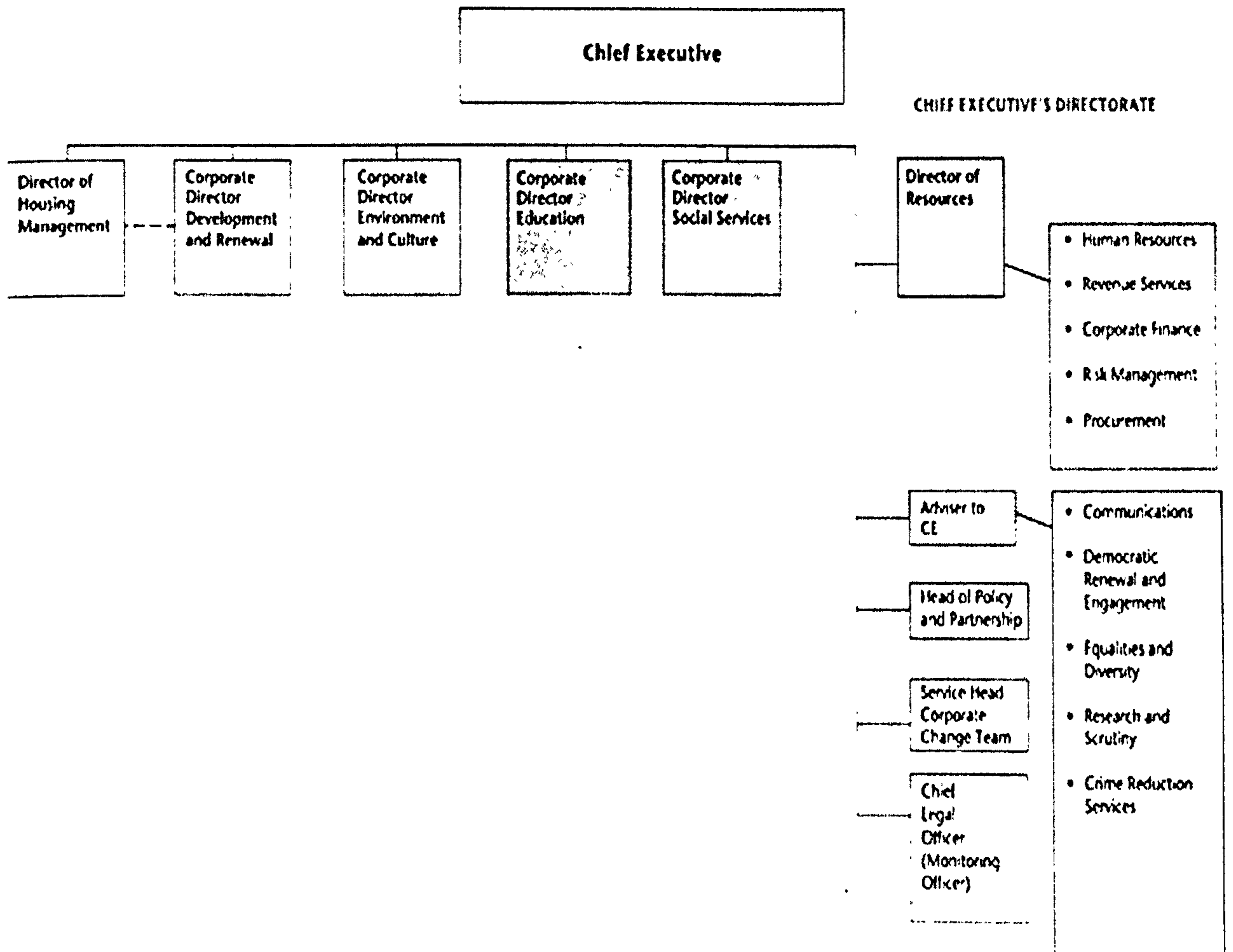
Appendix -B

The Tower Hamlets Council cabinet and other committees



