

University of Strathclyde
Department of Management Science

PERFORMANCE MEASUREMENT
IN
BRITISH CENTRAL GOVERNMENT

by

NUR ANISAH ABDULLAH

A thesis presented in fulfilment of the requirements for the
Degree of Doctor of Philosophy

2009

BEST COPY

AVAILABLE

Poor text in the original
thesis.

Some text bound close to
the spine.

Some images distorted

TEXT BOUND INTO

THE SPINE

BLANK IN ORIGINAL

PAGE
NUMBERING
AS ORIGINAL

This thesis is the result of the author's original research. It has been composed by the author and has not been previously submitted for examination which has led to the award of a degree.

The copyright of this thesis belongs to the author under the terms of the United Kingdom Copyright Acts as qualified by University of Strathclyde Regulation 3.50. Due acknowledgement must always be made of the use of any material contained in, or derived from, this thesis.

Amisah
Nur Amisah Abdullah

<date>

This thesis is the result of the author's original research. It has been composed by the author and has not been previously submitted for examination which has led to the award of a degree.

The copyright of this thesis belongs to the author under the terms of the United Kingdom Copyright Acts as qualified by University of Strathclyde Regulation 3.50. Due acknowledgement must always be made of the use of any material contained in, or derived from, this thesis.

Acknowledgements

I would like to express my gratitude to all those who have given me tremendous support throughout my PhD.

I was privileged to be awarded a scholarship by the International Islamic University Malaysia which sponsored my studies and our stay in the UK.

My sincere appreciation goes to all the managers who have kindly participated in the research for they have been supportive, cooperative and generous in sharing with me invaluable information and materials for the completion of my research.

This PhD journey has been a roller coaster experience. The 'highs' of task accomplishments and good outcomes of annual reviews were exhilarating. And the many times when I felt and would have failed if not for the support of various groups of people: my supervisors Val Belton and Mik Wisniewski who almost always answered my questions with thought-provoking questions and gave me useful advice and encouragement; Abi who has been more than a good friend; and friends and colleagues who were always there for me. For whom I am so grateful and without whom I could not have managed at all, let alone completed the work.

To Madi, who has to cope and live with a grouchy PhD student cum wife; who made himself available for the children in order for me to be able to work on my research.

And also to my children, Naimi, Imran and Jabbar, who constantly have to carry on without their mum being home. They deserve more tender loving care.

Thank you.

Abstract

For many years, research on public sector performance measurement has focused on the more 'mainstream public interest' sections such as Health, Education, or Police Services and overlooked agencies and public bodies. The research aimed to explore the issues of performance measurement in the context of British executive agencies and non-departmental public bodies with a view towards development and improvement.

Through a three-phase exploratory study, the research set out to gain an in-depth understanding of performance measurement practice and in doing so, identified and examined the key elements for development and improvement. Phase I was a large scale questionnaire-based survey which, in broad sense, explored the nature of and reasons for performance measurement, the tools used, factors influencing design and the perceived level of system effectiveness. Phase II was a more in-depth study, extending the efforts of Phase I, sought to examine some of the issues in greater detail; and Phase III was initiated based on managers' desire, explored the feasibility of devising a tool to inform and evaluate performance measurement practice.

The research has found that performance measurement practice and knowledge was evident across agencies and public bodies. The research also revealed nine interconnected elements as key to effective performance measurement. Based on these findings a framework for performance measurement practice was developed. Out of which, a performance measurement practice evaluation tool (PMPET) has been created. Although the framework and the resulting PMPET were customised for agencies and public bodies, they aimed to be generically applicable to the wider sections of public sector.

Table of Contents

Abstract	i
Chapter 1 Introduction	1
1.1 Statement of the Problem	1
1.2 Research Gaps	2
1.3 Research Objectives	3
1.4 Research Plan	3
1.5 Overview of Contributions	4
1.6 Structure of the Thesis	5
Chapter 2 Literature Review	8
2.1 Introduction	8
2.2 Background	8
2.3 Performance Measurement	9
2.4 Evolution of Performance Measurement	12
2.5 New Public Management	14
2.5.1 Reforms in Britain	15
2.6 Key Elements of Performance Measurement	20
2.6.1 Readiness for Performance Measurement	21
2.6.2 Stages of System Development	23
2.6.3 Design of Measures	23
2.6.4 Implementation	26
2.6.5 Use	27
2.6.5.1 How do public managers use performance information?	27
2.6.5.2 Key Issues on the Use of Performance Information	30
2.6.6 Review and Update	32
2.7 The Unintentional Effects of Performance Measurement	33
2.7.1 Typology of Unintentional Effects	33
2.7.1.1 Tunnel Vision	33
2.7.1.2 Sub-optimisation	34
2.7.1.3 Myopia	34
2.7.1.4 Measure fixation	34
2.7.1.5 Misrepresentation	34
2.7.1.6 Mis-intepretation	35
2.7.1.7 Gaming	35
2.7.1.8 Ossification	35

2.7.2	Hindering Convictions	35
2.8	Remedies for Unintended Consequences	36
2.9	Framework for Performance Measurement	37
2.9.1	The SMART System	37
2.9.2	The Performance Measurement Questionnaire (PMQ)	38
2.9.3	The Balanced Scorecard	39
2.9.4	The Viable System Model	39
2.9.5	The Program Accountability Quality Scale (PAQS)	40
2.9.6	The Six-Stage Framework	41
2.9.7	The Maturity Model for Performance Measurement Systems	44
2.9.8	The STAIR Model	46
2.9.9	The ISAT	48
2.10	An Analysis of Existing Frameworks	49
2.11	Conclusions	51
Chapter 3	Research Methodology: An Overview	53
3.1	Introduction	53
3.2	Research Objectives and Questions	53
3.3	Research Philosophy	54
3.3.1	Identification of Inquiry Paradigm	54
3.3.2	Social Construction of Public Sector Performance Measurement	54
3.4	Research Setting	55
3.4.1	Executive Agencies and Executive Non-Departmental Public Bodies	56
3.4.2	Which Organisations are being Excluded?	57
3.5	Research Design	59
3.5.1	Phase I: An Exploratory Survey	59
3.5.2	Phase II: In-Depth Enquiries	60
3.5.3	Phase III: Tool Development and Testing	60
3.6	Research Ethics	61
3.7	Summary	61
Chapter 4	Phase I: An Exploratory Survey	62
4.1	Introduction	62
4.2	Objectives and Questions	62
4.3	Research Method	63
4.3.1	Questionnaire Design	63
4.3.2	Pre-Testing Stage	64

4.3.3	The Pilot Test	65
4.3.4	Implementation of survey	65
4.4	Data Analysis	65
4.4.1	Characteristics of Data	65
4.4.2	Analytical Strategies	66
4.4.3	Progression to Phase II	66
4.5	Findings	67
4.5.1	Response Rate	67
4.5.2	Profile of Respondents	67
4.5.3	Type of Approaches	68
4.5.4	Length of Time Approach in Use	70
4.5.5	Groups Involved in Design and Implementation	71
4.5.6	Influence of Stakeholder Groups in Design	72
4.5.7	Factors Influencing Design	72
4.5.8	Dissemination of Performance Information	75
4.5.9	Reasons for Measuring Performance	75
4.5.10	System Effectiveness	76
4.5.11	Overall Effectiveness	77
4.6	Discussions and Conclusions	78
4.7	Summary	81
Chapter 5	Phase II In-Depth Enquiry	82
5.1	Introduction	82
5.2	Objectives and Questions	83
5.3	Profile of Participants	83
5.4	Methods: In-Depth Interviews	85
5.4.1	Semi-Structured Questions	86
5.4.2	Reliability and Validity	87
5.4.2.1	Researcher Bias	88
5.4.2.2	Reactivity	88
5.4.2.3	Reliability	89
5.4.3	The Data Collection Process	89
5.4.4	Analysis: Which Specific Method?	91
5.4.4.1	Thematic Analysis	91
5.4.4.2	A Change of Strategy	92
5.4.4.3	Data Reduction	94
5.4.5	Summary	104

5.5 Phase II: Findings	106
5.6 Part A: Emerging Framework: An Overview	106
5.6.1 Why these Nine Key Elements?	106
5.6.2 A Revision to the Initial Framework	107
5.6.3 What is Effective Performance Measurement?	108
5.6.4 Why Measure Performance?	108
5.6.5 Framework of Performance Measurement Practice	109
5.6.6 Links between Key Elements	111
5.6.6.1 KE1 Enables KE2	111
5.6.6.2 KE2 Enables KE3	112
5.6.6.3 KE2 Enables KE4	114
5.6.6.4 KE3 Informs KE2	114
5.6.6.5 KE3 Informs KE4	115
5.6.6.6 KE3 Enables KE5	115
5.6.6.7 KE4 Enables KE3	116
5.6.6.8 KE4 Informs KE2	116
5.6.6.9 KE5 Informs KE2 and KE3	117
5.6.6.10 KE5 Enables KE6	118
5.6.6.11 KE6 Enables KE7	119
5.6.6.12 KE6 Informs KE5	119
5.6.6.13 KE5 Enables KE7	120
5.6.6.14 KE7 Informs KE5	121
5.6.6.15 KE7 Enables KE8	121
5.6.6.16 KE5 Enables KE8	122
5.6.6.17 KE8 Informs KE5	122
5.6.6.18 KE8 Enables KE9	123
5.6.6.19 KE9 Informs KE5	124
5.6.6.20 KE9 Enables KE1	125
5.6.7 Summary	125
5.7 Part B: Key Elements	128
5.7.1 Readiness for Performance Measurement	128
5.7.1.1 Strategic Nuance	129
5.7.1.2 Leadership and Process Champion	129
5.7.1.3 Performance Culture	129
5.7.2 Dysfunctions of Performance Measurement	129
5.7.3 Key Element 1: Set Organisational Goals and Objectives	130
5.7.3.1 WHY: Measure and Monitor Activities (KE2)	130

5.7.3.2	WHAT: Key Business Objectives	130
5.7.3.3	HOW: Identify Stakeholder Groups	131
5.7.3.4	HOW: Conduct Stakeholder Analysis	132
5.7.3.5	HOW: Develop Corporate Plan	133
5.7.4	Key Element 2: Measure and Monitor Performance	134
5.7.4.1	WHY: Evidence of Performance (KE3)	134
5.7.4.2	WHY: Evaluate Projects (KE4)	134
5.7.4.3	WHAT: Cascade of Corporate Plan	134
5.7.4.4	HOW: Develop Business Plans	135
5.7.4.5	WHAT: Design of Measures	137
5.7.4.6	HOW: Top-Down Approach	137
5.7.4.7	HOW: Select High Level Performance Indicators	138
5.7.4.8	HOW: Define Measures	138
5.7.4.9	HOW: Criteria for Good Measure	139
5.7.4.10	HOW: Data Collection	140
5.7.4.11	WHAT: Target Setting	140
5.7.4.12	HOW: Setting Appropriate Target	140
5.7.4.13	WHAT: Information Technology for Data Management	141
5.7.4.14	WHEN: Dispersion of Data Collection Point	141
5.7.4.15	WHEN: Data Reliability and Validity	141
5.7.4.16	WHEN: Cost and Benefits Analysis	141
5.7.4.17	WHEN: Flexibility and Adaptability	143
5.7.4.18	WHAT: Structuring Measuring and Monitoring Activities?	143
5.7.4.19	HOW: Selection	143
5.7.4.20	WHAT: Behavioural Issues	145
5.7.4.21	HOW: Create Performance Culture	145
5.7.5	Key Element 3: Prepare Evidence of Performance	146
5.7.5.1	WHY: Performance Review and Decisions Making (KE5)	146
5.7.5.2	WHAT: Reporting Requirements	146
5.7.5.3	HOW: Identify User Group	146
5.7.5.4	HOW: Identify User Requirements	146
5.7.5.5	WHAT: Feedback Informs Design of Measures	149
5.7.5.6	HOW: Speak to Users Face-to-Face	149
5.7.6	Key Element 4: Manage & Evaluate Project	150
5.7.6.1	WHY: Evidence of Performance (KE3)	150
5.7.6.2	WHAT: Goals and Methods of Work	150
5.7.6.3	HOW: Develop Value Statement	150
5.7.6.4	HOW: Create Project Manager and Project Team	151

5.7.6.5	HOW: Develop Project Plan and Work Methods	151
5.7.6.6	HOW: Design of Measures for Project	151
5.7.6.7	WHAT: Project Evaluation	151
5.7.6.8	HOW: Intentions for Performance Measurement	152
5.7.6.9	HOW: Conduct Impact Assessment	152
5.7.6.10	HOW: Summary on Project Progress and Contributions	153
5.7.7	Key Element 5: Review Performance & Make Decisions	155
5.7.7.1	WHY: Influence Performance Behaviour (KE6)	155
5.7.7.2	WHY: Drive Improvement (KE7)	155
5.7.7.3	WHY: Demonstrate Success (KE8)	155
5.7.7.4	WHAT: Performance Culture	155
5.7.7.5	HOW: Getting Buy-in	155
5.7.7.6	HOW: Encourage Ownership of Key Targets	156
5.7.7.7	HOW: Use Directors' Commentaries	156
5.7.7.8	HOW: Appoint Strategic Group	157
5.7.7.9	WHAT: Departmental Level Review	157
5.7.7.10	HOW: Review Questions	157
5.7.7.11	HOW: Highlight Issues for Corporate Level Review	157
5.7.7.12	WHAT: Corporate Level Review	159
5.7.7.13	HOW: Identify Key Review Areas	160
5.7.7.14	HOW: Conduct Informal Meetings	160
5.7.7.15	HOW: Adaptive to Change	161
5.7.7.16	WHAT: Target Plans and Review of Strategies	161
5.7.7.17	WHAT: Design of Measures	161
5.7.8	Key Element 6: Influence Performance Behaviour	163
5.7.8.1	WHY: Drive Improvement (KE7)	163
5.7.8.2	WHAT: Performance Information	163
5.7.8.3	HOW: Gain Staff Cohesion	164
5.7.8.4	HOW: Celebrate Success	164
5.7.8.5	HOW: Communicate Expected Work Standard and Quality	164
5.7.8.6	HOW: Feedback on Measuring and Monitoring Activities	164
5.7.8.7	HOW: Devise Mode of Communication	164
5.7.8.8	WHAT: Sense of Ownership	164
5.7.8.9	HOW: Provide Regular Feedback	165
5.7.8.10	WHAT: Ownership of Individual Objectives	165
5.7.8.11	HOW: Project Team Write Local Plans	165
5.7.8.12	HOW: Encourage Self Assessment;	165
5.7.8.13	HOW: Establish Staff Individual Objectives	166

5.7.9	Key Element 7: Drive Improvement	168
5.7.9.1	WHY: Demonstrate Success (KE8)	168
5.7.9.2	HOW: Establish Senior Management Commitment	168
5.7.9.3	WHAT: Catalyst for Improvement	168
5.7.9.4	WHAT: Performance Review & Organisational Capabilities	168
5.7.9.5	WHAT: Influence Performance Behaviour	168
5.7.9.6	HOW: Set Challenging Targets	169
5.7.9.7	HOW: Conduct Regular Review and Planning	169
5.7.9.8	WHAT: Behavioural Issues	169
5.7.9.9	HOW: Deal with Behavioural Issues	169
5.7.10	Key Element 8: Demonstrate Success	170
5.7.10.1	WHY: Negotiate Key Targets and Funding (KE9)	170
5.7.10.2	WHAT: Design of Report	170
5.7.10.3	HOW: Benchmark with External Certified Bodies	171
5.7.10.4	WHAT: Proposal for Target and Budget	171
5.7.10.5	HOW: Create Strategic Group	171
5.7.10.6	HOW: Obtain Feedback and Approval	172
5.7.11	Key Element 9: Negotiate Target Plans and Funding	172
5.7.11.1	WHY: Inform Goal and Objectives Setting (KE1)	172
5.7.11.2	HOW: Strategic Board to Facilitate Negotiation	173
5.7.11.3	WHAT: Target Plans and Budgets	173
5.7.11.4	HOW: Obtain Feedback and Approval	174
5.7.12	Summary	175
5.8	Part C: Inter-Systems Comparisons	178
5.8.1	Introduction	178
5.8.2	Systems and Key Elements	178
5.8.2.1	New and Unstructured	179
5.8.2.2	New and Structured	180
5.8.2.3	Mature and Unstructured	180
5.8.2.4	Mature and Structured	181
5.8.2.5	Size of Organisation	181
5.8.2.6	System Effectiveness	181
5.8.3	Summary	183
5.9	Discussions and Conclusions of Phase II Findings	184
5.9.1	An Overview	184
5.9.2	Findings of Phase II in Relation to Other Studies	186
5.9.3	Overall Framework	186

5.9.4	Readiness for Performance Measurement	188
5.9.5	Key Elements	189
5.9.6	Summary	198
Chapter 6	Phase III: Tool Development & Preliminary Testing	200
6.1	Introduction	200
6.2	A Review of Guidebooks from the Literature	200
6.2.1	Summary on the Review of Guides and Handbooks	208
6.3	Tool Design & Development	211
6.4	Main Objectives	211
6.4.1	Target Users and Proposed Use	212
6.4.2	Structure of Guidebook and Checklist	212
6.5	Tool Testing and Feedback	213
6.5.1	Candidates for the Review	213
6.5.2	Documents for the Review	213
6.5.3	The Review Process	215
6.5.4	Data Analysis	215
6.6	Preliminary Feedback	216
6.6.1	The Self Assessment Checklist	216
6.6.1.1	Ease of Use	216
6.6.1.2	Completeness	217
6.6.2	The Guidebook	217
6.6.2.1	Ease of Use	217
6.6.2.2	Completeness	218
6.6.3	Descriptions of Overall Utility	219
6.6.3.1	Expectations	219
6.6.3.2	Useful Information for Performance Measurement in General	219
6.6.3.3	Useful Information for Developing a New System	219
6.6.3.4	Useful Information for Reviewing an Existing System	219
6.7	Special Interest Group (SIG)	220
6.7.1	National Performance Framework	221
6.8	Conclusions	224
Chapter 7	Conclusions and Future Research	226
7.1	Reiterating the Gaps in the Literature	226
7.2	Research Objective and Design	227
7.3	Contributions of the Research	227
7.3.1	Informing Performance Measurement Practice	228

7.3.2	Identification of Key Elements	229
7.3.3	Development of Tool	230
7.4	Limitations of the Research	231
7.4.1	Research Population	231
7.4.2	Scale and Scope of the Study	231
7.5	Future Research	232
	Reference	233

Table of Appendices

Appendix 1 Phase I Survey Questionnaire	242
Appendix 2 Phase II Interview Protocol	243
Appendix 3 Phase II Interview Prompts	244
Appendix 4: Phase II Data Analysis: A Priori codes	245
Appendix 5 Phase II Data Analysis: Descriptions of Key Theme	246
Appendix 6: Phase II Snapshots of Interview Data	247
Appendix 7: Phase II Data Reduction	248
Appendix 8 Phase II Data Display for Key Elements	249
Appendix 9 Part C Comparative Analysis of Systems	250
Appendix 10 Small Organisations and Key Elements	251
Appendix 11 Medium sized Organisations and Key Elements	252
Appendix 12 Large sized Organisation and Key Themes	253
Appendix 13 An Example of a Corporate Scorecard	254
Appendix 14 Phase III Consent Form	255
Appendix 15 Phase III Feedback Form	256
Appendix 16 Synopses of Guides and Handbooks	257
Appendix 17 Performance Measurement Practice and Evaluation Tool (PMPET)	258
Appendix 18 SEPA Corporate Plan 2008-2011	259
Appendix 19 National Library of Scotland Corporate Plan 2008/09	260

Table of Figures

Figure 1 Structure of Thesis	6
Figure 2 Chronology of Key Events in Performance Measurement in British Central Government	17
Figure 3 SMART: The Performance Pyramid	38
Figure 4 The 6-Stage Framework	41
Figure 5 The 8-Step Plan	43
Figure 6 The STAIR Model	47
Figure 7 ADSR Scoring Template	48
Figure 8 Result Scoring Template	49
Figure 9 British Government: Machineries for Policy Implementation.	56
Figure 10 Categories of Performance Measurement System	81

Figure 11 Phase II: Profile of Participants	85
Figure 12 Data Analysis: Codes for DESIGN	92
Figure 13 Data Driven Induction Approach to the Development of Themes	93
Figure 14 Key Theme 1: Axial Coding	99
Figure 15 Key Theme: Coded Text	100
Figure 16 Mapping: Use of Arrows	103
Figure 17 Performance Measurement Practice Framework	113
Figure 18 Key Element 1: Setting Organisational Goals & Objectives	131
Figure 19 A Survey on Consumer Satisfaction 2006/2007	132
Figure 20 Performance Measurement and Monitoring of the National Library of Scotland	133
Figure 21 Key Element 2: Cascade of the Corporate Plan	135
Figure 22 Cascading the Corporate Plan	136
Figure 23 National Library of Scotland: Key Performance Indicators of Widening Access	139
Figure 24 Key Element 2: Design of Measures	142
Figure 25 Key Element 3: Performance Evidence	148
Figure 26 Key Element 4: Manage and Evaluate Project	154
Figure 27 Key Element 5: Review Performance & Make Decisions: Department Level	158
Figure 28 Key Element 5: Review Performance & Make Decisions: Corporate Level	159
Figure 29 HEFCE: A Revision to Operating Plans	162
Figure 30 Key Element 6: Influence Performance Behaviour	167
Figure 31 Key Element 9 Negotiate Funding	173
Figure 32 Framework for Performance Measurement (Version 1)	214
Figure 33 National Performance Framework	221
Figure 34 National Outcomes Framework	222
Figure 35 National Indicators and Targets	223

Table of Charts

Chart 1 Profile of Respondents by Size	68
Chart 2 Performance Measurement Approaches	69
Chart 3 Performance Measurement: Length of Time in Use	70
Chart 4a Performance Measurement Approach and Length of Time in Use	70
Chart 5 Performance Measurement Design & Implementation	71
Chart 6 Influence of Stakeholder Groups in Design	72
Chart 7 Factors Influencing Design	73

Chart 8 Performance Information	75
Chart 9 Reasons for Measuring Performance	76
Chart 10 Effectiveness of Performance Measurement	76
Chart 11 Overall Performance Measurement System Effectiveness	77
Chart 12 Phase 2: Profile of Respondents by Size	84

Table of Tables

Table 1 The Evolution of Performance Measures	14
Table 2 Readiness for Performance Measurement	22
Table 3 Attributes of Good Measures	25
Table 4 An Example of Performance Measurement Grid	42
Table 5 A Four-Stage Maturity Model for Performance Measurement System	45
Table 6 Key Characteristics Executive Agencies & Non-Departmental Public Bodies.	58
Table 7 Distribution of Respondents	68
Table 8 System Effectiveness and Approach Matrix	77
Table 9 What Works Well with Performance Measurement.	97
Table 10 Measuring and Monitoring Activities	98
Table 11 Coding Agreements	101
Table 12 Coding Disagreements	101
Table 13 Inter-coder Reliability	101
Table 14 Key Elements of Performance Measurement	107
Table 15 System Attribute and Key Element	182
Table 16 Review of Handbooks-Part A	203
Table 17 Review of Handbooks – Part B	205
Table 18 Review of Handbooks – Part C	207

List of Abbreviations

ABC	Activity-based Costing
BSC	Balanced Scorecard
EA	Executive Agencies
EFQM	The European Foundation for Quality Management Excellent Model
ENDPB	Executive Non-Departmental Public Bodies
KE	Key Element
PMPET	Performance Measurement Practice Evaluation Tool

Chapter 1 Introduction

1.1 Statement of the Problem

British government continually puts more pressure on public organisations to improve performance since the establishment of the Efficiency Unit in 1979. Several initiatives were put in place encouraging a more devolved approach to performance management within a continuing framework of clear national standards. Incidentally, the Scottish Government launched the National Performance Framework in the 2007 Spending Review. One would expect to see a heightened level of performance measurement activities within British government. However, it is evident from the literature research on public sector performance measurement has focused on the more 'mainstream public interest' sections such as Health, Education, Police Services or local authorities and overlooked the executive agencies and public bodies as part of the central government. What is the nature of performance measurement for agencies and public bodies? How do agencies and public bodies approach performance measurement? What works for them?

Many authors attest that performance measurement can have beneficial effects on public organisations (Ball and Beckett 1991; Smith 1993; Behn 1999; de Bruijn 2002a). Published literature, whether based on theoretical or empirical works present an array of development and implementation issues and challenges, and typically conclude with recommended approaches or actions to ameliorate such incidences. The variations of suggestions and good practices are essentially communicating the message 'what works for one may not work for another' and that there may be 'no one solution for similar problems in different contexts'.

Previous works (see e.g. Ferlie, Pettigrew et al. 1996; Boland and Fowler 2000; Pidd 2004) report that it is becoming a common practice for public sector organisations to adopt performance measurement models or tools that were originally designed for the private sector such as the Balanced Scorecard or the EFQM Excellence Model. Is the use of such tools common amongst agencies and public bodies? Were these tools immediately applicable?

Because the development and practices of performance measurement are influenced by the context within which they operate, this study is designed within the social constructionism epistemology. The research set out to explore the issues of performance measurement in the contexts of executive agencies and public bodies with a view toward development and improvement. The research took on the task to study, document, identify and communicate

good performance measurement practice emphasising day-to-day practical applications within the context of agencies and public bodies. How widely is performance measurement used? What are the reasons for performance measurement? What types of approach are in use? What is the perceived level of effectiveness of existing performance measurement practice? What influences design of system? Do managers need some kind of tool to inform and evaluate performance measurement practice?

1.2 Research Gaps

The three main streams of literature on performance measurement include (i) the exploration of issues related to system development processes offering guides on separate aspects such as design, implementation and/or use; (ii) the development and review of frameworks and models explaining and informing the design and implementation of a more coherent system; and (iii) the discussions on unintended consequences resulting from measuring and monitoring performance.

The studies on different and separate aspects of system development offer in-depth understanding relevant to each aspect being examined but may still be lacking due to (i) inter-sectoral concerns where processual issues are said to be context dependent (Hales 1986) and that the nature of public sectors' tasks may be fundamentally different from that of the private sector (Hood 1991); and (ii) such recommendations on good practices for separate aspects of design and development of performance measurement often lose sight of the broad perspective of a whole system. This study aims to bridge this gap by examining performance measurement as a coherent practice in a specific context and in doing so, identifying the critical factors with a view towards development and improvement.

The research on British public sector performance measurement has largely concentrated in health services and local authorities. An example of the extent to which the other sections of the public sector were neglected in terms of research, a search by the researcher using ABI/Inform electronic database on publications of the journal, *Public Money and Management* between October 1997- October 2008 produced a list of 56 articles related public sector performance measurement or improvement, and of these only 6 were focused on agencies or public bodies (being a section of central government) as compared to 31 for local authorities, and 4 for NHS. This is also demonstrated by Ferlie, Hartley et al (2003) in their assessment of knowledge generated on public governance and management. They found 15 out of 24 papers on public service organisations published by the *British Journal of Management* between 1992 and 2002 had a strong healthcare focus. In comparison, there

are only 3 articles focusing on central government. Hence, there is obvious opportunity for an exploratory study to better understand performance measurement in context of British agencies and public bodies being a section of central government.

Since the establishment of the Efficiency Unit in 1979 and numerous initiatives such as, among others, the introduction of Modernisation, Reforms and Accountability policy (1999-2000) and the Next Step Initiatives in 1988 which saw the conception of agencies and non-departmental public bodies, there have been undoubtedly, many developments in public sector performance measurement. An updated documentation of recent practice is now timely and can contribute to knowledge in this field.

1.3 Research Objectives

In the light of the identified gaps above, the following research objectives were proposed:

- Objective 1: to obtain a broad understanding of performance measurement practices within the context of British agencies and public bodies;
- Objective 2: extending the efforts of Objective 1; to gain in-depth understanding of performance measurement practices, to identify the key elements of effective performance measurement, and to enquire if it is desirable for managers to have some kind of tools to inform and evaluate performance measurement practices; and
- Objective 3: if it is desirable, to explore the opportunities and feasibility to develop such a tool; and if the tool materialises, to test the tool for preliminary feedback on usability and completeness with a view towards further development and improvement.

1.4 Research Plan

The inquiry paradigm for this study is constructionism. The research aims to understand the worldview of the phenomenon under study by seeking explanations as to what, why and how things happen the way they do. It employed a mixed-method approach, using quantitative and qualitative methods of research, as encouraged by Guba and Lincoln (1994, p105). This strategy of using a mixed method approach must not be confused with one that mixes qualitative and quantitative paradigms, as different paradigms have different philosophic premises, purposes and epistemic roots (Leininger 1994, p101-103). This research was

designed as a three-sequential-phase study. Each phase was designed to address a specific research objective.

Phase I was designed to gather information to gain a broad understanding of performance measurement practices of agencies and public bodies. This was achieved by using a mail-out questionnaire survey exploring the reasons for measuring performance, factors influencing design, implementation and use, and managers' perception of the effectiveness of their existing performance measurement approach.

The information gathered from Phase I survey offered an overview and a broad understanding of the phenomenon under study. More in-depth enquiries were required to tease out the critical factors of performance measurement. Hence, Phase II involved the conduct of a series of face to face interviews with performance measurement managers or persons in-charge of performance measurement. The interviews were planned to encourage managers to describe from their experience: 'What works well with performance measurement?' The managers' desirability for tools to inform and evaluate performance measurement practices was also examined during the interviews.

Phase III: Tool Development and Preliminary Testing was initiated as there were considerable interest among managers for such a tool. It was planned to review, compare and contrast existing tools or handbooks for performance measurement to examine the strengths and weaknesses. The results from this review process informed the opportunity for and feasibility of devising a new tool. The eventual tool was informed by and structured based on Phase II findings and the wider literature. The prototype tool was subjected to a series of preliminary testing on its usability and completeness.

1.5 Overview of Contributions

The main contributions of this research include:

- (i) It provides an understanding of performance measurement practice in a much overlooked section of British central government being the agencies and public bodies;
- (ii) The study informs the wider research methodology literature as the research was shaped by the social constructionist epistemology and employed a mixed method approach for data collection to inductively develop a framework for performance

measurement practice, tailored for agencies and public bodies but at the same time aimed to generically applicable to the wider sections of public sector;

- (iii) The findings of this study are useful in understanding the nature, issues and challenges of performance measurement in the context of agencies and public bodies;
- (iv) The findings of this study revealed the iterative and learning nature of performance measurement;
- (v) The findings uncovered the nine inter-connected elements that were key to effective performance measurement practice;
- (vi) The resulting empirical framework serves as a starting point for future research on public sector performance measurement;
- (vii) The resulting empirical framework provides managers with 'reflective handles' to think about their practice; and
- (viii) The resulting performance measurement practice evaluation tool (PMPET) aims to serve two purposes: as a source of useful model of good practice, and as an initiative for the development of a 'wiki' approach to learn, share good practice and improve.

1.6 Structure of the Thesis

Figure 1 shows the structure of the thesis. This introductory chapter highlights the gaps in the literature of public sector performance measurement, and states the research problem and research objectives. This section proceeds to explain the structure of this thesis, guiding what the reader should expect to see and in what order.

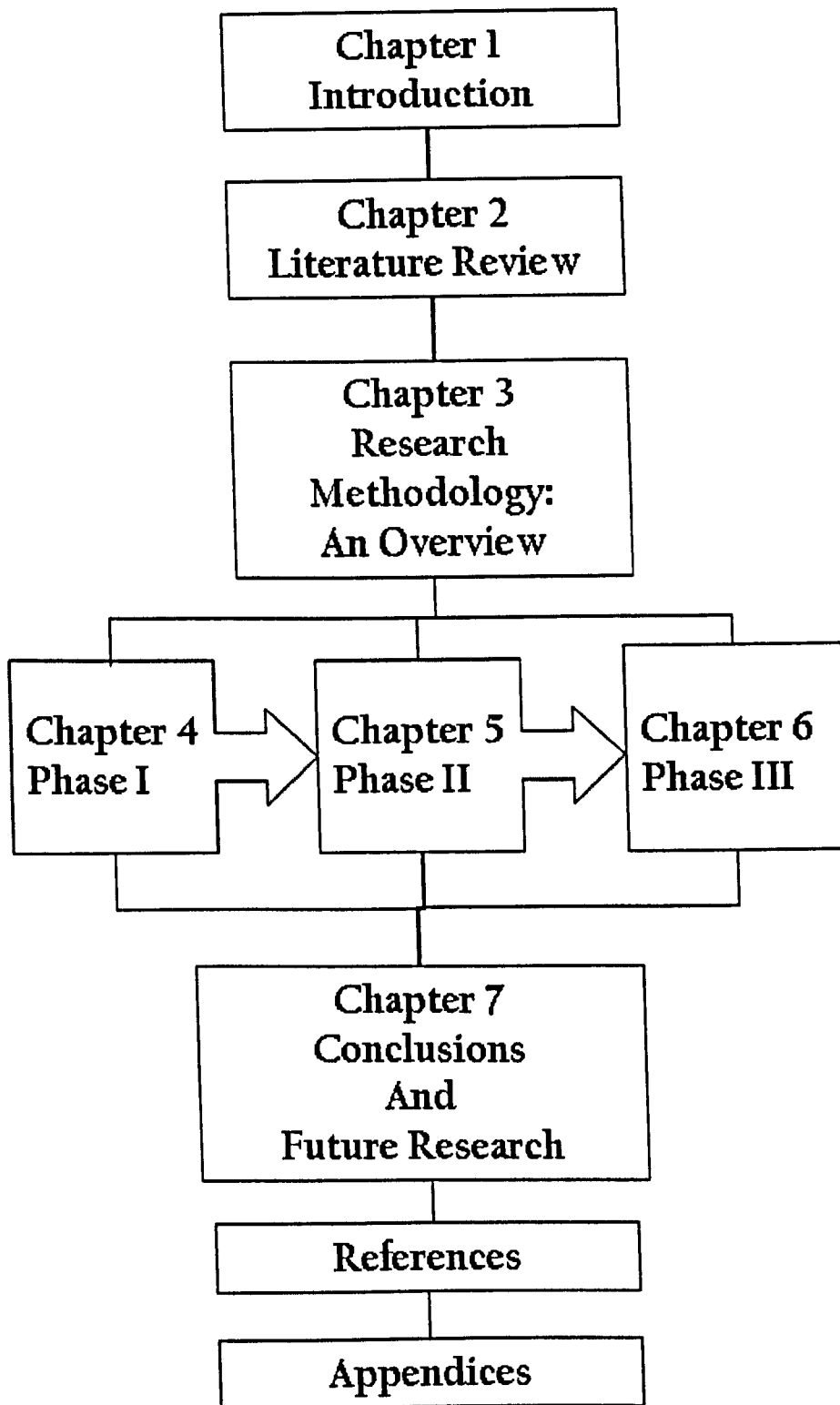


Figure 1 Structure of Thesis

Chapter 2 presents the literature review of performance measurement focusing on four main areas. The chapter starts off by defining performance measurement and explains how it has evolved over the years. This is followed by the descriptions of how performance measurement and management have become an important feature brought about by a shift in public management styles-New Public Management, in particular the reforms which have taken and are taking place in the United Kingdom. Next, the key elements of performance measurement were reviewed. This review was dealt with in four sections: the readiness for performance measurement; the issues associated with the different stages of system development-design, implementation, and use; the unintended effects of measuring and monitoring performance; and the frameworks and models of performance measurement. The chapter ends with summarising the conclusions drawn from the review highlighting the gaps which drive this enquiry.

Chapter 3 provides an overview on the methodology for the research as a whole. It presents the research objectives, identifies the inquiry paradigm, discusses research setting and very briefly introduces the design of each of the three phases of the research. The chapter acts a frame which encases the three phases of this study: Phase I, II and III.

The next three chapters: 4, 5 and 6, each separately is dedicated to presenting a phase of the study. Each chapter starts off with reiterating the research objective and presents the research questions, discusses the methodology of the research, the method adopted for data collection, the strategies for data analysis, the steps taken to address threats to validity; reports on the findings, and finally, presents the discussions and conclusions. Chapter 4 focuses on Phase I: An Exploratory Survey, Chapter 5 on Phase II: In-Depth Enquiry and Chapter 6 on Phase III: Tool Development and Preliminary Testing.

Chapter 7 pulls together the findings from all three phases. Firstly, it establishes how the findings from each phase of the study meet each research objective. Secondly, it draws conclusions on the research as a whole, and finally, it highlights the theoretical and practical contributions of the research to the wider existing body of literature. The limitations of the research are also discussed and the chapter concludes with a discussion on the opportunities for further research.

Chapter 2 Literature Review

2.1 Introduction

The previous chapter gives an overview of the research by firstly, specifying the motivation of this study, and the research objectives and research plan, and then highlights the contributions of the study and finally, introduces the structure of the thesis to guide readers.

This chapter presents the review of performance measurement literature. Firstly, it discusses the definitions of performance measurement and how it has evolved over time. Secondly, it presents the shifting of public management styles, particularly in the UK to establish the role of performance measurement and management in the public sector. Thirdly, the syntheses of lists of issues relating to performance measurement on three main areas: readiness for performance measurement, stages of development, and unintended consequences resulting from measuring and monitoring performance. Finally, a review of frameworks and models of previous research intended to ameliorate identified challenges.

The chapter aims to provide the grounds for the motivation of this research. The syntheses of the literature and the generation of lists of key factors has provided a good foundation for the exploratory study, informed the design of Phase I survey questionnaire and provided references for discussions on the research findings.

2.2 Background

Performance measurement is increasingly becoming an important issue for the public sector when governments all over the world are calling for reform. In general, reforms centre around themes such as a strong concern for value-for-money and efficiency gains, an insistence on more transparent methods for review of performance, and an increased stress on being responsive to the needs of consumers (Ferlie, Pettigrew et al. 1996; Cabinet Office 2002). Having to deal with financial constraints and increasing demand for accountability and value for money, government administrators have begun using tools, performance measurement being one, to support management activities (Cabinet Office 2002). Ball and Beckett (1991) demonstrate the usefulness of performance indicators in facilitating the assessments of economy, efficiency and effectiveness of service delivered by a local authority.

Literature on performance measurement from both private and public sector is reviewed for this thesis. The literature from private sector can help inform this inquiry as HM Treasury performance framework is viewed in terms of the typical production model consisting of 3 stages (inputs, outputs and results), and performance is judged in terms of efficiency and effectiveness (The Comptroller and Auditor General 2001). The British government has been promoting the use of performance measurement based on private sector principles (see e.g. Audit Commission 1988) and it is evident from the many published case studies that such principles, framework or tools have penetrated the public sector (de Bruijn 2002a). However it must be remembered that the context in which the public sector operates is different from that of the private sector, hence the transferability of such principles and practices into the public sector may not be straight-forward as cautioned by, amongst others, Ferlie, Pettigrew et al (1996) Adcroft and Willis 2005, and McNulty and Ferlie 2002.

Previous research on central government performance measurement has largely focused at Department level (see e.g. The National Audit Office 2001), and health services and local authorities being the two key policy implementation arms (see e.g. Cabinet Office 2002). It is found that the literature in this field is thin concerning agencies and non-departmental public bodies. In addition to this, almost a decade since the Modernisation, Reforms and Accountability Initiative 1999-2002 and two decades since the launch of the Next Step Initiatives (1988), it is now timely to explore and understand performance measurement and management within agencies and public bodies.

2.3 Performance Measurement

This research holds the view that performance measurement is a component of a broader corporate performance management system (Lebas 1995; Smith and Goddard 2002; Bourne, Neely et al. 2003; Halachmi 2005), that performance data are worthless until they are interpreted to highlight performance issues for decision making (Smith and Goddard 2002), and is based on the assumption that overall performance is better with the availability of the information than without (Jackson 1993).

A performance measurement system is a specific information system which supports communications of performance (Neely 1998) but is not the only way of managing performance (Halachmi 2005). Wholey and Newcomer (1997) further add that it provides information that can be used to improve management and program effectiveness, improve policy decision making and improve public confidence in government.

From a strategic management point of view, a performance measurement system has been defined as follows:

- a system that “helps translate organisational strategies into deliverable results and a system consisting of combined financial, strategic and operational measures to gauge how well organisation meets its targets” (Gates 1999);
- a system “that provides information that allows the firm to identify the strategies offering the highest potential for achieving the firm’s objectives, and aligns management processes, such as target setting, decision-making, and performance evaluation, with the achievement of the chosen strategic objectives” (Ittner, Larcker et al. 2003);
- a system that helps an organisation “focus attention on what planners believe is critical to promote the organisation’s success” (Atkinson 1998); and
- a system that “links competitive strategy to execution by integrating performance measures, management processes, and information management infrastructures” (McGee 1992);

Performance measurement is a tool an organisation uses to monitor the output of strategic planning (Atkinson, Waterhouse et al. 1997) and to “develop and maintain desired patterns of behaviour” (Otley 1999) and to tie incentive payments to performance measurement results (Atkinson 1998). Therefore strategically, it is a system that facilitates management processes in terms of identification of strategic objectives, translation of those strategies into actionables and deliverables; alignment of the management process to achieve those actionables and deliverables. It facilitates monitoring and evaluation of organisational strategic achievements; and in designing a reward/compensation scheme.

The following definitions focus on the processes within a performance measurement system. Bredrup (1995) proposes that “a performance measurement system should be made up of several integrated layers, each consisting of a set of metrics to quantify actions. These layers are consistent with the hierarchy of planning, strategic, tactical and operational, and evaluation could then be based on input from those different layers of measurement systems.” Bourne, Neely et al (2003) expand the ‘set of metrics’ to ‘a multi-dimensional set of performance measures (metrics)’. While Neely et al (2002) stress that “a performance measurement system enables informed decisions to be made and actions to be taken because it quantifies the efficiency and effectiveness of past actions through the acquisition, collation, sorting, analysis and interpretation of appropriate data.” Both statements agree on the ‘quantification of actions’ role played by a performance measurement system, with Bredrup illustrating how a performance measurement system should be integrated with organisational business processes, and Neely et al emphasising the way that evaluation of

input produced by the multi-layered measurement systems supports management decision making and managerial actions.

Franco-Santos et al (2004) propose that “a business performance measurement system can be defined as the set of processes an organisation uses to manage its strategy implementation, communicate its position and progress, and influence its employees’ behaviours and actions” and that the roles played by a business performance measurement system can be “classified into 3 main categories (1) ‘strategy management’ that comprises the roles of managing strategy formulation, strategy execution, and focusing attention; (2) ‘communication’, which comprises the role of internal and external communication, benchmarking and compliance with regulation; and (3) ‘influence behaviour’ which encompasses the role of monitoring progress and rewarding or compensating behaviour”.