Appendix-C

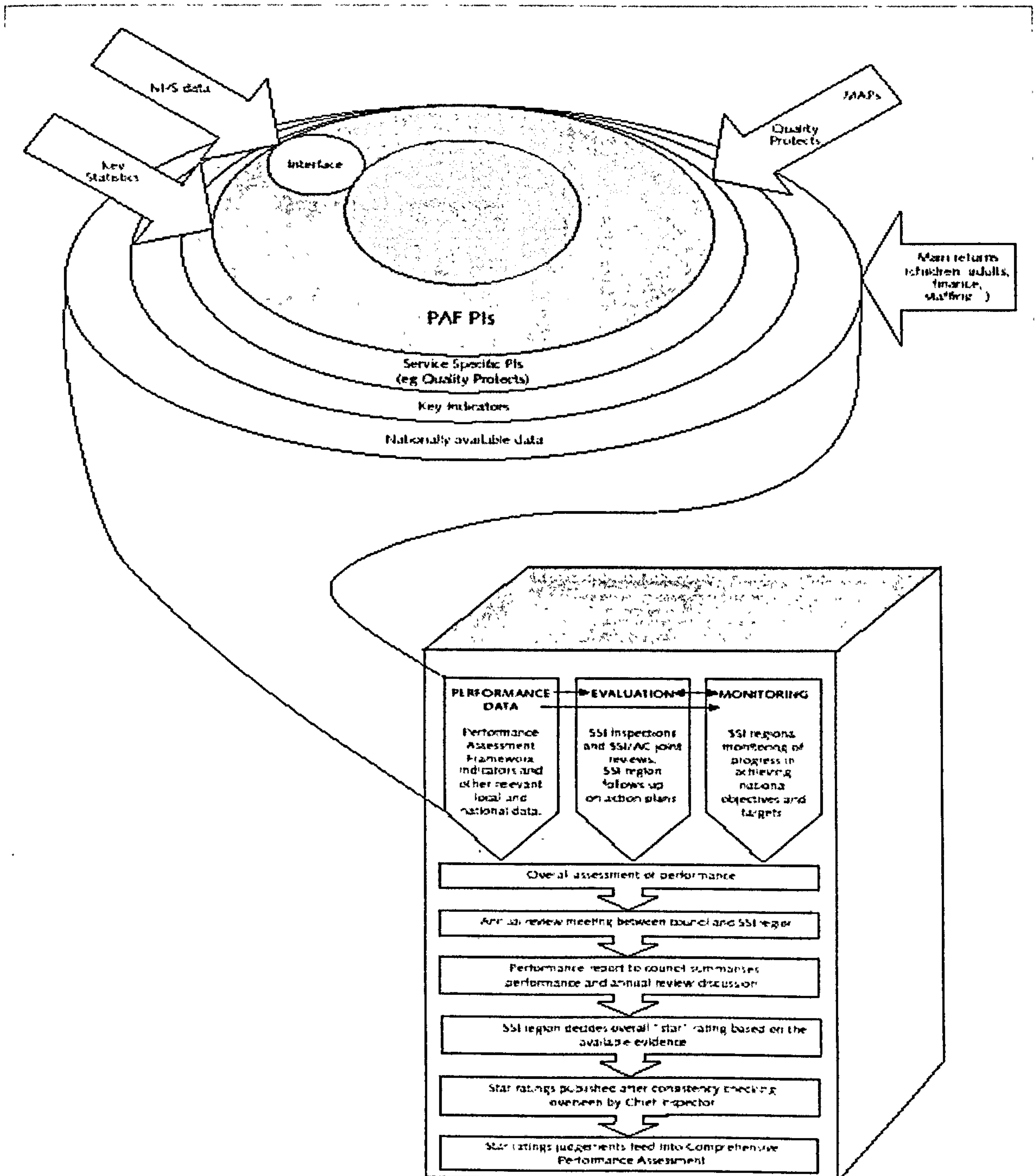
The Management Structure and Directorates of Tower Hamlets Council