The numerous definitions of performance measurement demonstrates the different perspectives of the many bodies contributing to the literature on performance measurement, these differences may be due to the different contexts in which it operates or the different functions and roles it plays. Although different, these definitions often are not in conflict with one another. Together these definitions may provide a more comprehensive world-view about performance measurement. For a researcher, this variation also means that there is no one best way to conceptualise a framework to guide the understanding of performance measurement. Findings from this exploratory study can help inform the development of this framework.

This research adopts a strategic approach to performance management and views the development of performance measurement and the application of analytic techniques to interpret such measures¹ as part of the main component of a performance management system. This research sets out to explore and seek knowledge to inform performance measurement within the context of British agencies and public bodies. The findings can contribute towards defining public sector performance measurement.

¹ The 4 broad categories of actions that constitute performance management are (1) formulation of strategy to determine what constitutes performance; (2) development of performance measurement instruments; (3) application of analytic techniques to interpret such measures; and (4) development of instruments designed to encourage appropriate organisational responses to performance information. Smith, P. C. and M. Goddard (2002). "Performance management and operational research: a marriage made in heaven?" *Journal of Operational Research Society* 53: 247-255.

2.4 Evolution of Performance Measurement

Performance measurement is said to have gone through two phases of evolution:

(I) 1880s-1980s emphasis was on financial measures such as profit, return on investment and productivity;

(II) From the late 1980s with the recognition of the limitations posed by financial measures in a market dominated by the quality and information era (Ghalayini and Noble 1996).

Traditionally, performance measurement systems were based on management accounting information. Such systems were said to have excessive financial focus as the main aim of evaluation was basically for the preparation of financial reports (Johnson and Kaplan 1987). This emphasis naturally encourages managers to concentrate their efforts mainly on the quantity of outputs delivered. Managers' efforts are often seen to be disconnected from organisational strategic planning, with minimal energy channelled towards addressing issues arising from inputs (resources and skills) and processes needed to generate those outputs (Kaplan and Norton 1996(a)). The emphasis on outputs also shortens managers' foresight towards the outcomes of organisational objectives and hence dysfunctionalities such as 'short-termism' and 'local optimisation' can occur, which often happens in ailing and under-performing organisations. Lynch and Cross (1991) argue on similar vein, emphasising how traditional measures do not provide the relevant information to help top management focus and track performance of strategic business objectives. Lynch and Cross (ibid) highlight the fundamental differences between traditional performance measures and a strategically-focused performance measures as shown in Table 1, page 14.

Financial performance measures were found to be insufficient in providing the much-needed range of information to support managers in defining objectives and targets, and, supporting the design of action plans, budgeting and continuous improvement. Information generated by financial performance measures ignores important issues such as 'what the customer wants', 'responsiveness to competition', or 'effectiveness of processes' (Ghalayini and Noble 1996).

As managers realised that financially-based performance measurement was insufficient in supporting their organisation's business processes, they searched for a more integrated performance measurement model that is multi-dimensional, in terms of encompassing both financial and non-financial measures (Kaplan and Norton 1992; Ghalayini and Noble 1996);

a model that addresses contributions and roles of all stakeholders (Atkinson, Waterhouse et al. 1997; Neely, Adams et al. 2002; Wisniewski and Stewart 2004). More importantly, the design of measures ought to start with the question ‘what needs measuring and why?’ to avoid measuring too many and possibly the wrong things (Atkinson, Waterhouse et al. 1997).

The evolution of performance measures as perceived by Lynch and Cross (1991) and Ghalayini and Noble (1996) is presented in Table 1. Both works underline a set of attributes of that represents the limitations of traditional measures and introduce another set of attributes which perceivably could overcome such limitations. Lynch and Cross (ibid) identify two other attributes (in addition to Ghalayini and Noble’s list) of traditional measures, i.e. ‘locally optimised’ and ‘trade-offs unknown’ which they felt do not help management in tracking strategic performance. Traditional measures were felt to be locally optimised as they were designed mainly to decrease costs and intended for vertical reporting rather than being systematically optimised to improve performance and intended for horizontal reporting. Further to this, traditional measures were said to be designed with cost, output and quality viewed in isolation rather than quality, delivery, time, and cost evaluated simultaneously addressing the known trade-offs.

THE EVOLUTION OF PERFORMANCE MEASURES		
Traditional measures	Strategic Focus Measures Lynch and Cross (1991, p37)	Non traditional Measures Ghalayini and Noble (1996, p68)
Financial focus	Strategic focus	Strategic focus
Financially driven (past focus)	Customer driven (future focus)	Improvement and quality (future focus)
Limited flexibility	Flexible, dedicated system for operational control	Flexible, needs based
Not linked to operations strategy	Linked to organisational objectives and goals. Performance information is used to track concurrent strategies	Linked to strategy
Used to adjust financial figures	Catalyst for process improvements	Catalyst for improvement A mix of measures but mainly non-financial based.
Locally optimised	Systematically optimised	Not mentioned.
Decrease costs	Improve performance	Improve performance
Vertical reporting	Horizontal reporting	Vary between locations
Fragmented	Integrated	Integrated
Cost, output, and quality viewed in isolation	Quality, delivery, time and cost evaluated simultaneously	Quality, time and customer satisfaction
Trade-offs unknown	Trade-offs addressed	Not mentioned.
Individual incentives	Group incentives	Leads to employee satisfaction
Individual learning	Organisational learning	Organisational learning

Table 1 The Evolution of Performance Measures

2.5 New Public Management

New Public Management (hereafter 'NPM') is a generic label for a general (not universal) shift in public management styles (Hood 1995).

It is said that public management and public policy reform have emphasised the importance of performance measurement and management (see e.g. Cabinet Office 2002) and that measurement has become more extensive, more intensive and more external believing that an increased level of information would improve the level of decision making and, hence, the level of effectiveness (Bouckaert 2004). This new model of public administration depicts 'the lessening or removing of differences between the public and private sector, and the shifting of emphasis from process accountability towards a greater element of accountability in terms of results' (Hood 1995).

One key change in public sector organisational structure has been the shift from mono-central, traditional, administrator-controlled bureaucracies to poly-central sets of autonomous and management controlled agencies, e.g. the Next Steps Initiative 1998. This new trend brought about some problems such as lack of co-ordination of different policies across agencies; lack of co-ordination of policies in time (short or long term); and absence of co-ordination of related clusters of activities and different stages of implementation inside and across agencies; therefore, appropriate mechanisms of monitoring and sufficient incentives for bonding is needed (Bouckaert 2004).

2.5.1 Reforms in Britain

(Note: the reforms highlighted here are related to performance measurement, the study does not aim to provide a comprehensive discussion on the entire reform activities undertaken by the British government, but rather to give a flavour of the subject under investigation).

British public sector performance measurement has evolved over the years. Some of the more obvious signs include the establishment of the Efficiency Unit in 1979, Public Service Agreement in 1998, Modernising Government in 2000, the Office of Public Service Reform and the Performance Innovation Unit. The latter two units morphed to become the Strategy Unit in 2002. . These events illustrate the extent of efforts the UK Government in their search for the perfect performance measurement and management system, integrating management information systems with public accountability as they seek control over public sector performance. The following is a brief discussion of the chronology of key events in performance measurement in central government, which is guided by a diagram provided by National Audit Office, see Figure 2, page17.

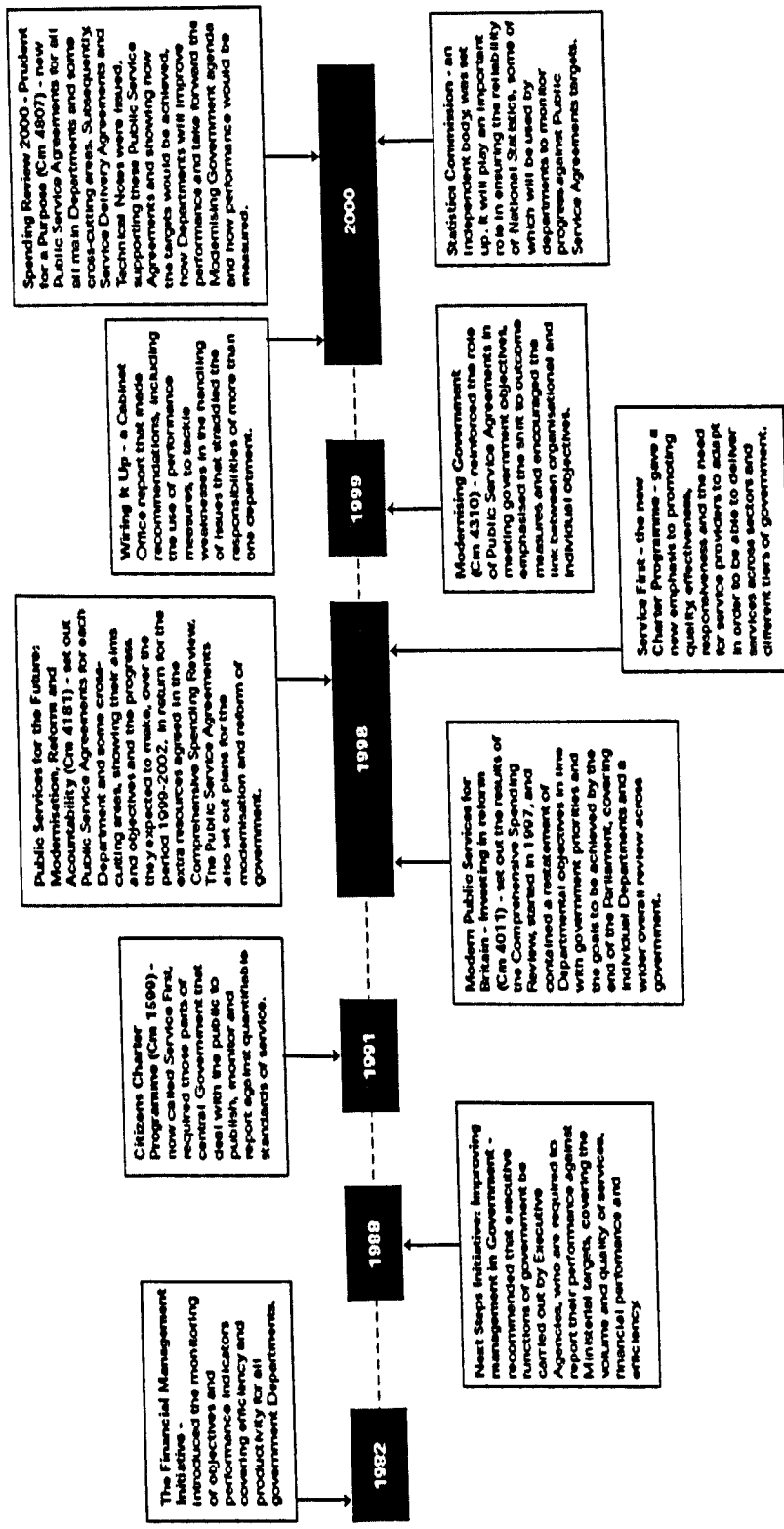
The Conservative government initiated reviews of departmental efficiency back in 1979 as part of the Next Steps' strategy, with the appointment of Lord Rayner as the Prime Minister's 'efficiency adviser'. Lord Rayner established the Efficiency Unit and produced the Next Steps Report. This Unit is seen to have been in the forefront of the Value for Money (VFM) movement.

Performance was further emphasised with the launching of the Financial Management Initiative (FMI) in 1982. Many authors felt that this event marked the managerial revolution for British government. The concepts that underlie FMI can be seen as a response to the growth in the scale and scope of State activity, where ministers felt they were no longer in control of their departments and Parliament no longer felt that ministers could be called to

account effectively (Carter, Klein et al. 1992). FMI introduced the monitoring of objectives and performance indicators covering efficiency and productivity for all government departments. The National Audit Office and the Audit Commission were set up as auditing institutions to oversee the developments of FMI. With the establishment of these auditing institutions, performance was audited beyond financial accountabilities. From this point onwards, performance was measured against the concepts of 'economy', 'efficiency' and 'effectiveness', known as the 3Es (Jackson 1995).

In 1988, the Next Steps Initiative: Improving Management in Government recommended that executive functions of government be carried out by Executive Agencies. The report argued that the civil service was too big and diverse to manage as a single unit; there was a need for smaller, performance-focused units. Executive Agencies² are required to report their performance against Ministerial targets, covering the volume and quality of services, financial performance and efficiency. This programme transformed the delivery of the vast majority of central government services. An emphasis had been placed on the need to develop performance measurement and performance reporting systems. Measuring performance was essential as it provides information to improve management planning and control systems within the public sector; and it can form the basis for ensuring adequate accountability by the public sector. However it was felt "the value of Next Steps may be primarily to act as a catalyst for changes already underway, acting as a focal point for concentrating management interest and energies. [that]...that structural change itself is not enough. [that]...management and organisational development which focuses on motivation and other human relations issues are seen to be critical for the successful implementation of Next Steps" (Gray and Jenkins 1995, p48).

² A description of the key characteristics and the functions of Executives Agencies and Executive Non-Departmental Public Bodies is presented in Section 3.4 Research Setting, page 55.



The diagram shows the development of performance measurement in central Government since 1982.

Figure 2 Chronology of Key Events in Performance Measurement in British Central Government
 Source: *Measuring the Performance of Government Departments, 2001. HC 301, National Audit Office, p57.*

The launch of the Citizen Charter in 1991 aims to unify performance measurement policy across the whole of the public sector with a focus on main themes such as higher standards, openness, information, choice, non-discrimination, accessibility and proper re-dress when things go wrong (Cabinet Office, 1991). In 1998, the Labour Government replaced the Citizen's Charter with 'Service First - The 'New Charter Programme' consisting of 9 Principles of Public Service Delivery and 6 Service Standards for Central Government to further improve public services. Whilst 'Service First' is still embedded in the subculture of most parts of central government, 'the only centralized features of the original 1991 Charter that remain visible are the annual Charter Mark exercise and the nationally published league tables – particularly in the fields of Health and Education' (Drewry 2005). Following Service First, the White Paper, 'Modernising Government' was published in 1999, this sets out a programme of reform in the way the government conducted its business. This reform aims to shift public managers' attention towards performance outcomes rather than developing policies on inputs and outputs, which is in response to the various calls for public sector performance measurement to go beyond simple efficiency measures (Ghobadian and Ashworth 1994) and the perception that performance measures are tools for managing political and administrative change (Carter, Klein et al. 1992, p165-183). Performance should be assessed in terms of the quality, coordination and accessibility of public services for citizens (Healey and Porter 1987).

Following the results of the Comprehensive Spending Review published in 1998, Public Services for the Future: Modernisation, Reform and Accountability set out Public Service Agreements (PSA) and Service Delivery Agreements (SDA) for each Department and some cross-cutting areas, showing their aims and objectives and the progress they expected to make, over the period 1999-2000, in return for the extra resources agreed in the Comprehensive Spending Review. Each PSA sets out the aims of the Department, the supporting objectives and the related programme targets showing what will be delivered. The SDAs set out how the main Departments will meet their PSA targets and how they plan to modernise and reform government services to help deliver their targets. They cover issues such as quality of service, the development of new processes and progress toward the Government's Modernising Government agenda. PSAs and SDAs focus on the achievement of targeted outcomes under the responsibility of a given Department or group. They also enable the contribution of other Departments and their priorities to be recognised and co-ordinated in support of high-level objectives. They provide powerful tools for promoting cross working, both horizontally across Departments and vertically down through the service providers- Executive Agencies, Non-Departmental Public Bodies, and local authorities.

The introduction of these agreements encourages a more devolved approach to performance management within a continuing framework of clear national standards. Central government is allowing greater scope locally to determine other priorities and to decide how best to deliver national outcomes, while maintaining a strategic role and ensuring standards are met and maintained. They are proposing an increased performance management capacity within the frontline services, local government and other intermediate tier organisations (HM Treasury 2004).

Government commitment towards developing a performance information strategy bringing together all existing work on the design, usability and accessibility of performance measures and targets can be seen in the Cabinet Office report, *Wiring-It Up*³. The report made recommendations, including the use of performance measures to tackle the weaknesses in the handling of issues that straddled the responsibilities of more than one department.

The devolved Government for Scotland known as Scottish Executive was established in 1999. In June 2006, *Transforming Public Services: The Next Phase of Reform* was published that set out five fundamental principles around which reform should be organised, which are relevant to performance measurement: user focus and personalisation of services; drive quality and encourage innovation, continue to improve efficiency and productivity; be joined-up and minimise separation; and strengthening accountability. The then Scottish Executive, along with the five principles, was replaced by the current administration in May 2007. Several reform initiatives includes the launch of the National Performance Framework at the publication of the *Spending Review 2007*; and the *Community Planning Partnership, Best Value Guidance and Power to Advance Well Being* as provided for by the *Local Government in Scotland Act 2003* have therefore been a driver of performance measurement in Scottish public services.

Some of the central government policy implementation arms have specific performance measurement schemes to guide performance measurement. For example, local authorities have the *Local Government Performance Indicator System* and the *Best Value System*, the *National Health Services* have the *NHS Performance Assessment Framework* and the *police services* have the *Policing Performance Assessment Framework* (Cabinet Office 2002). However, the public bodies and agencies have no such measurement schemes. The

³ *Wiring It Up – Whitehall’s Management of Cross-Cutting Policies & Services, Performance and Innovation Unit, January 2000.*

government expects non-government bodies in England to use PSAs in setting out responsibilities and activities and structuring of performance management framework (Comprehensive Spending Review 2007⁴, National Audit Office). Essentially, the PSAs are broad outcomes with four to six key indicators against which performance will be measured. The PSAs do not specifically indicate what each organisation ought to do to achieve those outcomes, or advise what needs measuring or how. Also, Scottish non-government bodies were expected to demonstrate their performance based on the newly launched National Performance Framework (Spending Review 2007). How, then, do these public bodies and agencies approach performance measurement?

2.6 Key Elements of Performance Measurement

The literature documents a variety of lists of attributes of performance measures and measurement systems. It is the objective of the following sections to review and synthesise a list of key elements of performance measurement.

The review is structured in four main sections as follows:

1. readiness for performance measurement;
2. issues associated with system development processes: design, implementation and use;
3. unintended consequences resulting from measuring and monitoring performance; and
4. frameworks and models explaining performance measurement.

⁴ The Comprehensive Spending Review, 2007 introduces 30 Public Service Agreements (PSAs) that are structured under four broad outcomes: sustainable growth and prosperity (PSAs 1-7); fairness and opportunity for all (PSAs 8-17); stronger communities and a better quality of life (PSAs 18-26); and a more secure, fair and environmentally sustainable world (PSAs 27-30). Date of access: October 2008.
http://www.nao.org.uk/what_we_do/other_specialist_expertise/performance_measurement/comprehensive_spending_review.aspx

2.6.1 Readiness for Performance Measurement

Successful performance measurement requires public managers to address some issues to ensure readiness for such an activity (De Lancer Julnes 2001), this is termed as the preparatory stage by Likierman (1993).

Public sector performance measurement requires more than mastering the technical process requirements as they are “mediated by subjective concerns that go beyond simple economic rationality and are largely socially rather than technically constructed and operated” (Halachmi 2005). This social aspect is often represented by authors explaining performance measurement from an institutional perspective, see for example Gupta, Dirsmith et al (1994), Brignall and Model (2000) and Bouckaert (2004).

Public managers may need to be aware of some convictions that people may hold which could hinder efforts to implement performance measurement (Bouckaert 1995). They may believe that there are no inefficiency problems in most sectors of government; that measurement is impossible, resulting in suspicious attitude towards any practice of measurement. They may also feel that the public sector has to be less effective than the private sector therefore measurement in public sector is considered to be worse than in the private sector.

Cultural issues play a major role in the success of organisational change efforts (Lewin 1956) and for the purpose of this research, the implementation of performance measurement initiatives can be considered as one example of a change effort . Three other studies (De Lancer Julnes 2001; Bititci, Mendibil et al. 2006; Broad, Goddard et al. 2007) have describe the way which a culture supportive of achievement and learning facilitates performance measurement. Further studies documented that the leadership role affects the creation of a climate to support a change in culture (Schein 1992), the critical role that leadership plays in the implementation of measuring and monitoring activities (Behn 2004; HM Treasury 2004) and the need for top management support and commitment (Newcomer 1997; De Lancer Julnes 2001).

Various authors recorded observations that adoption of a strategic mindset towards management facilitates performance measurement initiatives (Jackson 1993; Atkinson and McCrindell 1997; Hatry 2002; Bryson 2004).

Many raise the awareness of the possibility of data manipulation, gaming or the perverse effects of measuring and monitoring performance (see e.g. Jackson, Beeton et al. 1991; de Bruijn 2002b) and call for robust and reliable internal data reporting (HM Treasury 2004). The same authors suggest that communicating clearly about the intentions of performance measurement can help avoid mixed signals and the fear of it being used punitively. The perverse effects of performance measurement will be discussed at length in the proceeding sections.

It has been suggested that clear communication of what is expected in terms of performance measurement and how decisions are taken based on the use of performance information is an important part of gaining better commitment and a sense of ownership to ensure smoother implementation of performance measurement initiatives (Likierman 1993).

The above issues illustrate the complexity of the nature of performance measurement as a management activity.

Readiness for performance measurement has been synthesised from the literature and is presented in no particular order in Table 2.

Readiness for Performance Measurement	
1.	An understanding that performance measurement is of a social construction and consists of more than just technical skills
2.	A strategic mindset to management
3.	Clear communication of the intentions of performance measurement initiative
4.	An understanding of the unintended consequences of measuring performance
5.	Existence of performance culture
6.	An appropriate person taking a leadership role along with top management support

Table 2 Readiness for Performance Measurement

2.6.2 Stages of System Development

Previous works have conceptualised the development of performance measurement systems be explained in four main phases: design, implementation, use and update (Bourne, Mills et al. 2000; Neely, Adams et al. 2002); or concept, preparation, implementation and use (Likierman 1993). This four-stage system development lifecycle is adopted in this thesis to structure the literature review on the exploration of key elements of performance measurement. This four-stage lifecycle structure is an approach similar to Likierman's (ibid) where the groupings are "more for convenience as the boundaries are not definitive and some key elements or issues raised could fit into more than one stage".

2.6.3 Design of Measures

Measures must be functional, as opposed to being dysfunctional, and purposeful, and they must stimulate the realisation of goals and objectives, hence design effort consists of finding accurate, definitive, reliable and motivating measures (Bouckaert 1995).

In order for a measure to be functional, its design must derive from strategy, i.e. to measure the 'right thing' (Jackson and Palmer 1989; Keegan, Eiler et al. 1989; Kaplan and Norton 1992; Benchmarking Study Report 1997; Neely, Adams et al. 2002). And for measures to be purposeful and meet the requirements of different users, they need to be designed with an understanding of who will use the information and why- i.e. identification of user/stakeholder needs (Sorber 1996; Newcomer 1997; Audit Commission 2000; Neely, Adams et al. 2002; de Bruijn 2002b; Wisniewski and Stewart 2004; McAdam, Hazlett et al. 2005) and the need to consider accountability and political issues (Likierman 1993).

Measures ought to be designed to improve efficiency and quality, and to identify opportunities for improvement (Dixon, Nanni et al. 1990; Lynch and Cross 1991; Keehley, Medlin et al. 1997).

The design of measures and of measuring and monitoring activities also depend on what factors are deemed to show that an organisation is successful. Is performance judged against the goals of their programmes or does it depend on whether the desired results and outcomes have been achieved? Hence it is important that the measures of performance used by a public organisation be created with input from and consultation with the sponsoring department to reach a consensus regarding what is expected of the organisation (Benchmarking Study Report 1997; HM Treasury 2003). This observation is consistent with

the statement “performance measurement is not technical but conceptual: not how to measure effectiveness or productivity but what to measure and how definitions and techniques are chosen and are linked to other aspects of an organisation’s structure, functioning and environmental relations” (Kanter and Summers 1987).

Public managers stress the need to include all elements of a task in the list of measures to prevent any scope for performance manipulation which might lead to misappropriation of resources (Likierman 1993). Sorber (1996) suggests asking these questions when deciding what to measure: What is the primary production process? What is the relevant level of aggregation of the production process? What (combinations of) elements, inputs, activities, outputs and/or effects, will be measured? This is similar to the Input-Output model of Carter, Klein and Day (1992) and McLaughlin and Jordan’s (1999) Logic Model for defining performance indicators.

On deciding what measures to use, Jackson and Palmer (1989) and Keegan, Eiler et al (1989) suggest the use of a ‘pyramid’ approach whereby management receive the degree of detail appropriate to their responsibility and successive levels of management will receive increasingly detailed and specific measures so that potential problems can be uncovered. Ghobadian and Ashworth (1994) stress the need to meet the requirements of different organisational levels. However, care must be taken to maintain a manageable number to avoid an overly bureaucratic and costly system (Likierman 1993; Meyer and Gupta 1994) or having too many measures that may be obsolete or not consistent (Keegan, Eiler et al. 1989). Due to the difficulties of measuring certain aspects of outputs or outcomes, there is a tendency for the more easily measurable rather than meaningful or relevant measures to be chosen, care must be taken to provide a range of soft or qualitative measures, particularly quality (Likierman 1993).

In order for a measure to be meaningful, there must be a yardstick acting as a baseline (Keegan, Eiler et al. 1989; Sorber 1996). This baseline can be historical data or it can also be industry standards used as a benchmark (Jackson and Palmer 1989; Lynch and Cross 1991). However, if the measures have not been used before, care needs to be taken when setting a realistic level of attainment to avoid having a yardstick that is too easy or does not test or is too demanding on staff (Likierman 1993).

A list of attributes of good measures is synthesised from the literature and presented in no particular order in Table 3.

Attributes of Good Measures

- Include all elements integral to a task
- Be functional rather than dysfunctional
- Be purposeful and relevant to user needs
- Offers views from different (stakeholders') perspective
- Strategy focused
- Outputs & outcomes rather than inputs & processes orientation
- Relate to specific goals/targets as a baseline
- Establish realistic levels of attainment
- Allow comparisons of actual performance against targets
- Stimulate productivity and improvement
- Use a manageable number of measures
- Consists of a range of both quantitative and qualitative (soft) measures
- Simple to understand
- Simple and easy to use
- Provide timely and accurate feedback
- Clearly defined for implementation purposes
- Identify performance trends over time
- Develop norms or targets
- Enable comparisons or benchmarking between similar services
- Embedded in existing work and management processes
- Subject to review and update when necessary

Table 3 Attributes of Good Measures

Source: Globerson (1985), Allen, Harley et al (1987), Jackson (1989), Jackson and Palmer (1989), Maskell (1989), Dixon et al (1990), Eccles (1991), Lynch and Cross (1991), Likierman (1993), Ghobadian and Ashworth (1994), Vitale and Mavrinac (1995), Kaplan and Norton (1996(a)), Neely, Adams, et al (2002), Bolton (2003), Byson (2004), and Fountain, Patton, et al (2004).

Previous research (see e.g. Ferlie, Pettigrew et al. 1996; Boland and Fowler 2000; Pidd 2004) report that it is becoming a common practice for public sector organisations to adopt performance measurement frameworks or tools that were originally designed for the private sector. The same researchers caution the applicability of such frameworks or tools where "little attention has been given to the organisational context in which they will be used" (Smith 1993, page 149). It is not obvious how private sector performance measurement concepts may be transferable to public sector accountability (Pollitt 1988). Ferlie, Pettigrew et al (1996, page 243) are concerned how such "mechanistic adoption may result in unintended or counter productive consequences". They (Ferlie, Pettigrew et al. 1996, page 21) cite the following to illustrate the differences:

- “skills and roles are not readily transferable from the private to the public sector because the nature of the task undertaken is fundamentally different”(Hood 1991), and
- “no one management model is in any case readily identifiable within the private sector. [...] and that “patterns of work and key, managerial skills may indeed significantly depend on organisational context even within the private sector (Hales 1986)”.

Smith (1993) cites ‘public sector organisations do not have the pursuit of trading profits as an objective’ as the key criterion that give rise to difficulties which challenge the effective use of performance indicators as means of organisational control.

Are agencies and public bodies adopting tools and models that were originally developed for their private counterpart? Were these tools immediately applicable? Did the tools need adaptation for use?

2.6.4 Implementation

Implementation is defined as the phase in which systems and procedures are put in place to collect and process the data that enable measurements to be made regularly (Bourne, Mills et al. 2000).

According to various authors (see for example Jackson and Palmer 1989; Jackson, Beeton et al. 1991; Eccles and Pyburn 1992; Sorber 1996; Neely, Adams et al. 2002), for successful implementation there is a need (1) to consider the sources of data; whether information is already available, or information is not yet available but data exists, needs only to be collected and analysed, or no data is available; and (2) to define each measure: Who is to collect data? Who is to receive the information? Determine the frequency of information, the form of presentation, and what action is to be taken on the information when it becomes available. Neely, Adams et al (2002, p35) propose a Measures Definition Template for this purpose.

Eccles (1991) calls for a supporting infrastructure of a MIS to enable the implementation of measuring and monitoring activities. Eccles (ibid) also suggests for performance measurement to be integrated with the organisation reward and incentive system.

Meekings (1995) stresses the importance of performance measurement being embedded in management processes and emphasises on the need for performance measurement to cascade down the hierarchy and the establishment of the link between performance and planning and budgeting.

Others recommend for an assessment of an organisation's readiness (Keehley, Medlin et al. 1997) [see also Section 2.6.1, page 21]; and having a supportive environment such as having a process champion (Eccles 1991; Hacker and Brotherton 1997; Bryson 2004) and the need to address potential resistance to measuring and monitoring activities (Bouckaert 1995; Hacker and Brotherton 1997; Bourne, Mills et al. 2000).

2.6.5 Use

The review of the literature focuses on 2 questions: How do public managers use performance information? What are the key issues for use of performance information?

2.6.5.1 How do public managers use performance information?

It is understood that the traditional use of performance information is for monitoring and reporting on activities and operations (Poister 2003) to demonstrate proper and efficient use of public funds (Bolton 2003).

Different motives and cognition play an important role in constructing performance information. Information is being shaped and reshaped from the point of collection until its final usage in a management setting (Elg 2007). This statement illustrates the link between the intentions and reasons for measuring performance, and the design, implementation and use of performance information.

Performance information can be used "in policy cycles (design, decision making, implementation and evaluation) which are also represented in the financial cycle (budget, contracts, accounts, audits); in inter and intra organisational relations, at the same level of government or between different levels; and between executive and legislative powers (where the emphasis is on the use of performance related information for budget decisions)" Bouckaert (2004).

Jackson and Palmer (1989) summarise the role of public sector performance measurement to include: assisting in the formulation and implementation of policy, and the planning and budgeting of service provision and to monitor the implementation of planned change;

improving the standards of service content and of organisational effectiveness; reviewing the distribution and effective use of resources; to ensure fair distribution and accessibility to users; and increasing control and influence over decision making.

Ghobadian and Ashworth (1994) conclude from their observations on three local councils that performance measurement helps to improve the quality of resource allocation and other managerial decisions; facilitates moves towards fact-based management by providing a concrete base for planning, monitoring and control; enhances the accountability by making responsibilities explicit and providing evidence of success or failure; and provides a systematic base for staff appraisal and motivation.

Whilst Bruijn (2002a) describes the beneficial effects of performance measurement have on public organisations including transparency, learning, appraising and sanctions, Behn (2003) organises the many reasons for measuring the performance of public agencies into 8 categories: evaluate, control, budget, motivate, promote, celebrate, learn and improve, and Poister and Streib (1999) identify strategic management and planning, the budgeting process and programme evaluations as the most important purposes of performance measurement for US municipalities.

From the Dutch's perspective, performance measurement provides early warning on developments, especially output and outcome; improves allocation of resources, improves the efficiency and effectiveness of production and policy processes; and improves accountability, especially in cases of contract management and agencies (Sorber 1996).

Lewis and Jones (1990) provide insights into the use of performance measures as analytical tools to support a range of management decisions by British government departments, which includes: planning, monitoring and control, reporting and evaluation.

In the United States as well as in the UK, various performance management working groups or special interest groups have been created, and these groups publish materials to support performance measurement initiatives. Examples from the US include : (1) The Interagency Working Group (IAWG) which identifies the following reasons for measuring performance⁵: to demonstrate the results of programme activities; to show how these results support

⁵ Why Measure Performance? Source: Interagency Working Group, (IAWG) USA. Accessed: 17 October 2008. http://www.iawg.gov/rawmedia_repository/472ecb4e_7883_41d7_bb67_bd0609824065

programmatic and organisational goals; to determine what works and what does not; to promote accountability and justify resource allocations; to enhance managers' abilities to communicate with stakeholders; to develop and strengthen partnerships among programs and organisations with similar goals and objectives; to motivate and provide tangible feedback to employees; to meet the requirements of the Government Performance and Results Act (GPRA) and to facilitate Office of Management and Budget (OMB) use of its Program Assessment Rating Tool (PART); and (2) The Training Resources and Data Exchange⁶ (TRADE) 1995, identifies the four main functions of performance measurement as control, self assessment, continuous improvement and management assessment which includes (a) planning and meeting established operating goals/standards; (b) detecting deviations from planned levels of performance; and (c) restoring performance to the planned levels or achieving new levels of performance.

Examples from the UK include: (1) the Performance Measurement Management and Use of Information (PMMI), a forum for local authorities to share views and resources; and (2) groups that do not cater solely for the public sector include the Performance Measurement Association (PMA) organised by Centre of Business Performance, Cranfield University and the British Academy of Management (BAM) Special Interest Group for Performance Management. These bodies have not published any summary on the reasons for use of performance measurement. The Strategy Unit within the Cabinet Office, the National Audit Office and the Audit Commission occasionally publish materials citing best practice.

In summary, the brief review of the literature above concludes that the reasons for measuring performance or the use of performance information can be grouped into management, control and budgeting; evaluation, learning and improvement; reporting; and staff appraisal and motivation. The variety of descriptions demonstrates there is no specific prescriptive use of performance information. And the existence of support groups suggests performance measurement is not a straightforward skill to master, and such groups are not common practice in the UK when compared with US. Hence, there is an opportunity for this research to contribute towards this body of literature.

⁶ How to measure performance? A handbook of techniques and tools. Accessed: 17 October 2008.
<http://www.orau.gov/pbm/handbook/CovPrefOver.pdf>

2.6.5.2 Key Issues on the Use of Performance Information

Many recognise the benefits of measuring performance and the potential use of performance information, however, the effort of extracting information for management decisions is not without challenge (Lewis and Jones 1990).

Lewis and Jones (ibid) highlight several issues. Firstly, the difficulty of setting measurable objectives where some outputs are not quantifiable, as it is difficult to define conflicting objectives and it is not helpful when an agency does not have control over some activities. Secondly, the difficulty of measuring quantity and quality of service provided and how to best aggregate measures of performance. Thirdly, how best to integrate performance measures into management processes as an integral part of management to avoid the generation of information for the Treasury as a separate exercise. The authors (ibid) propose the use of specialist resources such as investment in IT, help from OR consultants, and investment in training managers to interpret and use performance measures.

De Lancer Julnes (2001) concludes that the use of performance information by the public sector is strongly influenced by political and cultural issues, demonstrating that the use of performance information does not just depend on technical skills. This observation emphasises the social construction perspective of performance measurement.

6

According to Sa' and Kanji (2004), for the public sector to use performance measurement to improve performance they need to 'identify key stakeholders, implement the key TQM practices and core concepts, follow system thinking and adopt a holistic approach to management'.

Some observe the inadequacies of the traditional accountability mechanisms which were designed mainly for vertical accountability relationships, which is normally composed of a hierarchical model with a top-down/bottom-up focus and performance assessments based on the traditional functional silos. These inadequacies arise when reporting to a broad spectrum of stakeholders about 'joined-up' collaborative or partnership efforts across different agencies or departments (Ryan and Walsh 2004), due to the difficulty in determining who is accountable (Parker and Guthrie 1993) and the outputs and outcomes (Gray and Jenkins 1993).

Whilst De Lancer Julnes (2001) lists the factors influencing the use of performance information by US state and local government as being: top management support and commitment, recognising the value of performance measures, external interest groups requirements and expectations, and negative impact of unionisation, Franco and Bourne (2003) synthesise a list features which support organisation's efforts in managing with measures as being: organisational culture orientated towards improvement, measurement and performance; top management commitment and leadership; training and education on performance measurement; clear, simple, regular and formal communication and reporting processes; regular review and update of the system; data collection supported by information technology infrastructure; and the choice of a structured approach to performance measurement.

Hyndman and Anderson (1995) identified that the lack of early guidance may have affected agencies' abilities to use performance information for external reporting.

Likierman (1993) highlights 5 use issues: (i) quality of data and interpretation of data are found to be crucial for those who take performance information seriously; (ii) results of measuring and monitoring should be used as a basis for discussion among managers, with a view to taking action. Also the analysis of reasons for the results could explain why things happened the way they did; (iii) managers need to acknowledge the importance of feedback and the way the feedback is given as follow-up gives credibility, no feedback means atrophy, and negative-only feedback encourages gaming; (iv) trade-offs and complex interactions must be recognised, as not all measures should carry equal weight; and (v) presentation of results play an important role: they need to be at the right level of detail-strike a balance between being not too aggregated and producing information overload, and timeliness of results is important to avoid useless, out of date information.

To summarise, there are various issues associated with the use of performance information:

- Public managers need to acknowledge the social and political factors shaping the organisation's objectives of measuring performance;
- Top management support and commitment and strong leadership are vital to create a culture for performance and improvement to ensure successful implementation and use;
- Clear communication of the intentions of measuring performance to avoid giving out the wrong signals;
- Make the necessary investments in training and in an infrastructure of IT to support data collection, analysis and communication of performance;
- Ensure data are valid and reliable; and
- Timely and user-friendly results.

2.6.6 Review and Update

A review of measures is important to highlight if measures are obsolete, redundant, unnecessary (when no change has occurred after much attention) or of low priority due to a change in strategy, this review should lead to an update of measures where and when necessary. Regular review and update ensures measures correspond to goals and strategic plans (Dixon, Nanni et al. 1990; Benchmarking Study Report 1997; Kaplan and Norton 2001(a)).

The emphasis on reviewing and updating of measures and performance measurement systems as a whole is further noted by the development of the Program Accountability Quality Scale (PAQS) (Poole, Nelson et al. 2000) and the Performance Measurement Questionnaire (PMQ) by Dixon, Nanni and Vollman (1990).

2.7 The Unintentional Effects of Performance Measurement

The perverse effects of performance measurement as an issue dates back to the article written by Ridgway (1956). Since then a great deal has been written on this subject (see e.g. Jackson 1993; Smith 1993; Kerr 1995; de Bruijn 2002a) and many of the same observations were found to be repeated over time in different contexts being published. This observation further illustrates the challenges faced by public managers, challenges that may not be easily overcome and indeed there may not be a universal set of best practices that fits all organisation types.

2.7.1 Typology of Unintentional Effects

Smith (1993) infer at least seven ways in which excessive use of outcome-related performance indicators might influence public sector managerial behaviour. This led to a proposal of a typology to summarise scattered knowledge of dysfunctional consequences resulting from the imposition of a performance measurement system (Smith 1995). The typology consists of eight distinct types of phenomenon, and incorporates most observations made by those researching in this field as described in the following sections.

2.7.1.1 Tunnel Vision

Smith (1995) defined tunnel vision as an emphasis by management on phenomenon that are quantified in the performance measurement scheme, at the expense of unquantifiable aspects of performance. Palmer (1993) supports this argument with evidence of local authorities using financial-based measures resulting in a bias towards measuring performance in terms of economy and efficiency rather than effectiveness. De Bruijn (2002a) argues that this phenomenon is a type of strategic behaviour because organisations would make production more visible, sometimes for only for compliance purpose; although 'performance only exists on paper and has no social significance or a very limited one'.

Whilst, in general, dysfunctions occur due to malpractice, Pidd (2004) using one of Miller's (2003) four types of virtualism, demonstrates dysfunctions can also occur where organisation may have acted in good faith in their efforts of designing performance measurement. In such case, tunnel vision may occur when great emphasis is placed on quantitative rather than soft qualitative data. "Thus, though an organisation may achieve high scores on a performance indicator, this good performance may be virtual rather than real when considered against what the organisation has been established to achieve" (Pidd, *ibid*, p487).

2.7.1.2 Sub-optimisation

Sub-optimisation is defined as the pursuit of narrow local objectives by managers, at the expense of the objectives of the organisation as a whole (Smith 1995). There are reports of schools encouraging cheating in exams when tests results were to be used for obtaining funding for future school budgets and salaries (Halachmi 2002). Likierman (1993) supports this view when he proposed that the inclusion of all elements integrate into what is being measured rather than placing emphasis on individual objectives and rewards.

2.7.1.3 Myopia

Smith (1995) observes that measures are an 'imperfect reflection' of performance when dealing with objectives that would yield outcomes over a long period. Two reasons are given; current measures would indicate results of managerial endeavour over many years, and the current measures cannot reflect the future consequences of current managerial actions, thus measures can induce managerial myopia, which is the pursuit of short term targets at the expense of legitimate long term objectives. Performance measurement rewards the constant reproduction of the existing rather than encouraging innovation which would take 'too long' to mature (de Bruijn 2002a).

2.7.1.4 Measure fixation

Measure fixation is defined as an emphasis on measures of success rather than on the underlying objective. In an attempt to reduce waiting times, the NHS was diverting care away from those who most needed it. Patients who were benefiting from this initiative were those requiring relatively minor procedures, at the expense of patients awaiting treatments for more serious conditions (Smith 1995). There are many situations where organisations would publish achievements in order to gain stakeholder approval while underplaying the problems currently faced (Kerr 1995, page 10 & 12).

2.7.1.5 Misrepresentation

Misrepresentation is the deliberate manipulation of data whereby reported behaviours differ from actual behaviour. This can take two forms: creative reporting and fraud. 'Misrepresentation is dysfunctional because it misleads the controller about the activities of the organisations, resulting in misallocation of resources, and inequitable treatment of staff and clients'(Smith 1995).

2.7.1.6 Mis-interpretation

Smith (1995) highlights the dysfunctional misinterpretation that occurred in the UK education system. The government launched a system based on 'league tables' to enable parent to make more informed decisions about the choice of school for their children (The Citizen's Charter, 1991). This was strongly opposed by teachers and parents on the grounds that interpretation of raw performance data is complex and that misleading inferences about school performance can occur. Flynn (1986) echoed this concern and added that the league tables can actually encourage result manipulation for those organisations at the bottom of the table who cannot compete due to external constraints, while those at the top would potentially rest on their laurels.