Appendix-D

How PAF PIs and other data fit together

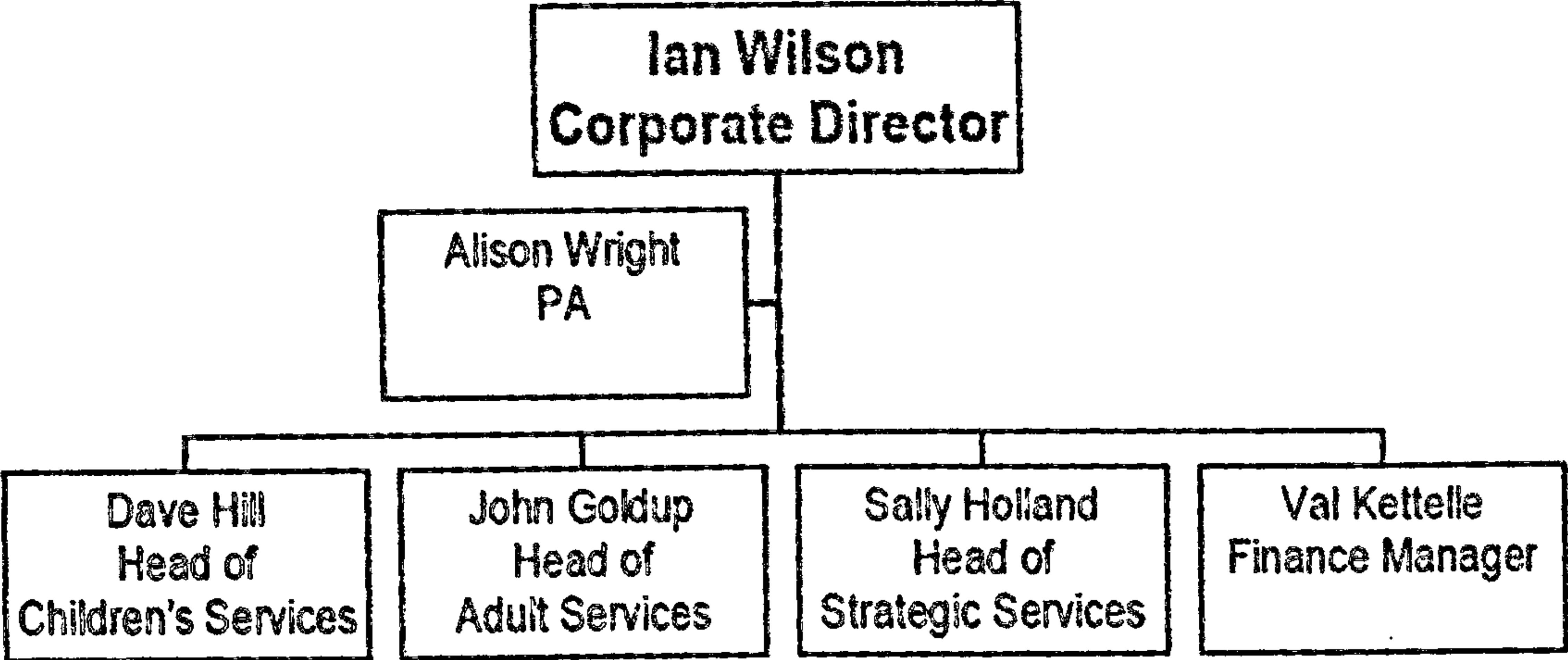
Source: Social Services PAF indicators 2002-2003