2.7.1.7 Gaming

Gaming happens when managers minimise the apparent scope for productivity improvements because any reported improvement in one year will result in increased expectations for future years. Therefore gaming can be defined as deliberate manipulation of behaviour to ensure strategic advantage (Ridgway 1956; Smith 1995).

2.7.1.8 Ossification

Bureaucratic performance measurement schemes can inhibit innovation, and lead to ossification: 'organisation paralysis brought about by an excessively rigid system of performance evaluation' (Smith 1995). The danger of ossification arises because of the inertia of design and the way a performance measurement scheme was implemented, and the effort required to change it subsequently. Smith suggests that systems need to be regularly reviewed and updated.

2.7.2 Hindering Convictions

Managers are advised to be aware of some convictions people may hold which could hinder effective measuring and monitoring activities, and the potential perverse effects resulting directly from performance measurement (Bouckaert 1995). Considerations of the dysfunctions listed below should help to develop and use performance measurement more successfully. Failure to take them into account could mean time and resources wasted and, potentially, a distortion of managerial action.

Bouckaert (1995) lists some examples of convictions people have which could affect their motivation for performance measurement:

- That there is no need for performance measurement as there is no inefficiency problem in government,
- That measurement is impossible, this conviction results in a suspicious attitude towards the practice of measurement itself, or
- That anything the public sector does has to be worse than the private sector, therefore measurement in the public sector is considered to be of a lower standard than in the private sector.

2.8 Remedies for Unintended Consequences

Management practices demonstrate the level of care the organisation has about applying measurements to achieve intended outcomes. Managers need to create an environment where there is a high level of trust that fair use will be made of performance information. They also need to ensure that the measurement process should be an empowering rather than disempowering experience for staff (Likierman 1993; Grizzle 2002).

When designing or selecting measures and setting targets, consider the causes and effects that connect the desired behaviour with each measure and target. Government departments are encouraged to use transparent rewards and sanctions to ensure all frontline units deliver improved public services (HM Treasury 2004). It may be beneficial to couple quantitative measures with measures of quality and outcomes to gain better understanding of the circumstances of good or bad performance (HM Treasury, Cabinet Office et al. 2001).

Performance information should be subjected to external checks such as monitoring the integrity of data collection process by external auditors or inspectors general. However, although such regulations and checks may be helpful to a certain extent, over-doing it might create suspicion and undermine trust in government (Behn 1999).

In conclusion, it is argued that research provides strong evidence that many of these dysfunctional behavioural responses will emerge within the public sector. However, Smith (1995) like many researchers, does not advocate the abandonment of performance measurement in the public sector, but rather gives advice to those designing performance measurement.

Smith (1993) demonstrates the dysfunctional consequences resulting from the use of and the excessive reliance placed on a single outcome-related performance indicator in NHS

2.9 Framework for Performance Measurement

Previous works on frameworks for performance measurement aimed overcome some of the identified challenges to its development and use, and also to guard against unintentional or perverse effects of performance measurement as discussed in the preceding section. The following sections present a review of some examples of such work. The review is presented in chronological order.

2.9.1 The SMART System

The strategic measurement analysis and reporting technique (SMART) system (Cross and Lynch 1988/89) is proposed to facilitate the setting up of a management control system using performance measures. The framework is represented by a four-level pyramid of objectives and measures (see Figure 3) which ensures an effective link between strategy and operations by translating strategic objectives from top down and measures from bottom up. It is said the pyramid is a useful model to describe how objectives are communicated down to the troops and how measures can be rolled up to various levels in the organisation. It also encourages managers to consider and include more than the traditional performance measures such as utilisation, efficiency, productivity and other financial variances.

The main strength of SMART is it attempts to integrate corporate objectives with operational measures, while its weakness are that it does not provide any mechanism to identify key performance indicators for quality, cycle time, cost and delivery, and the framework does not explicitly integrate the concept of continuous improvement (Ghalayini and Noble 1996).

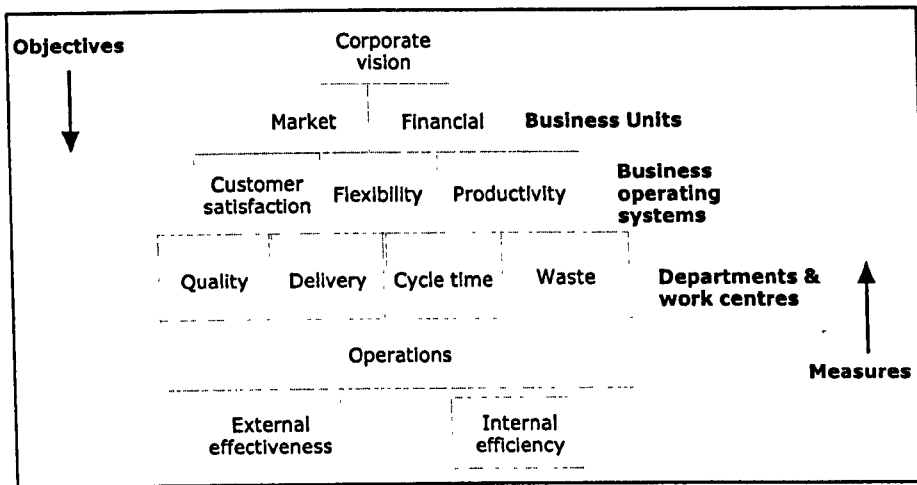


Figure 3 SMART: The Performance Pyramid

Source: Measure-Up: Yardsticks for Continuous Improvement, Lynch and Cross (1991,p64)

2.9.2 The Performance Measurement Questionnaire (PMQ)

Dixon, Nanni and Vollman (1990) developed the PMQ to help managers identify organisational improvement needs, to determine the extent to which the existing performance measures support improvements and to establish an agenda for performance measures improvement. The results of the PMQ are assessed on 4 dimensions: alignment, congruence, consensus and confusion. Alignment analysis is designed to assess how well an organisation's actions and measures complement its strategy. Congruence analysis aims to provide a detailed understanding of how well the measurement system supports an organisation's actions and strategy. Consensus analysis is carried out by grouping the data by management level or by functional group. Confusion analysis is used to determine the extent of consensus regarding each improvement area and performance measure. The PMQ can be a useful tool for review and update of measures.

Ghalayini and Noble (1996) argue that the PMQ cannot be considered as a comprehensive integrated measurement system as it does not link the areas of improvements and performance measures to operational activities, and that it does not take into account the concept of continuous improvement.

2.9.3 The Balanced Scorecard

The Balanced Scorecard (Kaplan and Norton 1992) is an integrated performance measurement system for strategic, operational and financial measures. The Scorecard directs managers to answer questions posed from 4 perspectives: customer, internal, innovation and learning and financial. The strengths of the Balanced Scorecard are identified as: (i) it summarises in one management report many seemingly disparate elements of an organisation's competitive agenda; (ii) it prevents sub-optimization by forcing senior managers to consider all operational measures at the same time (Ghalayini and Noble 1996).

The Balanced Scorecard is designed primarily to provide senior managers with an overall view of performance and is not intended for use at the operational level. "More work would need to go below the level of the scorecard to provide systems which could deliver the rather aggregated measures" (Ghalayini and Noble, *ibid*, quoting Gregory 1993, p296).

2.9.4 The Viable System Model

Bititci, Carrie and McDevitt (1997) propose the Viable Systems Model (VSM) as a method for auditing the integrity and deployment/relevance of a performance measurement system in a manufacturing environment. The model incorporates the EFQM, Business Classification Model (Hill 1993 and PUTtick and Gillis 1993 as cited in Bititci, Carrie and DeVitt *op cit*), Systems Classification Model and Performance Measures Classification Model (Dixon, Nanni et al. 1990) to audit the level of completeness (in terms of deployment) and integrity of an performance measurement system.

The audit process consists of 3 phases: (i) data collection- background information about the organisation; (ii) integrity audit- a checklist to search for objective evidence supporting the existence of all of the 5 systems within the VSM; and (iii) deployment audit- this consists of 3 stages: firstly, the deployment of requirements of each strategic business unit (SBU) environment through business objectives to strategic and functional performance measures; secondly, the deployment of business objectives through strategic performance measures to functional levels; and thirdly, the deployment of strategic performance measures to functional levels.

The five systems are made up of:

- System 1: Employs performance measures to measure the performance of each business activity or task.
- System 2: Employs process-oriented performance measures to ensure that individual business activities and tasks are co-ordinated effectively and efficiently.
- System 3: Deploys strategic objectives and priorities to co-ordinate System 2 and operational (System 1) measures. Monitors and manages the performance of the process.
- System 4: Provides external intelligence with respect to the strategic objectives of the business. Expresses strategic objectives in measurable terms and sets targets.
- System 5: Sets direction, strategy, policy, and objectives based on current performance and the external indicators obtained from System 4.

2.9.5 The Program Accountability Quality Scale (PAQS)

The Program Accountability Quality Scale (PAQS) (Poole, Nelson et al. 2000) was developed to assess the development of a sound performance measurement system for US government agencies. The PAQS consists of 7 domains (resources, activities, outputs, outcomes, goals [based on the elements of a logic model], indicators and evaluation plan) and 21 items. PAQS is found to be useful in identifying agency needs for technical assistance, in assessing development of a performance measurement system and in giving efficient and consistent feedback to public managers.

The PAQS implied that performance measurement is purely a mechanistic processes and that successful implementation is based on a rational and economical model. There is a lack of emphasis on how stakeholders' want and need could have impact on the design of performance measurement.

2.9.6 The Six-Stage Framework

Medori and Steeple (2000) designed a 6-stage framework for auditing and enhancing performance measurement systems for manufacturing organisations. The framework was designed deductively from the common limitations demonstrated by existing works being that little guidance is given for the actual selection and implementation of selected measures. The framework was applied and tested on five manufacturing firms.

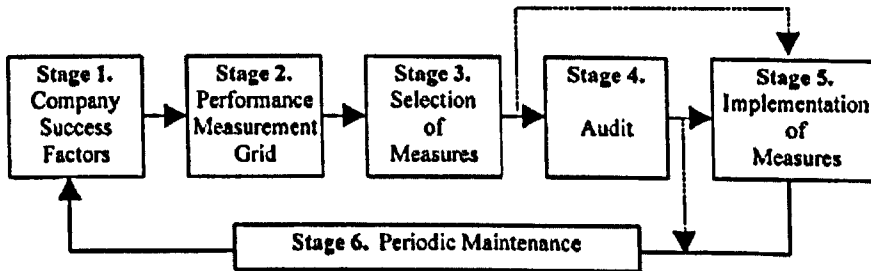


Figure 4 The 6-Stage Framework

Source: *A Framework for Auditing and Enhancing Performance and Measurement Systems*, Medori and Steeple, 2000, p523.

The framework consists of 6 stages (Figure 4):

- i. Define company success factors;
- ii. Compare the organisation's success factors with the performance measurement grid (PMG). The grid consists of 6 competitive priorities of the industry, see Table 4 ;
- iii. Select measures using a list of spectrum/checklist. This checklist is based on general areas which need to be measured as identified by the PMG in stage ii;
- iv. Audit the organisation's existing performance measurement system by comparing the list of existing measures with those that were identified and selected in stage iii;
- v. Implement the measures using an 8-step plan (see Figure 5) to guide the implementation of measures identified as critical in stage iv, or implementation of a new set of measures identified in stage iii;
- vi. Conduct periodic maintenance- periodic review is necessary particularly for companies that change their strategy or implement new technology.

Competitive priority	Company success factors
Quality	Improve supplier quality
Cost	Reduce stock
Flexibility	Reduce set-up times
Time	Reduce lead-time
Delivery	Achieve schedule
Future growth	New product introduction

Table 4 An Example of Performance Measurement Grid

The authors (Medori and Steeple 2000) aim for the framework to achieve 5 main goals: to aid in setting-up a new performance measurement system, to audit existing system capability, to aid the identification of obsolete measures, to aid the identification and selection of core non-financial measures not being measured, and to identify the route to implementing any selected measures. They also highlight the limitations which include: the difficulty of relating an organisational strategy to the PMG's 6 competitive priorities, and that the measures checklist may become outdated in time and acknowledge that measures may be updated when necessary.

Figure 5 The 8-Step Plan

Step 1. Title. The first step to implementing a measure is to clearly state its title. The title of the measure is known from its identification in stage 3 of the framework – the “Spectrum/checklist”.

Step 2. Objective. This step of the implementation plan clearly identifies the purpose of the measure. The measure should relate to one of a company’s strategic objectives. The rationale here is that, if the measure does not relate to a company’s strategy, then it should not be a measurement – as it has no specific purpose.

Step 3. Benchmark. The purpose of this step is to determine a benchmark for the particular measure being implemented, together with time-scales for achieving the benchmark. Benchmarks are put in place as companies need to know if they are improving or not. This step in stage 5 is included because a particular measure is of little value by itself – it must be compared against some reference value to be meaningful. The measure can either be self-referenced against itself over time (internal environment), or referenced externally in relation to a company’s competitors (external environment).

Step 4. Equation. This section is based upon how exactly the performance measure is to be calculated. This step is critical because if an incorrect equation is established, incorrect results will also be calculated.

Step 5. Frequency. This is based around the frequency in which the performance of the particular measure should be recorded and reported. This will depend on the volume of data available and importance attached to the measure.

Step 6. Data source. This step specifies where the data comes from. It should be noted that if performance is to be compared over time then a consistent source of data will be required. Data can be in the form of internal measurements (e.g. quality, time, delivery . . .) and external measurements (e.g. customer warranty claims . . .).

Step 7. Responsibility. Before a measure can be completely implemented certain persons need to be identified who have responsibility for collecting and reporting the data.

Step 8. Improvement. This step is concerned with identifying action that needs to take place if performance proves either satisfactory or unsatisfactory.

Source: *A Framework for Auditing and Enhancing Performance Measurement Systems, 2000*, , Table 4: p524, and Figure 3: p525.

2.9.7 The Maturity Model for Performance Measurement Systems

The Maturity Model (Wettstein and Kueng 2002) is inspired by The Nolan Model (Gibson and Nolan 1974) and the Capability Maturity Model [CMM] (Paulk, Weber et al 1994). The overall maturity model of a performance measurement system is represented by 6 dimensions: scope of measurement, data collection, storage of data, communication of performance results, use of performance measures, and quality of performance measurement processes. There are 4 levels of maturity for each dimension, see Table 5.

The model suggests that a performance measurement system evolves sequentially from one stage to the next, but it does not imply that this must be true for all dimensions. It is possible that some maturity levels can be skipped at dimension level. However, skipping levels is thought not to be equally possible for all dimensions as technical aspects are more easily skipped than those dimensions that are process and people-related. The model does imply that every organisation wishes to excel at all dimensions. Some organisations may be comfortable to be at a 'less mature' stage for one or more dimensions for any reasons.

	Maturity Level 1 ad-hoc	Maturity Level 2 Adolescent	Maturity Level 3 grown-up	Maturity Level 4 mature
Scope of Measurement	Only financial performance indicators are considered.	Financial performance indicators are measured. In addition, a few non-financial indicators are measured as well.	Both financial and non-financial performance indicators are measured. Performance measurement takes place at different organizational levels.	Financial and non-financial indicators are measured on a regular basis. The indicators in place reflect the stakeholders' interests. Key processes are measured in an integral way.
Data Collection	Most performance-relevant data is collected manually.	Financial performance data is collected from operational IT systems; however, some manual intervention is needed.	Collection of financial performance data is fully automated; collection of non-financial data needs some manual handling.	Internal and external data sources are exploited. The various operational IT systems are integrated. Thus, data collection does not require manual intervention.
Storage of Data	Performance data is stored in various formats (ring binder, spreadsheets, databases, etc.).	Financial performance data is stored in a central database; non-financial data is dispersed over different units.	Performance-relevant data is stored in local data warehouses using different formats.	Performance data is stored in an integrated IT system.
Communication of Performance Results	Performance results are disseminated on an ad-hoc basis.	Performance results are disseminated periodically to the upper and middle management.	Clear communication structures are established. Non-financial figures are integral part of reported data. Most results are communicated via push mechanism.	Financial and non-financial performance results are transmitted to the stakeholders electronically (push option). Additionally, performance results can be accessed electronically (pull option) at different level of aggregation.
Use of Performance Measures	The use of the performance results is not defined.	Performance data is used primarily for internal reporting.	Performance data is used primarily for analysis purposes and for communicating strategy and goals to staff.	Performance results are used (1) as a central managerial and planning instrument, (2) to support company-external communication, and (3) to get people involved.
Quality of Performance Measurement Processes	The measurement processes are not defined; success depends on individual effort.	A certain degree of process discipline exists; successful execution of the measurement processes can be repeated.	The measurement processes are documented and standardized. The execution of the processes is compliant to the description.	Quantitative goals for the measurement processes are set. Continuous improvement of the measurement processes takes place. New technologies and practices are identified.

Table 5 A Four-Stage Maturity Model for Performance Measurement System

Source: Wettstein and Kueng, 2002, *A Maturity Model for Performance Measurement Systems*.

2.9.8 The STAIR Model

The STAIR (strategy-targets-assessment-implementation-results) model (Zeppou and Sotirakou 2003) was developed in response to Greek government's demand for public organisations to be efficient, effective and economical. The STAIR proposes to offer a comprehensive tool for improving the government's performance and aims to help government be more strategy focused. It guides managers to consider crucial areas such as the organisation's mission, strategic goals, measurement of performance, identification of performance gaps, and the use of feedback to drive improvement. The model encourages managers to conduct SWOT analysis and to realise the inter-dependence of sub-systems in the process of transforming inputs and processes into outputs and outcomes. The model brings managers' attention to measuring and monitoring of intangible assets rather than just tangible ones, and to view performance multi-dimensionally. The authors acknowledge that different organisations are at different stages of modernisation demands and have their own plans to improve processes in accordance to the needs of their organisation as part of an annual business cycle. They suggest STAIR helps reinforces the culture of continuous improvement. The model was implemented in a public agency as a pilot study and reportedly successful reinforces the culture of continuous improvement but not the improvement itself.

The steps in STAIR are as follows: (See Figure 6)

S- strategy: clarify strategy, communicate strategy and gain consensus;

T-targets: translate strategy into specific objectives and clear concrete targets;

A-assessment: operationalise targets, convert targets to performance indicators;

I-Implementation: align all internal sub-systems to the agreed departmental strategy;

R-results: track performance against the established strategic and operational goals.

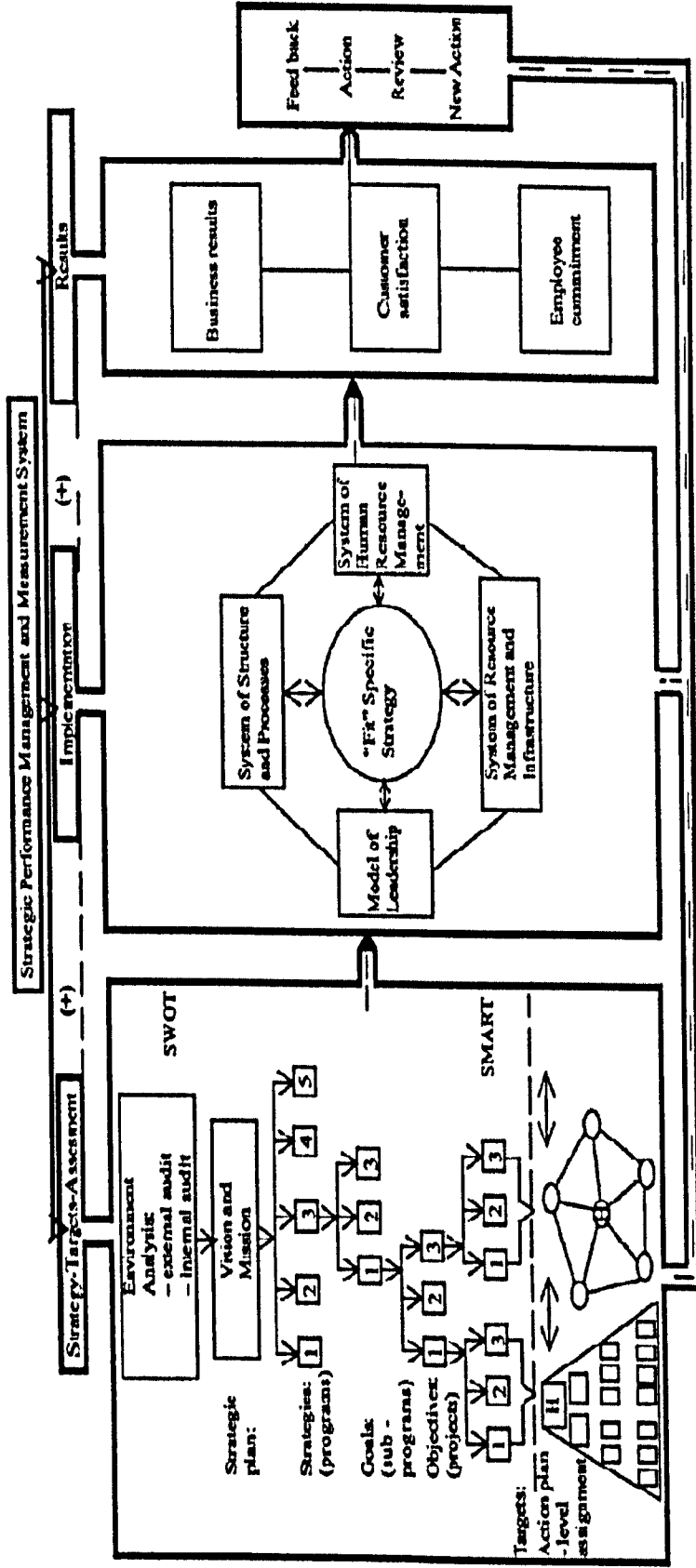


Figure 6 The STAIR Model
 Source: *The STAIR Model: A Comprehensive approach for managing and measuring government performance in the post-modern era*, Zeppou and Soirakou 2003, p.332.

2.9.9 The ISAT

The improvement system assessment tool (ISAT) developed by Van Aken, Letens, et al (2004) was created to address some issues which they perceive to be lacking in existing framework. They argue that existing frameworks often do not provide comprehensive detail on implementation, including integrating the measurement systems with other organisational systems and tracking implementation progress. The objectives of the ISAT are: to provide a structure for collecting data and assessing performance measurement systems in the context of other organisational improvement systems; and to detect and address problem areas, providing clear direction for improvement, as well as an assessment of current maturity. The tool was applied and tested in a Belgian public sector organisation. Case findings demonstrate that the ISAT provide evidence confirming efforts made in transformation process and in managing activities, and the organisation learned from the ISAT results, the specific areas of measurement system for improvement.

The ISAT comprises of 2 overall types of assessment using a 0-100% scale:

- i. improvement processes and outputs which are evaluated on 4 dimensions: approach, deployment, study and refinement (see Figure 7); and
- ii. actual results achieved on measures which are evaluated on another 4 dimensions: levels and trends, goals, comparisons, and causes (see Figure 8).

Rating Scale		0%	25%				50%				75%				100%					
Approach <i>How did you create the output?</i>		No evidence or anecdotal	Some evidence of systematic approach				Good evidence of systematic approach				Significant evidence of systematic approach				Complete evidence of systematic approach					
	Total	0 5 10	15 20 25 30	35 40 45 50 55	60 65 70 75 80	85 90 95 100														
Deployment <i>How did you deploy the output (F/P/W/h)?</i>		No evidence or anecdotal	% of potential				% of potential				% of potential				All of potential					
	Total	0 5 10	15 20 25 30	35 40 45 50 55	60 65 70 75 80	85 90 95 100														
Refinement <i>How did you refine the output?</i>		No evidence or anecdotal	Some evidence of improvement cycles				Good evidence of improvement cycles				Significant evidence of repeated improvement cycles				Complete evidence of repeated improvement cycles					
	Total	0 5 10	15 20 25 30	35 40 45 50 55	60 65 70 75 80	85 90 95 100														
Quality of Output <i>How did you assess quality of output?</i>		No evidence or anecdotal	Some evidence of quality				Evidence of good quality				Significant evidence of good quality				Complete evidence of best-in-class quality					
	Total	0 5 10	15 20 25 30	35 40 45 50 55	60 65 70 75 80	85 90 95 100														
Overall Rating		0 5 10	15 20 25 30	35 40 45 50 55	60 65 70 75 80	85 90 95 100														
Strengths		Points for improvement																		
- A:		- A:																		
- D:		- D:																		
- S:		- S:																		
- R:		- R:																		
To be verified		Critical improvement elements																		

Figure 7 ADSR Scoring Template

Key Performance Area:

Metric:

Type of Metric: End-Result or Driver

Rating Scale		0%				25%				50%				75%				100%				
Trends <i>What is our level of performance and trend?</i>		No result, poor result or negative trend				Some improvement and early positive trend and/or fair performance				Positive trend and/or good performance				Sustained positive trend and/or excellent performance				Sustained excellent trends and/or sustained excellent performance				
	Total	0	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100
Goals <i>How are we performing against goals?</i>		Not on schedule and/or no progress				On schedule and/or progress towards goal				Achieved goal				Sustained achieving goal				Sustained exceeding goal				
	Total	0	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100
Comparison <i>How are we performing against comparisons?</i>		No comparison and/or unfavorable comparison				Somewhat favorable comparison, mostly internal sources				Somewhat to moderately favorable comparison with external sources				Favorable comparison, mostly external sources				Best in class and/or industry leader				
	Total	0	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100
Causes <i>How are we managing performance proactively?</i>		No investigation of causes				Causes proposed and assumed				Causes monitored and some evidence for relationships				Causes monitored and strong evidence for relationships				Causes monitored and controlled				
	Total	0	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100
Overall Rating		0	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100
Strengths		Points for improvement																				
<ul style="list-style-type: none"> • T: • G: • C: • C: 		<ul style="list-style-type: none"> • T: • C: • C: • C: 																				
To be verified		Critical improvement elements																				

Figure 8 Result Scoring Template

2.10 An Analysis of Existing Frameworks

Since the appraisals conducted by Ghalayini and Noble (1996) and Gregory (1993), the more recent frameworks (post 1996) have seen much improvement in particular with the following aspects:

- They are not just monitoring and controlling tools as they explicitly aim to drive improvement where most frameworks highlight the need for more than cost management, efficiency and effectiveness, and the inclusion of leading measures;
- They encourage managers to clarify organisational strategy to determine what needs measuring to ensure that measures and targets are related to organisational strategy;
- They are dynamic as they allow for systematic revision of critical areas, performance measures, historical data, decisions and outcomes;
- They are forward looking in terms of driving improvement as many now recognise the need for measures to provide managers with the information necessary for daily decision making and they possess the ability to aid managers identify specific areas for improvement;

- They have included mechanisms for local optimisation whilst adopting a holistic view;
- They provide steps to identify what needs measuring and monitoring at operational level as well as strategic level processes; and
- Many authors advocate the need for flexibility in their framework to enable organisations to use it according to individual requirements.
- Many frameworks have diagnostic features to assess performance measurement systems which provide a more structured way to detect and address problem areas.

This review discusses nine performance measurement frameworks. The various efforts involved in devising integrated systems demonstrate the many ways an organisation can approach performance measurement, and there is possibly no one best way to implement it. Of the nine frameworks reviewed, only three were designed specifically for public sector: the PAQS for US municipalities, the STAIR Model for Greek government and the ISAT for Belgium government. There are no particular instances found in published journals on the development of a framework for performance measurement in the context of agencies and public bodies being a section of British central government. This review highlights a gap for an exploratory study to understand performance measurement practices, in doing so, identify and examine the elements for effectiveness with a view towards development and improvement.

2.11 Conclusions

This chapter has reviewed the literature on performance measurement. The objective was to understand performance measurement in general, the role of performance measurement in the British government, explore the key elements of performance measurement as discussed in the literature and to identify gaps that would be suitable for research.

The chapter discusses the role of performance measurement in government reforms, identifies lists of the key elements for effective performance measurement practice, discusses the unintended consequences of performance measurement and assesses existing performance measurement frameworks. The key elements are dealt with in two main groups: readiness for performance measurement and the stages of development: design, implementation, use and review. This is followed by a discussion on the perverse effects or unintended consequences of performance measurement, and the works on framework designed to overcome these effects are reviewed.

Documented issues relating to performance measurement with various suggestions and proposals for improvement are discussed. It is concluded that there are no specific prescriptive ways to approach performance measurement and the existence of various support groups found in US suggests performance measurement is not a straightforward skill to master.

The chapter has identified the following gaps that this study aims to bridge:

- The literature on performance measurement is thin in relation to British agencies and public bodies as a section of central government. And in addition, these non-governmental bodies do not have a specific performance framework to guide performance measurement. This observation leads to the question of how do the agencies and public bodies approach performance measurement.
- There are identified critical factors for design and implementation and unintended consequences of performance measurement, but many were extracted from different sections of public sector, e.g. Health, Education or Police Services, or in the context of private sector. What are the key elements of performance measurement in the context of agencies and public bodies?

- There are numerous definitions for public sector performance measurement. What is the definition for performance measurement in agencies and public bodies?
- Performance measurement does play an important role in the British government Modernisation agenda. It is twenty years since the Next Steps Initiative 1988 and the conception of agencies and public bodies; it is now timely to document the progression about performance measurement practice in this context.

The findings and the generation of lists of key elements based on the literature review provide a good starting point for this exploratory study as they inform the design of the data collection tool for the exploratory survey in Phase I, and serve as a foundation for the discussions on the implication that the findings of this research have on the wider literature.

This thesis now proceeds by presenting (in the next chapter) the research methodology for this study.

Chapter 3 Research Methodology: An Overview

3.1 Introduction

A review of the literature in Chapter 2 concludes that agencies and public bodies as a section of central government have been least examined or understood in terms of performance measurement. There is obvious opportunity for an exploratory study to better understand performance measurement practice in this context. The review of the literature also synthesised lists of key factors of performance measurement providing a good starting point for this exploratory study.

This chapter discusses the overview of the research methodology and design, which serves as a frame for this study as a whole. Broadly, the chapter consists of four main sections: research objectives and questions, research philosophy, research setting, and research design.

3.2 Research Objectives and Questions

This research attempts to draw in-depth understanding of performance measurement practice within the context of British agencies and public bodies being a section of central government. This broad statement of intent is defined by the following research objectives and questions, which serve as guides to the examination of the phenomenon under study:

Research Objective 1:

To obtain a broad understanding of performance measurement practice within the context of British agencies and public bodies as a part of central government.

Research Objective 2 (extending the efforts of Research Objective 1):

- a. To gain more in-depth understanding and in doing so, identify and examine elements that are key to effective performance measurement in British agencies and public bodies, and
- b. To enquire if it is desirable for managers to have some kind of performance measurement practice evaluation tool.

Research Objective 3:

- a. If it is desirable, to explore the opportunities for the development of a performance measurement practice evaluation tool for agencies and public bodies;
- b. If the tool materialises, to test the tool for preliminary feedback on the usability and completeness with a view towards improvement and development.

3.3 Research Philosophy

3.3.1 Identification of Inquiry Paradigm

This section seeks to clarify the researcher's inquiry paradigm in order to establish the logic and coherence of judgements and decisions which have impacted on this study; "as the researcher's actions are underpinned by a basic set of beliefs (known as paradigms) that define their worldview" (Goodson and Phillimore 2004, p38)

For this study, the researcher believes in the existence of knowledge that is more than just 'what is out there' (observable world); there is no one 'true' reality (the positivist view) and that knowledge is strongly influenced by culture, context and ethical issues.

This study sought to explore what was going on by seeking explanations as to what and how performance measurement works well within the context of (a section of) British central government. For this, it is believed that the researcher alone is not capable of knowledge production, and that the complex social world can be understood only from the point of view of those who operate within it; "all findings are the product of an interaction between researcher and researched"(Guba and Lincoln 1994). The relationship between the researcher and reality cannot be one of objective detachment. Hence, the positivist paradigm cannot be the best explanation of the basic beliefs that the worldview is a social construction, of which is more closely related to the critical theorist or constructionism paradigm.

3.3.2 Social Construction of Public Sector Performance Measurement

The knowledge of public sector performance measurement is more than just mechanics of how a system works, it is knowledge based also on socio-cultural constructions. The focus of the conception of knowledge is on the interpretation and negotiation of the meaning of the social world; 'the social construction of reality' (Berger and Luckman 1966). This study

aims to identify the key elements of performance measurement within the context of (part of) British central government; i.e. the ‘what’s and ‘why’s of performance measurement. The development and practices of performance measurement will be examined and interpreted in terms of context; this phenomenon is believed to be strongly influenced by the culture, political and value systems of the public sector (Easterby-Smith, Thorpe et al. 2002, p28) or a set of pre-defined organisational orientations, as well as technical-instrumental features; e.g. the step by step mechanics of performance measurement approach.

This ontological premise implies the use of different methodologies to that of a positivist and lean towards phenomenology, postmodern, social constructionism. Social constructionism does not suggest a separation but rather an interactive and co-operative relationship between the researcher and the researched. The focus is not the quantity of information gathered but rather on its quality and richness. The social constructionism epistemology strives to understand naturally occurring phenomena in their naturally occurring states (Lincoln and Guba 1985); and “to inspect not only how the people within that specific place construct the world, but how different groups of people differently construct the world, and more especially, how they each differentially construct the world in different settings” (Hollinshead 2004,p 72). Social constructionism relies on a holistic-inductive approach where the phenomenon is investigated as a whole, and theoretical propositions are generated from the empirical field (Decrop 2004, p157).

Therefore, the job of the researcher aims not just to gather facts or measure how often certain patterns occur, but to appreciate and interpret the different constructions and meanings people place on their experience. This basic belief shapes the design of this research. The study will be exploratory in nature, starts off with an exploratory survey to gain a broad understanding of performance measurement practices in a section of British central government, and then moves on to in-depth enquiries to gain a richer picture and more information that better describe managers’ experience with performance measurement practice (details on research design see Section 3.5 and specific chapters for each phase of the study).

3.4 Research Setting

British central government consisting of numerous main departments, deploys three main machineries to implement its policies. These are Local Government, the National Health Service and Agencies and Public Bodies, see Figure 9.

A review of the literature confirms the lack of published empirical evidence on performance measurement on the part of agencies and public bodies. Within the category of agencies and public bodies, there are classifications which include executive, advisory, tribunal, public corporation, public broadcasting authority, and central bank. To carry out a research for a population which consists of all the above-mentioned classes would be extremely resource intensive which may not be feasible for a post graduate project. Hence, this study employs the cluster sampling method and focuses on executive agencies (excluding the Ministry of Defence agencies and the Northern Ireland Agencies) and executive non-departmental public bodies.

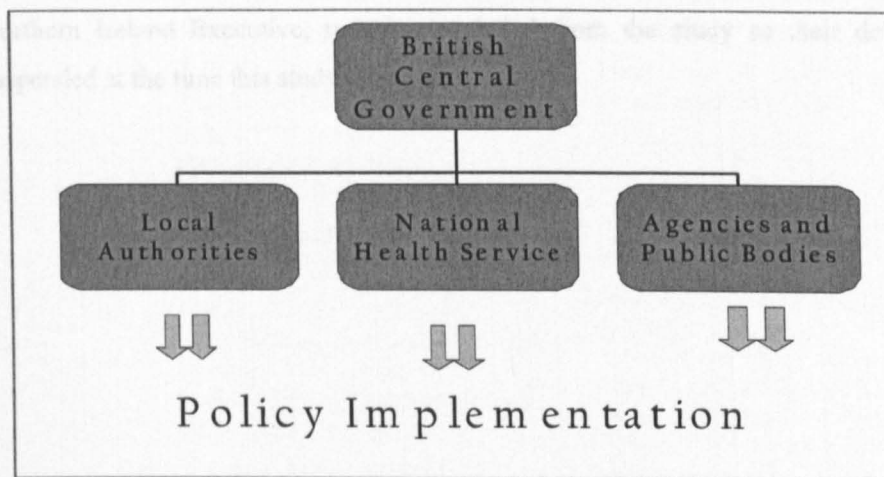


Figure 9 British Government: Machineries for Policy Implementation.

3.4.1 Executive Agencies and Executive Non-Departmental Public Bodies

The executive agencies and executive non-departmental public bodies function as economic entities where performance measurement can be a useful management tool. The characteristics and functions of EA and ENDPB are listed in Table 6 on page 58.

The reasons for selecting executive agencies (EA) and executive non-departmental public bodies (ENDPB) as research population include the following:

- They are part of the Central Government;
- They carry out executive functions of the Government with minimum interference from Ministers regarding the day-to-day running of the organisation; and,
- They are well-defined business units that have a clear focus on delivering specific outputs, a pre-requisite for the need of measuring performance.

3.4.2 Which Organisations are being Excluded?

Whilst MoD agencies are categorised as agencies, they are different from other executive agencies and they are usually headed by serving military officers. Hogwood (1995) argues how MoD agencies are different from the other agencies or public bodies 'although the MoD has embraced the agency idea, it is clearly an idea which is being applied in a different setting and with different forms of relationship between agency, the rest of the department and the rest of the military.' They are offered a more limited form of authority and many of which are part of the military chain of command (Massey 1995).

The Northern Ireland devolved government, i.e. the Northern Ireland Assembly⁷ and Northern Ireland Executive, is being excluded from the study as their devolution was suspended at the time this study took place.

⁷ Power was restored to Northern Ireland Assembly on 8 May 2007.

Table 6 lists the purposes and key characteristics of executive agencies and non-departmental bodies to illustrate how they function as an organisation.

	Executive Agencies (EAs)	Executive Non-Departmental Public Bodies (ENDPBs)
Purpose	<p>To carry out a service or function within government.</p> <p>A well-defined business unit that has a clear focus on delivering specific outputs and a framework of accountability to Ministers.</p>	<p>To permit a service or function to be carried out at arm's length from the government.</p>
Key characteristics	<p>Ministers do not concern themselves with the day-to-day running of the agency;</p> <p>Flexible and responsive framework, able to cover wide range of organisational sizes and responsibilities</p> <p>Usually part of government or linked to a sponsoring department.</p> <p>Chief Executive is normally answerable on operational issues to a minister in the sponsoring department, and is appointed for a fixed term.</p> <p>All staff are civil servants</p> <p>Accounts are consolidated into those of the sponsoring department</p>	<p>Operates under statutory provisions, and is legally incorporated;</p> <p>Chief Executive is normally accountable to a management board;</p> <p>Staff are not civil servants, and are employed directly by the body itself;</p> <p>The body is responsible for its own budget;</p> <p>Appointments to the Board are usually made by Ministers, or by the Queen on Ministerial advice, and must be in line with the Commissioner for Public Appointment's Code of Practice. (OCPA)</p> <p>Ministers are answerable to Parliament for the body and have power to wind it up</p> <p>Most NDPBS are funded by grant-in-aid but some are funded by levies on particular sectors and receives no central funding.</p>

Table 6 Key Characteristics Executive Agencies & Non-Departmental Public Bodies.

Source: Extracted from *Guidance Documents on Agencies and Public Bodies*. Accessed: October 2004.
<http://www.civilservice.gov.uk/about/public/bodies.asp>

3.5 Research Design

This study was conducted within the constructionist paradigm. It employed a mixed-method approach that is “to make use of quantitative and qualitative methods”, as encouraged by Guba and Lincoln (1994, p105). This strategy of using a mixed method approach must not be confused with one that mixes qualitative and quantitative paradigms, as different paradigms have different philosophic premises, purposes, and epistemic roots (Leininger 1994, p101-103).

This study was designed to be conducted in three sequential phases. Each phase was designed to address a specific research objective.

Objective 1 ↔ Phase I: An exploratory survey to gain a broad understanding of performance measurement practices in agencies and public bodies.

Objective 2 ↔ Phase II: Extending the efforts of Objective 1, this phase was an in-depth enquiry employing face-to-face interviews to explore what works well with performance measurement, identify key elements with a view towards development and improvement, and to enquire if public managers desire some kind of performance measurement practice evaluation tool.

Objective 3 ↔ Phase III: If it was desirable by public managers, to review the opportunity for and the feasibility of devising a performance measurement practice evaluation tool, and if the tool materialises, to conduct a series of preliminary test on the tool.

The design for each phase is briefly discussed here while detailed discussions of the specific methods in use are found in chapters relevant for each phase of the study.

3.5.1 Phase I: An Exploratory Survey

Survey is a method generally accepted as quantitative but its objective leans more towards exploratory with an intention to gain a broad understanding rather than hypotheses testing for verification or falsification. It was therefore used as a tool to achieve a constructivist's rather than a positivist's aims.

This survey was exploratory to seek answers to Objective 1 research questions. Chapter 4, starting with page 62 discusses the research design, presents the research findings and discusses the conclusions in relation to other studies.

3.5.2 Phase II: In-Depth Enquiries

Findings from Phase I exploratory survey provided a broad picture of performance measurement practices of agencies and public bodies, however it lacks information much needed for in-depth examination of what works and what does not work with a view to identify the key elements of effective performance measurement practice.

A constructionist strives to understand the 'whats, whys and hows' within the context under examination. In-depth interviews could provide 'rich data' and 'thick descriptions' nested in the real context (Miles and Huberman 1994, p10). Therefore, an enquiry employing a series of face-to-face interviews guided by semi-structured questions was designed to draw on managers' experiences and expert opinions on performance measurement to achieve Research Objective 2. And managers' level of desirability for some kind of performance measurement practice evaluation tool (PMPET) was determined at this at this stage. For more a comprehensive discussion on Phase II on its entirety, please refer to Chapter 5, page 82.

3.5.3 Phase III: Tool Development and Testing

The occurrence of Phase III was depended on the outcomes of Phase II. The development of the tool was informed by the findings of Phase II.

The participants of Phase II have indicated their desire for some sort of tool to inform and evaluate performance measurement practice. The research went on to explore the feasibility for the development of the PMPET. Phase III involved an examination into past studies of handbooks and guides to explore their structure, contents and presentation and in doing so, to identify their strengths and weaknesses. It was planned to develop the tool based on the findings of Phase II and informed by the syntheses of a review of handbooks and guides of previous research.

The prototype tool was subjected to a series of tests by a selected group of performance managers who partook in Phase II to obtain preliminary feedbacks on its potential usability and completeness. For this project, the tool was reviewed only once. Plans and ideas for further enhancement and development are conceived for future research; see Future Research, page 232. Details on Phase III are dealt with in Chapter 6, page 200.