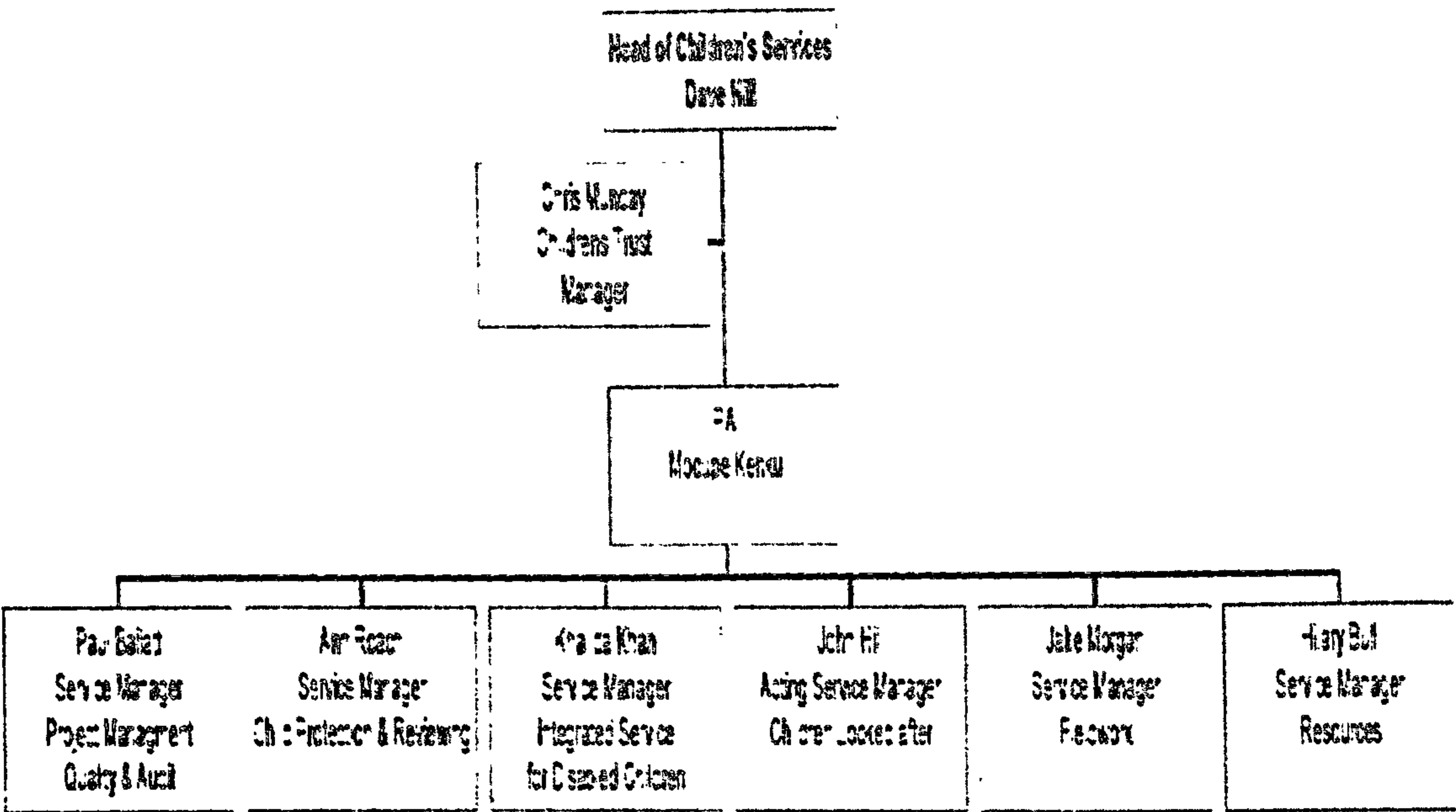
Appendix-E

Tower Hamlets Social Service

Directorate Management Team



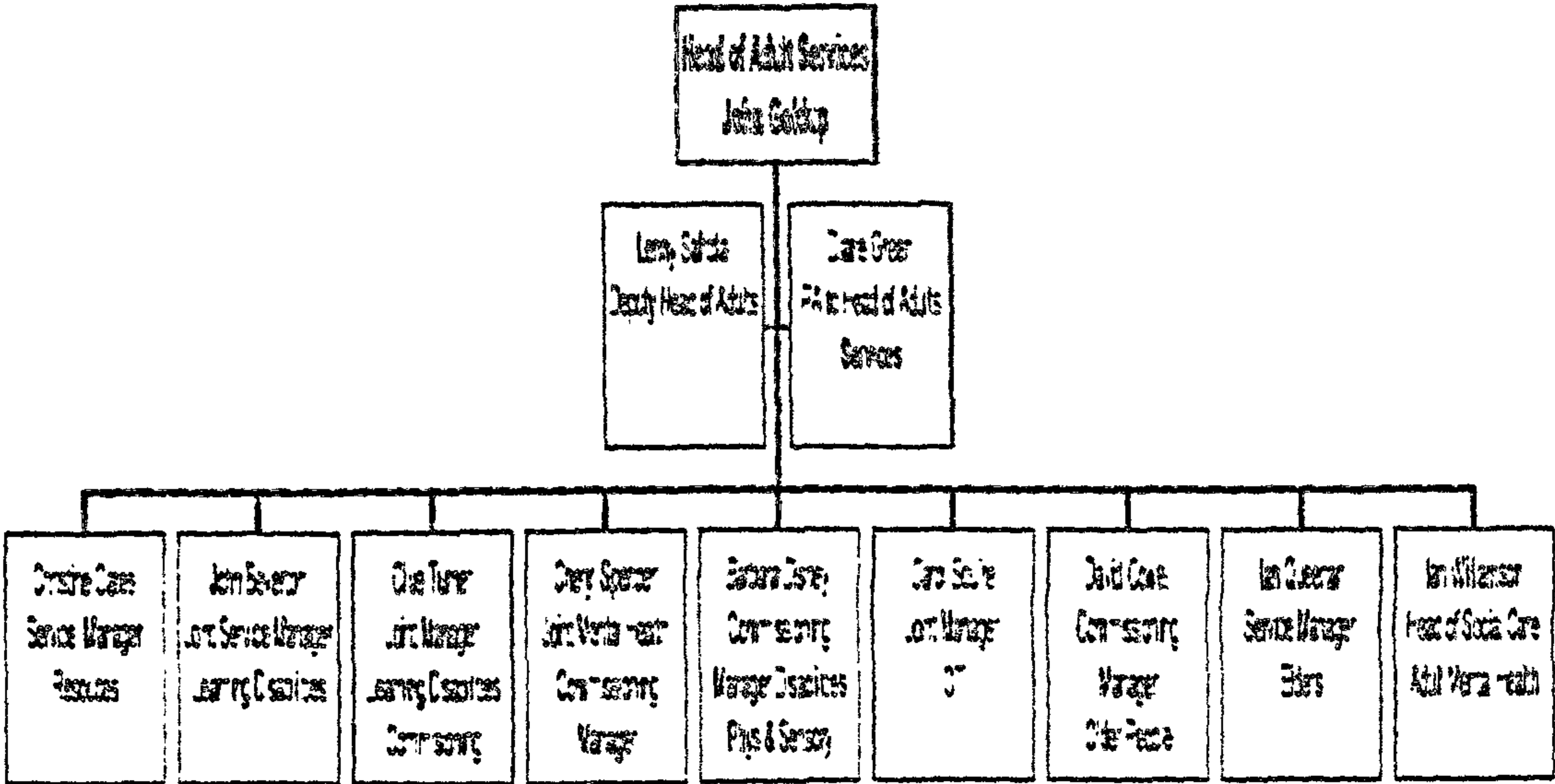
Children's Services Management Team



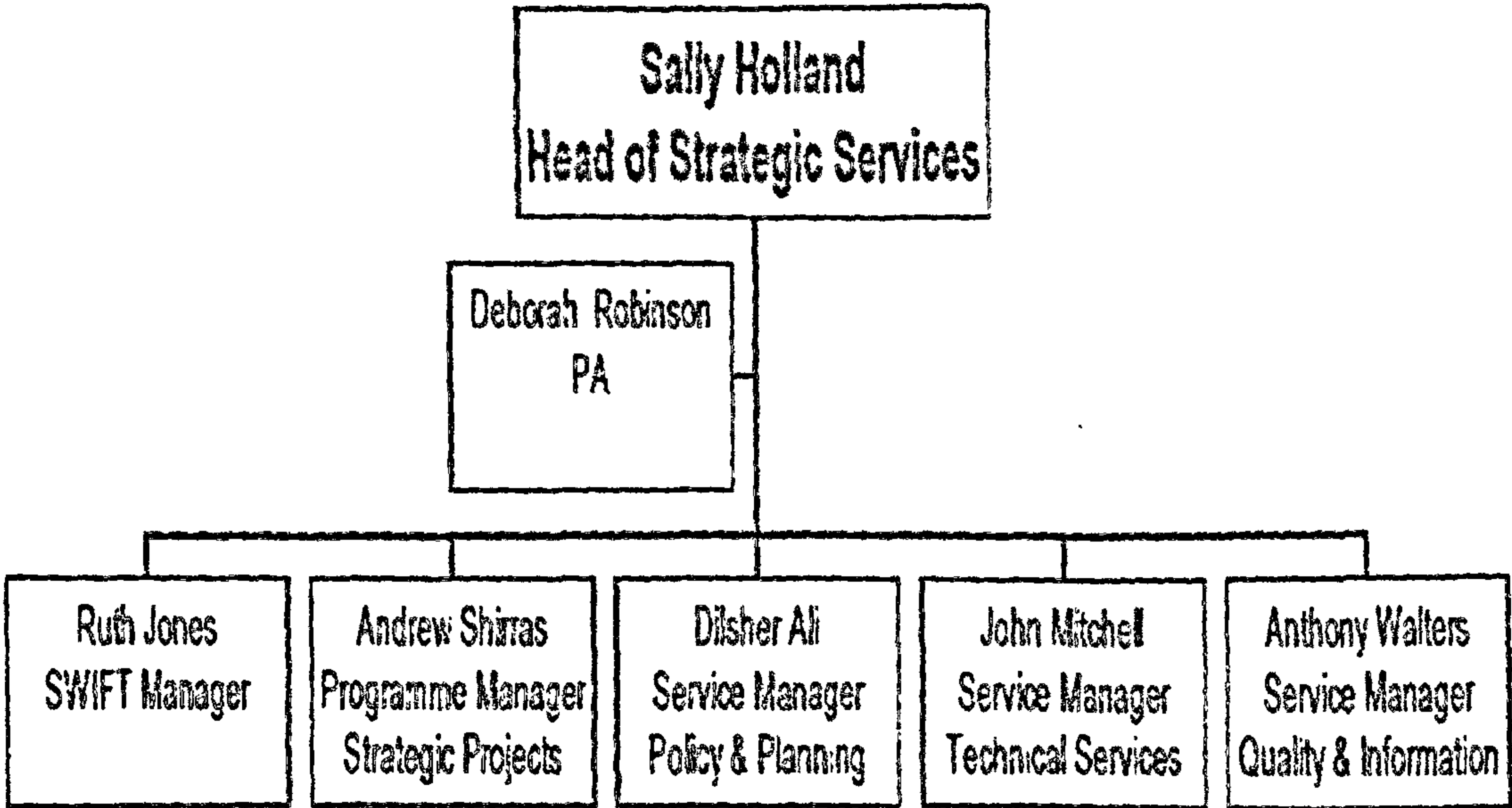
Appendix - F

Tower Hamlets Social Service

Adult Services Management Team



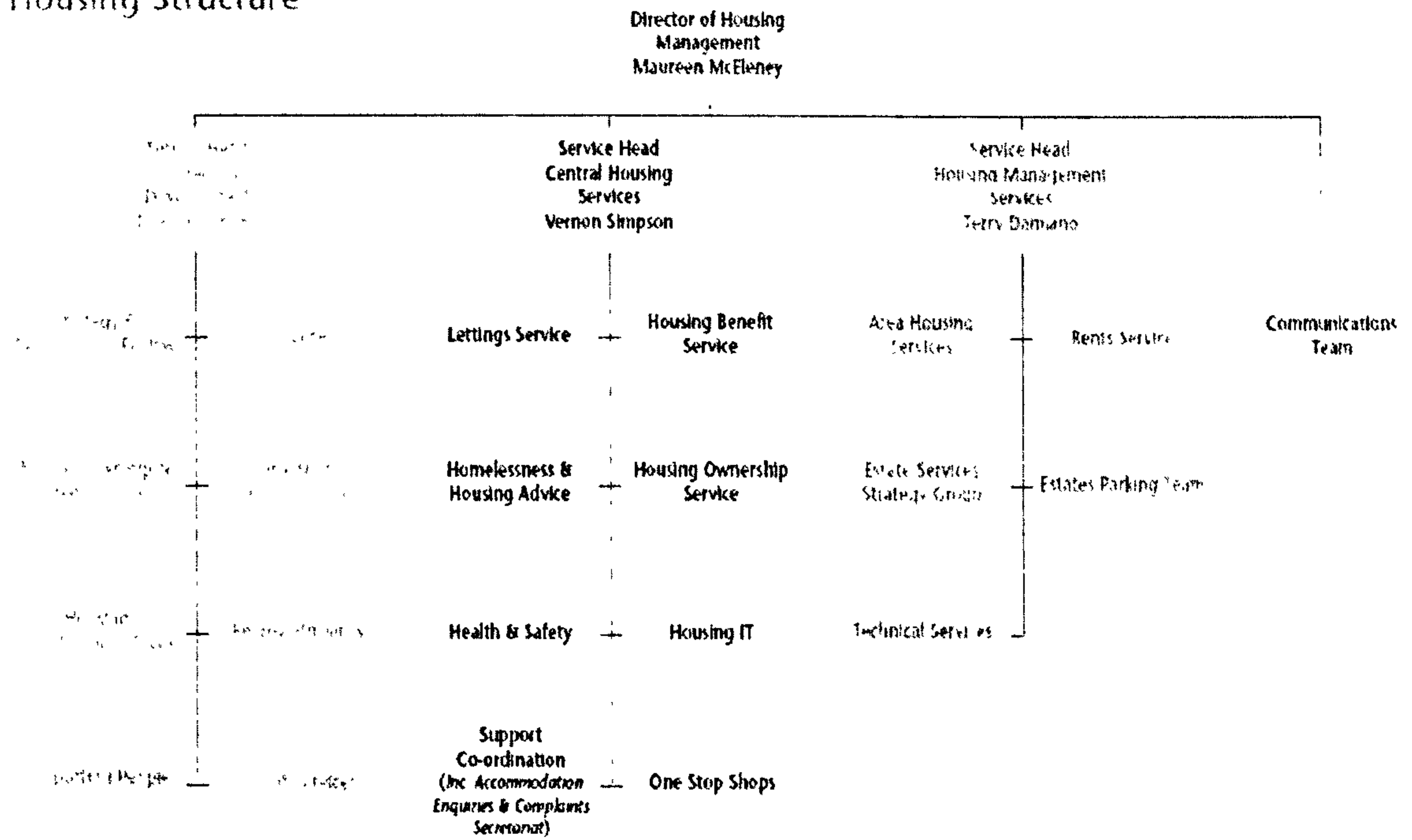
Strategic Services Management Team



Appendix-G

Tower Hamlets Housing Service

Housing Structure



Appendix - H

INTERVIEW SCHEDULE

SECTION 1

THE TOWER HAMLETS COUNCIL STRATEGY MAP

- Q1. Tower Hamlets' strategy map has been constructed on the basis of its strategic plan, community plan and interviews with its senior managers. Its vision has been placed at the top. Then below it the five community plan themes which are in fact the strategic objectives of the council were placed. They were followed by operational objectives chosen from the combined list of operational objectives of community plan and strategic plan.

On the basis of this prototype strategy map and its underlying assumptions do you think this kind of strategy map-

- 1.1 can describe vision and strategic objectives of a local authority like Tower Hamlets and create a shared understanding among all levels of managers and staff?
- 1.2 is a tool that can translate strategic objectives into operational objectives?
- 1.3 present the cabinet and CMT with a concise summary of key success factors and help align its activities and operations with overall strategy?

- Q2. For Tower Hamlets' prototype strategy map, the operational objectives were arranged into four BSC perspectives with slightly different nomenclatures- service users, community and stakeholder, Resource Management, Internal efficiency, and Learning and growth to denote Customer, financial, internal process and learning and growth. The eighteen chosen operational objectives in the prototype strategy map of Tower Hamlets were arranged under the four perspectives as mentioned above. Seven were placed under the service user perspective, three under resource management perspective and four under internal efficiency and the remaining four under the learning and growth perspective.

Looking at these eighteen operational objectives under the four BSC perspectives do you think-

2.1 achievement of those four operational objectives (15-18) mentioned under learning and growth perspective can enhance four objectives (11-14) mentioned under internal efficiency and three operational objectives (8-10) under the resource management perspective?

2.2 achievements of those operational objectives under resource management and internal efficiency perspectives can help the staff and partners achieve seven operational objectives under the first perspective?

2.3 achievement of those operational objectives under service users, community and stakeholder perspective can help council achieve the five strategic objectives or the five community plan themes?

2.4 Achievement of those strategic or community objectives will enable the council fulfil its vision i.e. 'to improve the quality of life for everyone living and working in Tower Hamlets'?

SECTION 2

TOWER HAMLETS COUNCIL SCORECARD

Q3. The second important component of Balanced Scorecard model is the 'Score Card'. The main focus of a scorecard is the measures or performance indicators by which the success of the operational objectives is measured. The crucial factor is to have appropriate measures. With the eighteen operational objectives mentioned in the prototype strategy map, a prototype scorecard for the council has been developed as shown in Table-1. Most of the measures were chosen from Best Value Performance Indicators list. Some of them are from the Tower Hamlets Index, and Local Public Service Agreement (LPSA) indicators.

Keeping manageability and strategic relevance in mind, two to six measures for each objective were chosen. Looking at the measures and the linked operational objectives do you think-

3.1 the measures are appropriate to gauge the linked operational objectives?

3.2 the measures are strategically and operationally important?

3.3 the format of the scorecard can help the council to link strategic objectives to financial and physical resources and achieve their alignment to the strategy, long run capital budget, strategic initiatives and annual expenses.

3.4 the format of the scorecard help periodic performance reviews and evaluations?

3.5 the scorecard can help the council focus change efforts by identifying opportunities in the areas that are lagging behind.

SECTION 3

SOCIAL SERVICE DIRECTORATE (SSD) STRATEGY MAP

Q4. The SSD strategy map was created by cascading the corporate strategy map. In order to do that the common vision of council was kept at the top. The second position was taken by one of the five community themes- 'Living well' and its contributory strategic objective- 'Improved outcome for the vulnerable children and adults'. The third position was taken by the six SSD strategic priorities. These three levels were further broken down into 18 operational objectives. Similar to corporate objectives the 18 objectives were grouped under four BSC perspectives. The nomenclatures of the four perspectives were kept the same.

Looking at the SSD strategy map do you think that-

4.1 this kind of strategic map in one page will be useful for the SSD?

4.2 can be used by DMT with a concise summary of key success factors of SSD and help align of its activities and operations with overall strategy of the council?

Q5. Looking at these eighteen operational objectives under the four BSC

Perspectives do you think-

5.1 achievements of those five operational objectives (14-18) mentioned under 'Learning and growth' perspective can enhance four objectives (10-13) mentioned under 'internal efficiency' and four operational objectives (6-9) under the 'resource management' perspective?

5.2 achievement of those operational objectives under 'resource management' and 'internal efficiency' perspectives can help the staff and partners achieve five operational objectives under the first perspective?

5.3 achievement of those operational objectives under 'service users, community and stakeholder' perspective can help SSD achieve its six strategic objectives or priorities?

5.4 achievement of those strategic and community objectives will enable the SSD and the council fulfil their vision i.e. 'to improve the quality of life for everyone living and working in Tower Hamlets'?

SECTION 4

SSD's SCORECARD

Q6. With the eighteen operational objectives mentioned in the prototype strategy map of SSD, a prototype scorecard for the SSD has been developed. Most of the measures were chosen from Department of Health's PAF indicators and some from Best Value Performance Indicators, the Tower Hamlets Index, and Local Public Service Agreement (LPSA) indicators.

Keeping manageability and strategic relevance in mind, one to nine measures for each objective were chosen. Looking at the measures and the linked operational objectives do you think-

- 6.1 the measures are appropriate to gauge the linked operational objectives?
- 6.2 the measures are strategically and or operationally important?
- 6.3 the format of the scorecard can help the SSD to link strategic objectives to financial and physical resources and achieve their alignment to the strategy, long run capital budget, strategic initiatives and annual expenses?.
- 6.4 the format of the scorecard help align strategic and operational reviews?
- 6.5 the scorecard can help the council focus change efforts by identifying opportunities in the areas that are lagging behind?.

SECTION 5

HOUSING SERVICE DIRECTORATE (HSD) STRATEGY MAP

Q7 The HSD's strategy map was created by cascading the corporate strategy map. In order to do that the common vision of council was kept at the top. The second position was taken by one of the five community themes-'Living well' and its contributory strategic objective-'More homes of a decent standard'. The third position was taken by the four HSD strategic priorities. These three levels were further broken down into 15 operational objectives. Similar to corporate objectives the 15 objectives were grouped under four BSC perspectives. The nomenclatures of the four perspectives were kept the same

. Looking at the HSD's strategy map do you think that-

- 7.1 this kind of strategic map will be useful for the SSD?
- 7.2 can be used by DMT with a concise summary of key success factors of HSD and alignment of its activities and operations with overall strategy of the council?