3.6 Research Ethics

The conduct of this research was approved by the University Ethics Committee. The activities of this research were in compliance with the Code of Practice⁸ as prescribed by the Ethics Committee. Consent from all participants was obtained for each of the following activities:

- The conduct of the survey,
- The conduct of face-to-face interviews,
- The audio recording of the interviews,
- The safe-keeping of transcripts of interviews,
- The use of verbatim quotes in all publishable materials in connection with this research, and
- The testing of the Guidebook and Self Assessment Checklist.

3.7 Summary

This chapter establishes the objectives of this study; presents and discusses the identification of the inquiry paradigm and how the design of the study is governed by the relevant ontological and epistemological assumptions; specifies the research setting; and provides an overview framing of the research design for the project as a whole.

In the next three chapters, each chapter focuses on one particular phase of the study in turn, describing the research design, presenting research findings, and discussing the conclusions.

⁸ The Ethics Committee, University of Strathclyde. <http://www.mis.strath.ac.uk/Secretariat/Ethics.htm>

Chapter 4 Phase I: An Exploratory Survey

4.1 Introduction

The previous chapter presented the structure of this three-phase study. Phase I was conceived to seek answers for questions defining research objective 1.

This chapter presents Phase I in its entirety; it explains the methods adopted for data collection and analysis, and highlights the steps taken against identified threats to validity and reliability. The chapter also discusses the research findings and the conclusions derived.

4.2 Objectives and Questions

The research objective for Phase I is reiterated here to create the link between research method and drawing of conclusions.

Research Objective 1:

- a. To obtain a broad understanding of performance measurement practices in the context of agencies and public bodies as a section of British central government.

Research questions:

- i. What types of performance measurement approaches are in use?
- ii. What are the main reasons for performance measurement?
- iii. What are managers' perceptions on the overall effectiveness of their existing performance measurement?
- iv. Which stakeholder groups have influence in the design of performance measurement?
- v. What are the main factors influencing the design of performance measurement?

4.3 Research Method

Phase I consisted of an exploratory survey. Its purpose was to gain a broad understanding of performance measurement practices within British agencies and public bodies as a part of central government. A survey was preferred for this phase of the study as it aimed to reach all the executive agencies and executive non-departmental bodies that were geographically dispersed across Britain.

The design of the survey process closely follows Dillman's Total Design Method (1978).

4.3.1 Questionnaire Design

The questionnaire is an instrument designed to elicit information to answer the questions in Research Objective 1. The questionnaire covers the design and use stages of system development (design, implementation, use and update, details in Section 2.72 in page X).

The contents of the questionnaire were informed by the lists of key issues related to design and use as synthesised from a literature review (Chapter 2).

The survey instrument went through several iterative sessions of drafting, amendments and revisions before being finalised. Multiple discussions and brainstorming sessions were held with fellow researchers. This process was reiterated until it was felt that further discussions would not generate any further beneficial information and had reached saturation point.

The survey instrument consists of three main parts. Part A: Approaches to Performance Measurement; Part B Functions and Purposes of Performance Measurement and Part C: Additional Comments and Follow-up Interviews, and Respondent Contact Details (Optional). A copy of the questionnaire is presented as Appendix 1, page 233.

As this survey instrument was developed from scratch, a number of tests were conducted to enhance its validity. Content (face) validity rather than criterion-related validity is conducted. Criterion-related validity reflects the success of measures used for prediction or estimation. It is used to predict an outcome or estimate the existence of current conditions (Cooper & Schindler, 1988). This survey does not aim to create or test a model; therefore, the criterion-related validity test will be of little benefit.

Content validity is defined as the degree in which the content of the items in a questionnaire adequately represents the universally accepted items relevant to the study as judged by an expert panel (Cooper & Schindler, 1988).

The survey instrument was subjected to two different tests for content validity, which include pre-testing and pilot testing before launching.

4.3.2 Pre-Testing Stage

The first try-out stage was pre-testing. The aim of pre-testing the questionnaire was to seek the views of experts in public sector performance measurement on the study as a whole and the design of the questionnaire. It was important to ensure that the questions are coherent, understandable and are successfully measuring what they are intended to assess to achieve the study objectives. It was also vital to review the experts' perception on whether potential respondents will be able to answer the questions and also will be willing to answer them (in terms of providing confidential or sensitive information). The questionnaire was subjected to scrutiny of three groups of experts, as suggested by Dillman (1978, page 156-158): (i) academics who are actively engaged in public sector performance measurement research, trained researchers who understand the study's purpose and who are also likely to use the information generated from this investigation; (ii) personnel from central government whose work is directly related to performance measurement in executive agencies and public bodies and are potential 'users' of the data; and finally (iii) likely respondents from the population.

Comments and critique from the expert panel resulted in changes to some words but the changes made did not alter the fundamentally meanings of the sentences concerned.

4.3.3 The Pilot Test

Following the 'pre-testing' stage, the instrument was piloted with a randomly selected 5% of the total number of organisations. The second try-out stage was the pilot test. This pilot test was a small-scale survey following all the procedures of the actual survey. A pilot test can be helpful in the planning of a study as it provides some sense of estimation of probable response rates and it also pre-tests the ability of the researcher to handle the survey (Dillman 1978, page 158).

Feedbacks from the pilot test highlighted some layout or presentation issues. Some presentation and layout changes were made to simplify the transition a potential respondent has to make from one section to another.

4.3.4 Implementation of survey

The survey instrument was sent to the person in-charge of organisational performance for each EA and ENDPB. An initial correspondence was made to every EA and ENDPB to identify the name of the specific individual in-charge of organisational performance. This was so that the covering letter can be personalised. The survey instrument was sent directly to the correct person, who, by then would already have initial knowledge of the research project and would be expecting the research instrument. Personalisation has reported to increase response in some instances but not in others (Dillman 1978, page 7). The personalisation strategy adopted by here was to distinguish the survey from bulk mails items.

Follow-up calls were planned with an aim to achieve a better response rate. It was planned that follow-up calls be made after 10 days to ensure that the named person received the questionnaire, (if not, another copy will be sent out); and to check if there are any enquiries that need clarification. A call can also actively encourage potential respondents to participate.

4.4 Data Analysis

4.4.1 Characteristics of Data

Data generated by this questionnaire was generally ordinal (ranked, such as Not-at-all, Some extent, Great extent) and nominal (categorical, such as Yes or No) scales. Data analysis was supported by the use of software: Statistical Package for Social Sciences (SPSS).

4.4.2 Analytical Strategies

Based on the constructionism epistemological assumptions and the exploratory intent of this study, 'numbers' will be used for directional orientation and pattern identification. Descriptive statistics, frequencies and cross-tabulations are deemed useful to achieve this.

4.4.3 Progression to Phase II

The questionnaire was not encompassing. A trade-off has to be made between having a very long and comprehensive questionnaire, putting-off respondents and thereby giving a low response rate, which would then be deemed statistically unrepresentative; or having a medium length questionnaire, viewed as manageable to the potential respondents and giving a reasonably good response rate sufficient enough to validate the representation of results, but at a disadvantage of not capturing everything about performance measurement practices; but which nevertheless could assist in achieving Research Objective I. The latter strategy was adopted; further investigation into the phenomenon under study was therefore necessary. The questionnaire was not a comprehensive enough research tool to elicit all the information that would lead to accomplishment of all the study's objectives. Further investigations were deemed necessary; hence Phase II and III were planned and designed.

4.5 Findings

4.5.1 Response Rate

The survey was conducted on 230 organisations⁹, which are made up of 62 Executive Agencies (EAs) and 168 Executive Non- Departmental Public Bodies (ENDPBs). One hundred and six responses were received which equates to a response rate of 45.7%. Of this, 13 organisations (EAs-4; ENDPBs-9) were unable participate for separate and different reasons. Some of those reasons are listed below:

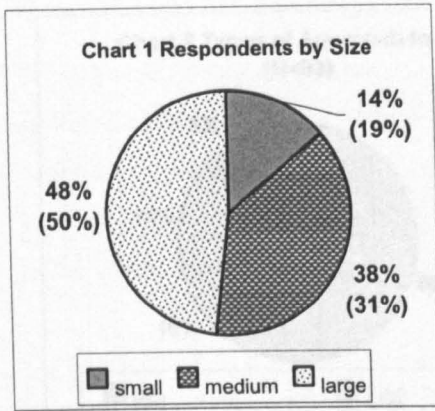
- Focusing on winding-up the organisation;
- Too tied-up with business commitments;
- Too preoccupied with work as they are short of staff;
- Too small an organisation with 1 fulltime employee and do not have any performance measurement regime;
- Do not support students/academic research;
- Questionnaire is too detailed and too difficult to relate to what they do;
- Do not use the terminology contained in the questionnaire

Hence, there are 93 usable responses giving a 40% response rate to this research.

4.5.2 Profile of Respondents

Chart 1 shows the distribution profile of respondents from each size group, which is consistent with the population. The distribution of respondents (Column A of Table 1) between EAs and ENDPBs closely matches the make up of the population (Column B of Table 1) of EAs and ENDPBs.

⁹ The list was extracted from a directory published by the Office of Public Sector Information (OPSI). <http://www.opsi.gov.uk/advice/crown-copyright/uk-crown-bodies>. Accessed April 2004.



	Column A Respondents (%)	Column B Population (%)
EAs	23	27
ENDPBs	77	73

Table 7 Distribution of Respondents

Chart 1 Profile of Respondents by Size

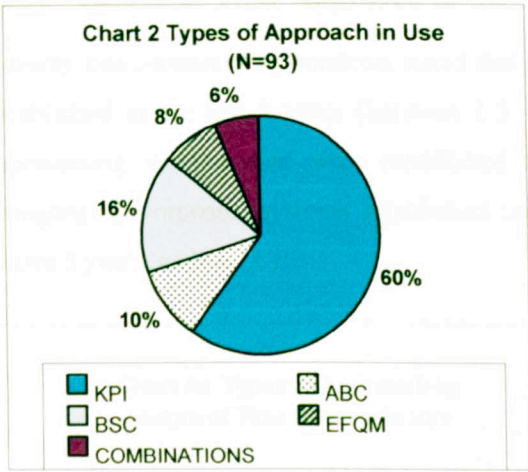
Notes to Chart 1:

- Figures in parentheses represent the percentage of the population in each size group.
- Size of organisations is defined by the number of fulltime employees (a figure extracted from the latest published annual reports and accounts). The three categories of size include: small (0-49), medium (50-249) and large (more than 250 employees).

4.5.3 Type of Approaches

Each respondent was asked to identify the approaches that best describe performance measurement in their organisation: key performance indicators (KPIs); activity-based costing (ABC); the Balanced Scorecard (BSC); the EFQM excellence model; an informal model; or "other"; and how long those approaches have been in use: less than 1 year; 1-5 years; 6-10 years; 11-15 years; or more than 15 years.

The most commonly used approach was key performance indicators (KPI), see Chart 2. Those who voted for 'Other' and 'Informal' were asked to briefly describe the main characteristics of the approach. Upon examination, the 'Other' and 'Informal' were found to be examples of different types of KPI. Therefore these 2 groups were merged into the KPI category (see explanatory notes below).



Types of approach:

- + KPI means only key performance indicators are used;
- + if KPIs are used with BSC, they are counted as using BSC;
- + if KPIs are used with ABC, they are counted as ABC; and
- + if KPIs are used with EFQM, they are counted as EFQM.

Chart 2 Performance Measurement Approaches

4.5.4 Length of Time Approach in Use

Seventy-one percent of respondents stated that their performance measurement systems were established in the last 5 years (between 1-5 years =56%; under 1 year= 15%), and 29% representing systems that were established for more than 5 years, see Chart 3. For categorising purposes, systems established under 5 years was known as NEW and those above 5 years, as MATURE.

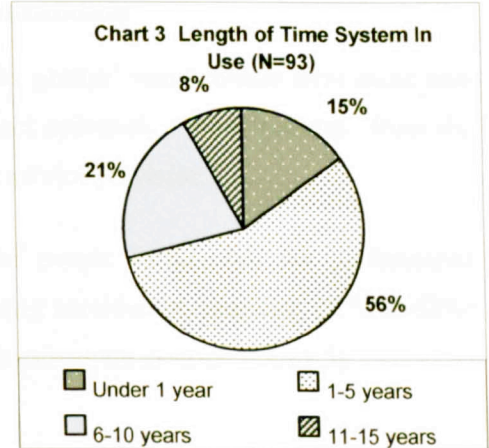
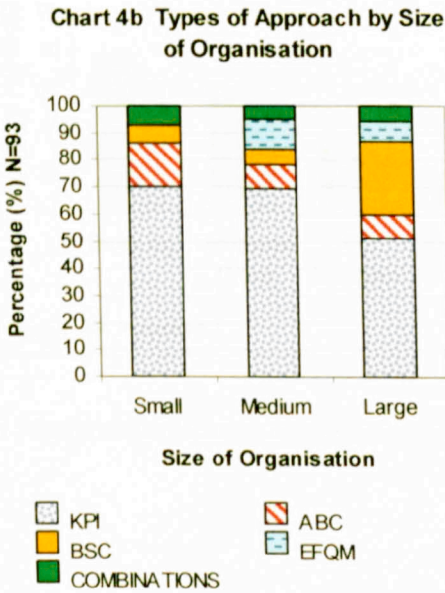
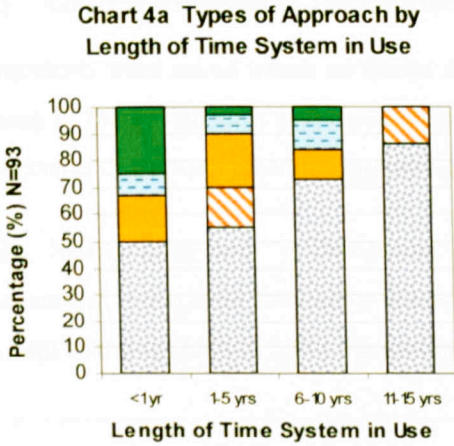


Chart 3 Performance Measurement: Length of Time in Use

Chart 4a Performance Measurement Approach and Length of Time in Use

Chart 4b Performance Measurement Approach and Size of Organisation

The use of Key Performance Indicators (KPI) alone was the most common approach irrespective of how long the system has been in use, although it was less common for newer systems (Chart 4a), and its use decreased with the size of the organisation (Chart 4b). A higher level of use of a widely recognised framework, such as BSC or EFQM, was mainly found in newer systems. The Balanced Scorecard (BSC) was a relatively common approach within large organisations. The statistics of the use of more structured framework were: 16% using BSC, 8% EFQM and 6% combinations of 2 or more different frameworks.

4.5.5 Groups Involved in Design and Implementation

Respondents were asked which particular stakeholder groups' requirements were taken into account in the design of a performance measurement approach. 'Requirements' from the perspectives of performance information rather than service provision.

Senior Management and 'a Designated Group of people responsible for performance measurement' were most frequently identified as being involved in designing (77% & 63%) and implementing (63% & 59%) the performance measurement systems (Chart 5).

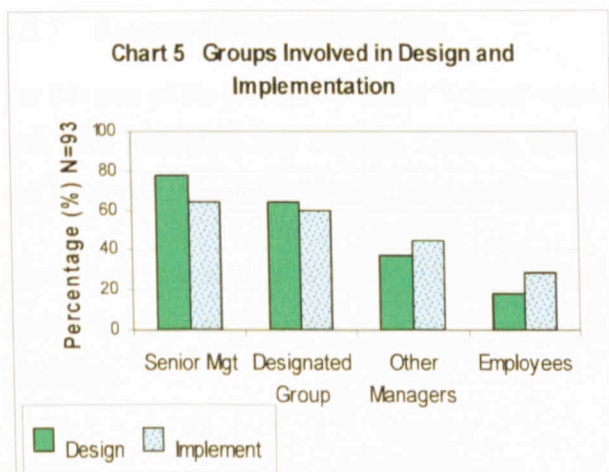


Chart 5 Performance Measurement Design & Implementation

4.5.6 Influence of Stakeholder Groups in Design

The requirements of the Board of Directors (61%), Sponsor Department (57%), and Service Users (22%) were the most frequently cited to have influenced design (Chart 6).

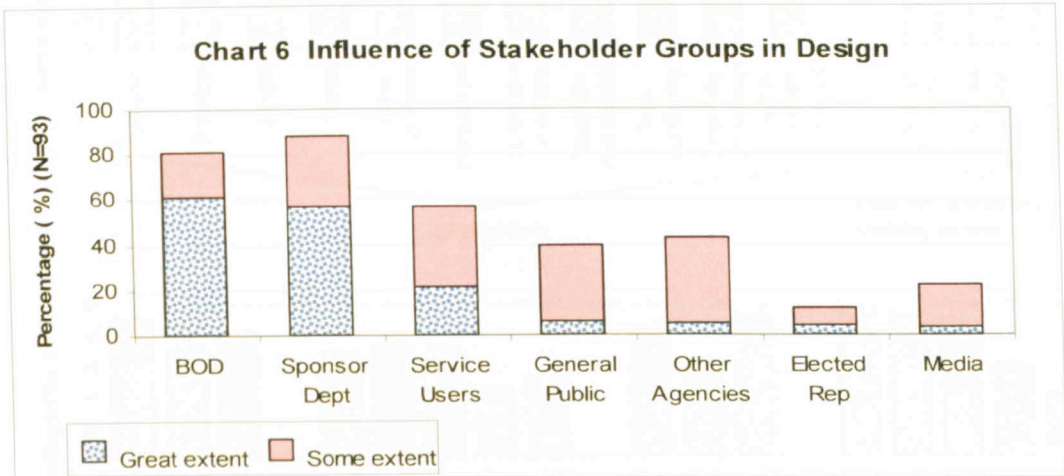


Chart 6 Influence of Stakeholder Groups in Design

4.5.7 Factors Influencing Design

For this part of the survey, the list of 'factors' were grouped into 6 broad categories, namely Use, Data Reliability and Validity, Learning and Improvement, Human Resource, Strategy, and Control & Accountability (in order of display as seen on Chart 7).

Chart 7 can be read at 3 levels: (1) comparison between factors across the board; (2) comparison between broad categories of factors; and (3) comparison between factors within a category.

Chart 7 The Extent to Which Factors Influence Design



Chart 7 Factors Influencing Design

(1) Comparison between factors across the board

The top 5 factors cited as influential to a great extent include: clearly defined measures (79%), the need to demonstrate achievements (78%), the need for measures to be relevant (78%), the need to address multiple goals (72%), and the need for practical measures (72%).

The 5 least cited factors include: level of employee training (4%); level of IT investments (7.5%); the need to integrate with employee reward scheme (8.6%); and anticipated cost of a performance measurement initiative (11%).

(2) Comparison between broad categories of factors

Use, Data Reliability & Validity, Learning & improvement, Control & Accountability and Strategy were categories of factors that appeared to be reasonably significant. At least 75% of respondents indicated some factors within those categories to be influential to some or a great extent.

Human Resource factors were found to be the least cited as influential with very few respondents (4 to 23%) citing them to be influential to a great extent.

(3) Comparison between factors within a category

Within Use category, factors cited as influential to a great extent by more than 50% of respondents include relevance, practicality, simplicity, timely, clarity of purpose, and transparency.

Reliable data (69%) and reliable source of data (47%) were factors influential to a great extent for Data Reliability and Validity category.

For Learning and Improvements categories, factors influential to a great extent include: the need to focus on improvements (63%) and the need for measures to be related to targets (63%).

Human Resource category: Employee appraisal was considered by 23% of respondents to be influential to a great extent. The other human resource factors, such as staff awareness of other performance measurement approaches, views of staff about measurement activities, employee reward scheme, and employee training were generally influential to some extent.

Strategy category: the need to address multiple goals (72%) was cited to be influential to a great extent and was followed by organisational strategy (37%) and organisational culture (33%).

Control & Accountability category: the need to demonstrate achievements, the need to address accountability, the need to integrate with the budgetary system and anticipated cost of a performance measurement initiative were cited by at least 60% respondents as influential to some or a great extent. IT investment seemed to be the least influential factor for this category with fewer than 40% of respondents citing the factor to be influential to some or a great extent.

4.5.8 Dissemination of Performance Information

The Management Team, the Sponsoring Department, the Board of Directors, Other Managers and ‘a Designated Group responsible for performance measurement’ were the most frequently identified recipients of performance information (Chart 8).