Q8. Looking at these fifteen operational objectives under the four BSC perspectives do you think-

- 8.1 achievement of those three operational objectives (13-15) mentioned under 'learning and growth' perspective can enhance the three objectives (10-12) mentioned under 'internal efficiency' and three operational objectives (7-9) under the 'resource management' perspective?
- 8.2 achievement of those operational objectives under 'resource management' and 'internal efficiency' perspectives can help the staff and partners achieve five operational objectives under the first perspective?
- 8.3 achievement of those operational objectives under 'service users, community and stakeholder' perspective can help HSD achieve its four strategic objectives or priorities ?
- 8.4 achievement of those strategic objectives or priorities will enable the SSD and the council fulfil their vision i.e.' to improve the quality of life for everyone living and working in Tower Hamlets'?

SECTION 6

ON HSD's SCORECARD

- Q9. With the fifteen operational objectives mentioned in the prototype strategy map of HSD , a prototype scorecard for the HSD has been developed as well and is shown in Table-3. Most of the measures were chosen from the Best Value Performance Indicators. The remaining measures were chosen from the Tower Hamlets Index, and Local Public Service Agreement (LPSA) indicators. Keeping manageability and strategic relevance in mind, one to six measures for each objective were chosen.

Looking at the measures and the linked operational objectives do you think-

- 9.1 the measures are appropriate to gauge the linked operational objectives?
- 9.2 the measures are strategically and or operationally important?

9.3 the format of the scorecard can help the HSD to link strategic objectives to financial and physical resources and achieve their alignment to the strategy, long run capital budget, strategic initiatives and annual expenses.

9.4 the format of the scorecard help align strategic and operational reviews?

9.5 the scorecard can help the HSD and council focus change efforts by identifying opportunities in the areas that are lagging behind.

SECTION 7

THE OVERALL BENEFIT OF ADOPTING AND USING BSC MODEL FOR LOCAL AUTHORITIES SUCH AS LONDON BOROUGH OF TOWER HAMLETS

PERFORMANCE MEASURES

The main focus of a Balanced Scorecard is the measures or performance indicators by which the success of the operational objectives is measured. The crucial factor is to have appropriate measures. With the eighteen operational objectives mentioned in the prototype strategy map, a prototype scorecard for the council has been developed as shown in Table-1. Most of the measures were chosen from Best Value Performance Indicators list. Some of them are from the Tower Hamlets Index, and Local Public Service Agreement (LPSA) indicators.

Q10. On the basis of prototype Scorecard developed for Tower Hamlets Council, do you think the BSC model can help local governments develop appropriate performance measures?

ORGANISATIONAL ALIGNMENT AND STAFF INVOLVEMENT

The authors of BSC model claims that one of the important advantages of using BSC in organisations is the technique of building cause-and-effect relationship among the objectives in the four perspectives. They also claim that this cause-and-effect relationship helps organisational alignment from top management to team level staff.

Q11. On the basis of BSC model and the prototype strategy map and the scorecard do you think the BSC model can help local governments get organisational alignment and staff involvement in all of their operational activities?

STRATEGIC FOCUS AND PERFORMANCE MANAGEMENT

The strategy map describes the vision, goal and strategic objectives of the council in a single page. The prototype corporate strategic map and corporate scorecard have been created from the descriptions and action plan of strategic plan, and community plan of Tower Hamlets Council.

Q12. Do you think such strategy map and scorecard will be easy to use and enable the users and managers have a better focus than what they have through the present system on the strategic objectives of the council and the community and perform and manage their work well?

MONITORING AND EVALUATION

The authors of BSC model claim that format of the scorecard can help organisations link strategic objectives to financial and physical resources and achieve their alignment to the strategy, long run capital budget, strategic initiatives and annual expenses. They also claim that such alignment and links help strategic and operational reviews. They also claim that developing BSC model can help the organisation focus on change efforts by identifying opportunities in the areas that are lagging behind.

Q13. By looking at the format and arranged objectives and measures of the scorecards do you think the BSC model can help the managers, reviewers and auditors monitor and evaluate performance well?

INFORMING AND REFINING STRATEGY

The follow up actions on the evaluation and review activities usually end up informing the next cycle of policy making. In the case of BSC model the format of Scorecard where target for each objective is set this is more apparent. Achievement of targets or otherwise is supposed to influence next cycle of policy making.

Q14. By looking at the format of three Scorecards, do you think the BSC model can help the local government authorities inform the next cycle of policy making and refine their corporate strategy?

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