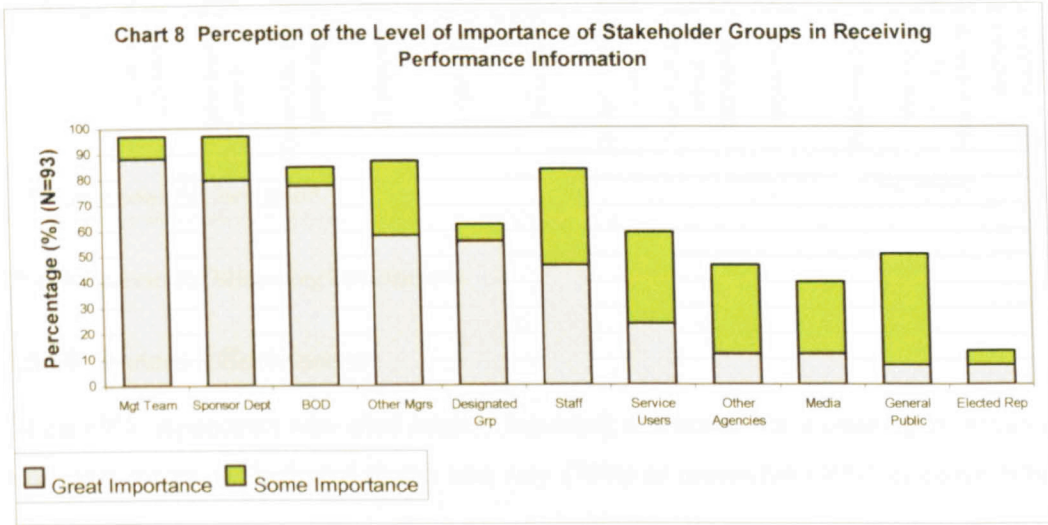


Chart 8 Performance Information

4.5.9 Reasons for Measuring Performance

External reporting (69%), identifying improvement needs (59%), communicating performance standards (59%), and longer term planning (58%) were the 4 main reasons for measuring performance (Chart 9). Moderate attention (less than 50%) was geared towards other management processes such as coordinating and organising resources, programmes evaluation, communicating the organisation’s values to members, and monitoring and controlling day-to-day activities. Fewer than 25% of respondents cited identifying best practice, revealing how effectively individual stakeholder requirements are met and supporting organisational learning as reasons for measuring performance.

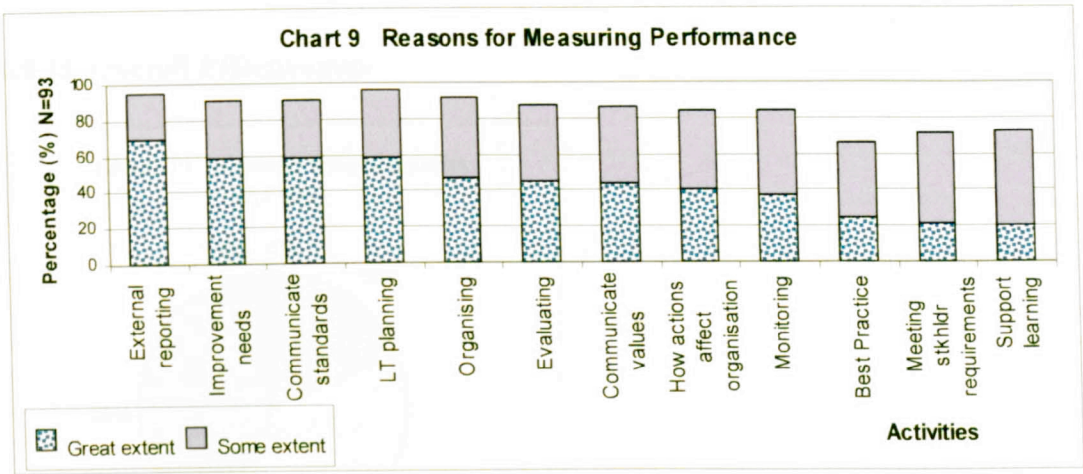


Chart 9 Reasons for Measuring Performance

4.5.10 System Effectiveness

Of the 69% respondents who cited external reporting as a reason for measuring performance to a great extent, all indicated that it was very (70%) or somewhat (30%) effective (Chart 10).

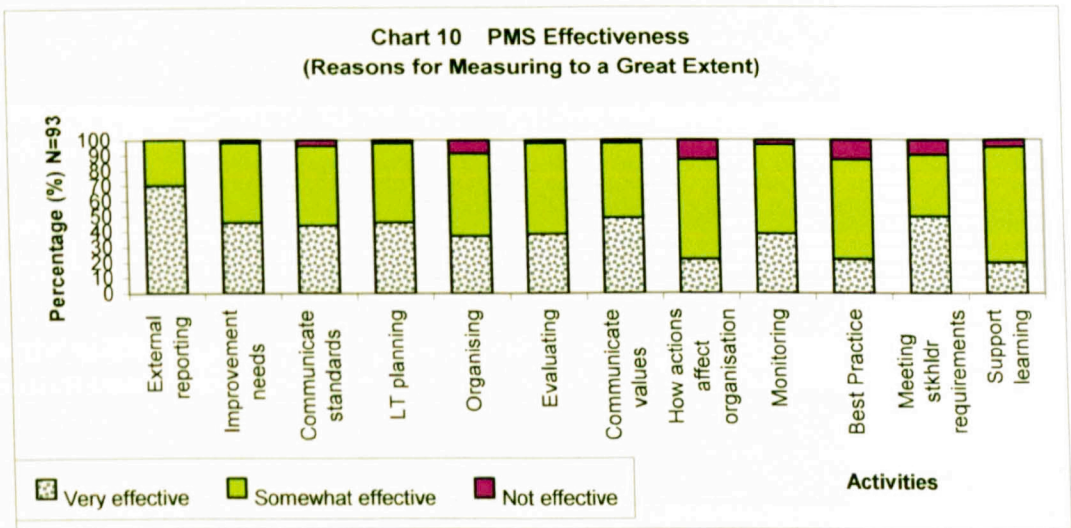


Chart 10 Effectiveness of Performance Measurement

4.5.11 Overall Effectiveness

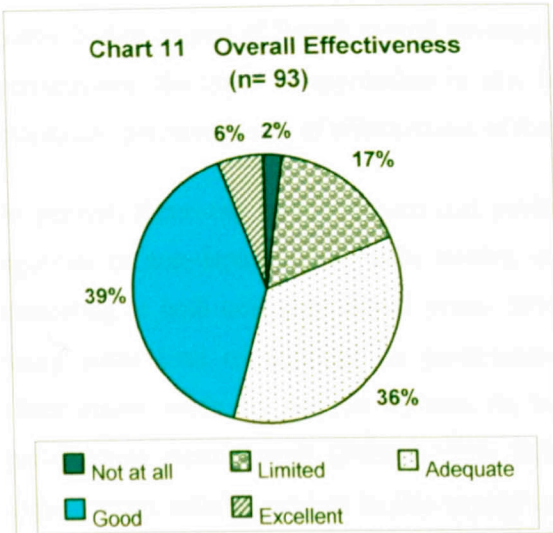


Chart 11 Overall Performance Measurement System Effectiveness

Overall System Effectiveness					
Ratings	1	2	3	4	5
PMS	Not at all	Limited	Adequate	Good	Excellent
KPIs	2	14	21	21	1
ABC			2	3	5
BSC			11	6	
EFQM		1	1	6	
Combinations		2	1	3	
Total (%)					
N=93	2	17	36	39	6

Table 8 System Effectiveness and Approach Matrix

The majority of respondents indicated that their performance measurement systems (PMS) were adequate (36%) or good (39%). However there were also 17% who rated their PMS as having limited effectiveness (Chart 11). All users of ABC or BSC rated their systems to be at least adequate (Table 3).

4.6 Discussions and Conclusions

Phase I of this study explored the performance measurement practices within agencies and public bodies as part of British central government, in particular, the reasons for measuring performance, the types of approaches in use, factors influencing design of measures, and managers' perceived level of effectiveness of their existing systems/approaches.

In general, there was clear evidence that public organisations, of various sizes, executive agencies or non-departmental public bodies, use some kind of performance measurement consisting of both new (less than 5 years- 56%) and mature systems. None indicated not using some kind of approach to performance measurement. Findings confirmed the observations made by various authors on how public sector was keen to implement performance measurement (Palmer 1993; Sanderson 2001). The level of performance measurement activity evident in this survey could possibly stem from the Modernisation, Reforms and Accountability (1999-2000).

The obvious reason for measuring performance was external reporting. This, however, was not the only reason that was rated highly; others include improvement, quality of performance, and planning, see Chart 9. Reasons for and the design of performance measurement were said to reflect the intentions of public administration (Jackson 1993). As indicated in Chart 7, use, learning and improvement, strategy, and control and accountability were some of the more influential factors for design of measures, of which, arguably sufficient evidence to support the claims that public agencies and public bodies are adopting new public sector management with emphasis upon operational efficiency and effectiveness. The practices on design of measures were also consistent with previous works, e.g. derived from strategy (see e.g. Jackson and Palmer 1989, Kaplan and Norton 1992), relevance, and learning and improvement (Dixon, Nanni et al. 1990; Lynch and Cross 1991; Keehley, Medlin et al. 1997; McAdam, Hazlett et al. 2005). This evidence indicates the intention for measuring and monitoring aims at not just 'controlling' per se but also for improvement, which is consistent with observations made by various authors including, Poister and Streib (1999), Bruijn (2002a) and Behn (2003).

Results indicate human resource factors were perceived to be not influential for design; these factors include. employee appraisal, views of staff, employee reward scheme and employee training. A recent 2007 National Audit Office's publication entitled 'The use of sanctions and rewards in the public sector' listed internal performance and staff management as one of the performance levers and encouraged the use 'performance related pay' to motivate

performance . Were there any efforts in creating a link between performance measurement and employee appraisal and reward scheme? The other specific factors that were indicated as not influential include external comparability, clearly defined measures, fast feedback, cost, and IT investment. There is opportunity for further exploration to obtain more insights into such practices.

Agencies and public bodies perceived the level of effectiveness of their existing system on a continuum from limited to excellent, and many have identified specific aspects of the system needing improvement. Whilst the majority of 81% of respondents perceived their approaches to be at least 'adequate', there were 2% and 17% indicated their approaches were 'not at all' and 'limited' effective respectively. What made the 2% and 17% perceive ineffectiveness in their approaches? What did they perceive their systems ought to have but do not? What exactly made the difference between an effective system and a system with limited effectiveness? There is obvious scope for further enquiry and potentially sharing of approaches and good practices with a view towards development and improvement.

Results show the majority of organisations, 60% were measuring performance with a collection of loosely connected key performance indicators (KPIs) and the remaining adopted a more structured approach/framework or a combination of frameworks originally intended for the private sector. The latter were generally larger organisation with newer systems. All those that adopted ABC and BSC perceived their system to be at least adequately effective, and only 1 out of the 8 organisations that use EFQM indicated their system to be of limited effectiveness. This marks the opportunity to explore the link between the use of frameworks and what was perceived to be effectiveness. Findings supported the observations made by de Bruijn (2002a) that such framework have penetrated the public sector. It would be interesting to further examine: (a) whether managers have considered the applicability of such frameworks (intended for the private sector) or the transferability of such practices to public sector contexts. (b) Did they perceive there was a need to adapt these frameworks in some ways for the public sector context as cautioned by Ferlie, Pettigrew et al (1996), Boland and Fowler (2000), Micheli and Kennerley (2004) and Pidd (2004)? (c) Why did they use a combination of frameworks and how did they use them? What were the main reasons for the majority (60%) are not using the better known frameworks such as BSC, EFQM, ABC or a combination of these frameworks?

Sixteen percent of participants were using the BSC and the BSC as a combination of other approaches when designing their measurement activities. This can be viewed as some of the agencies and public bodies were adopting strategic-management approach (Kaplan and Norton 1996(a)) and evidence for performance measurement being embedded as part of strategic management (Bryson 2004).

Public agencies and public bodies indicated that they do consider the need to address various user needs when disseminating performance information (McAdam, Hazlett et al. 2005). Further enquires to examine the main reasons for addressing various user needs and how they normally handle the tasks of doing so.

There was evidence for active management involvement in shaping measurement activities to generate information they can use (see Chart 5 & 6) rather than depending on specialist groups alone to handle performance measurement for their organisations, 'sidelining performance measurement' as observed by Jackson (1993).

Survey results suggested a possible categorisation of public sector performance measurement systems. A matrix of four categories was developed based on two dimensions; structure of approach and length of time the system had been in use, see Figure 10. The structure of Approach consists of 'structured' which consists of better known frameworks such as the Balanced Scorecard, the EFQM, or Activity-based Costing, or a combination of several structured approaches; whilst 'unstructured' approach refers to the use of loosely connected key performance indicators. Maturity of a system for this study is defined by the length of time the system has been in use, 'new' for less than 5 years and 'mature', more than 5 years. This categorisation is useful as it allows a more systematic investigation into the key elements of effective performance measurement, in particular inter-systems comparisons.

Performance Measurement Approach	Unstructured	Unstructured & New	Unstructured & Mature
	Structured	Structured & New	Structured & Mature
		5 years or less	More than 5 years
System Maturity			

Figure 10 Categories of Performance Measurement System

4.7 Summary

Findings from this phase of the study provided an overview of and a broad understanding of performance measurement practices within agencies and public bodies. This finding is helpful in understanding the approaches in use, the reasons for measuring performance, the perception of system effectiveness, and the factors influencing the design of performance measurement approach. With information the study progresses towards an in-depth enquiry to extend this understanding to tease out the key elements of an effective performance measurement for agencies and public bodies.

Chapter 5 presents on Phase II of this study. The chapter discusses the research method employed, the strategies adopted for data analysis, the findings emerging from data, and discussions and conclusions on research findings.

Chapter 5 Phase II In-Depth Enquiry

5.1 Introduction

The intention of this chapter is to present Phase II of this study. The chapter deals with data collected during interviews, starting with a discussion on the research method employed, the strategies adopted for data analysis, and the findings induced from data. This is followed by discussions and conclusions on the research findings and end with a summary.

Findings from this phase of the study have been divided into three sections:

Part A presents the framework which was developed based on the findings derived from analysing data collected during interviews which was accompanied by brief discussions on the inter-connections between elements of performance measurement. Although the framework was presented at the start of findings for Phase II, its shape only clearly emerged after many hours of detail analysis of paragraphs of coded data which was supported by a process of mapping the relationships between nine elements and the relationships between each element and its axial codes (see Section starting 5.4.4 for details on data analysis). The presentation of the framework right at the start of Phase II findings was intended to guide readers navigate through the report.

Part B reviews the nine key elements in greater detail. Each key element was analysed and the findings were presented in the following structure: 'Why' (deals with the reasons for its occurrence); 'What' (deals with issues fundamental to each key element) and How or When (deals with the type of approaches, practices or actions necessary for the occurrence of each What). Process flow diagrams were also presented where necessary to illustrate these relationships.

Part C attempts to compare and contrast between systems with different attributes (size of organisation, system effectiveness and structure of system) and examine the applicability of the emerging framework for different categories of system.

5.2 Objectives and Questions

Research objective for Phase II is reiterated here to navigate the making sense of data collected from interviews.

Research Objective 2:

- a. To gain in-depth understanding of performance measurement practices and to identify and examine the key elements of effective performance measurement in the context of British executive agencies and non-departmental public bodies, and
- b. To enquire if it is desirable for managers to have some kind of tools for performance measurement.

Research Objective 2a questions:

- i. What works well with performance measurement?
- ii. What are the key elements of effective performance measurement?
- iii. What are the reasons for the occurrence of each element identified (why)?
- iv. What are the issues concerning each element?
- v. When do these issues normally occur?
- vi. What were the actions taken or approaches adopted to deal with those issues?

The following are the planned activities for Research Objective 2b:

- i. To ascertain during the conduct of the interviews whether it is desirable for public managers to have a tool to inform development and improvement; and
- ii. if it is desirable, and having identified those key elements (achieve in Research Objective 2a), an exploration commences to examine the opportunity for tool development, which takes this research into Phase III: Tool Development and Preliminary Testing.

5.3 Profile of Participants

Forty organisations expressed their willingness to participate in Phase II when asked at the end of Phase I survey. The distribution of respondents according to the types of approach used, length of time the system had been in use, and the overall effectiveness of the performance measurement is depicted in Figure 11 on page 85. To ensure a good coverage of newly established systems through to the mature systems; a good representation of the types of approaches in use and a variety of levels of system effectiveness, ideally there should be at least a representative organisation from each cell; however this was limited by positive responses to the invitation to participate in the follow-up interview. An invitation to

participate in Phase II was sent to all the 93 survey respondents and a total of 22 acceptances were received.

Twenty-two organisations participated in Phase II: 6 ENDPBs and 16 EAs. They were made up of 14 large, 5 medium and 3 small-sized¹⁰ (Chart 12). Figure 11 shows the distribution of respondents categorised according to the four quadrants based on two dimensions: system maturity¹¹ and performance measurement approach. Performance measurement approach is categorised into structured and unstructured. Structured approach comprises the better known frameworks such as the Balanced Scorecard, the EFQM, or Activity-based Costing, etc; whilst unstructured approach refers to the use of a set of loosely connected key performance indicators.

There was no representation of small organisations for the small new-unstructured, mature structured and unstructured quadrant. See Figure 11.

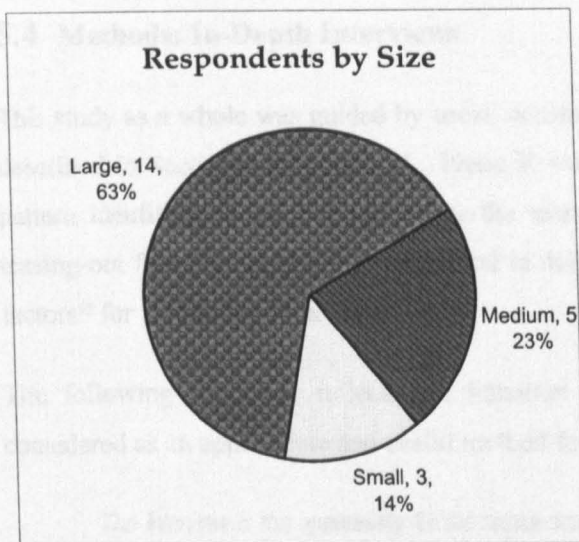


Chart 12 Phase 2: Profile of Respondents by Size

¹⁰ Size of organisation is defined by the number of fulltime employees (a figure extracted from their 2005 published annual reports and accounts). The three categories of size include small (0-49), medium (50-249) and large (more than 250 employees).

¹¹ System maturity is defined by the number of years the existing performance measurement approach has been in use; new (less than 5 years) and mature (more than 5 years).

Performance Measurement Approach	Structured	6Large 2Medium 0Small	3Large 1Medium 0Small
	Unstructured	1Large 2Medium 3Small	4Large 0Medium 0Small
		NEW	MATURE
		SYSTEM MATURITY	

Figure 11 Phase II: Profile of Participants

5.4 Methods: In-Depth Interviews

This study as a whole was guided by social constructionism epistemological assumptions as described in Section 3.3.2, page 54. Phase II was an extension of the facts gathering and pattern identification of Phase I, where the exploration was more in-depth and aimed at teasing-out from managers' experience and in doing so, the study then identified the critical factors¹² for performance measurement.

The following statement reflects the intention of this study and hence interview was considered as an appropriate and useful method for Phase II data collection:

The interview is the opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts that are based on personal experience (Burgess 1982, p107).

Phase II adopted a phenomenological-postmodern-social constructionism approach to clarifying the mode of understanding in this qualitative research interview. Phenomenological approach applies here because the study "attempts to describe in detail the subject's consciousness, to grasp the qualitative diversity of their experiences and to

¹² "the limited number of areas in which satisfactory results will ensure successful competitive performance for the individual, department or organisation. Critical success factors are the few key areas where 'things must go right' for the business to flourish and for the manager's goals to be attained." Bullen, C. V. and J. F. Rockhart (1981). A primer on critical success factors, Center for Information System Research, Sloan School of Business, MIT. Page 7.

explicate their essential meanings” (Kvale 1996, page 53). It was also based on a postmodern and social constructionism epistemology (social constructionism being a strand of postmodernism) as this qualitative research interview is a construction site of knowledge where the interview was conversational (a dialogue on a topic of mutual interest), narrative (managers describe from their experience the practices that worked) and contextual (where knowledge obtained within one context is not automatically transferable to the knowledge within other contexts) (Kvale, *ibid* page 42-44).

5.4.1 Semi-Structured Questions

The interviews for this study were exploratory in nature and were conducted using semi structured questions. Semi-structured questions that designed to capture managers’ thoughts, concerns and expert knowledge on works well with performance measurement initiatives to uncover key concerns or key issues of performance measurement. Semi-structured questions were used as they provide a framework to guide the interview but do not impose too much restriction on the interviewees to describe more freely and extensively from their experience with performance measurement.

This type of interview was deemed appropriate when questions require a good deal of thought and when responses need to be explored and clarified (Easterby-Smith, Thorpe et al. 2002).

The interviewer’s first question introduced performance measurement as theme of the interview.

Interviewer: From you experience, tell me what works well with performance measurement?

The answer to the question took the form of a narrative of the respondent’s experience with performance measurement. The remaining questions were asking for clarification of different aspects of the respondent’s experience. This process was guided by a list of prompts on the broad aspects needed covering during the interviews.

Each interview was scheduled for approximately 60 minutes; hence it was necessary to prioritise questions so that critical questions were asked within the allocated time. The design of the interview questions took several reiterations and the interview questions were put to trial on four mock interviews and three pilots. A copy of the question prompt is presented as Appendix 3, page 244.

5.4.2 Reliability and Validity

Qualitative researchers amongst others, Lincoln and Guba (1985), Miles and Huberman (1994), and Kvale (1996) argue for the need to re-conceptualise generalisability, reliability and validity in forms appropriate and relevant to interview research. A positivist's assumptions about these concepts would disqualify qualitative research findings with common responses such as (extracted from Kvale, *ibid*, page 230) 'The results are not reliable, they are produced by leading interview questions'; 'The interview findings cannot be generalised (in positivist versions where the aim of social science was to produce laws of human behaviour that could be generalised universally), there are too few interview subjects'; or 'The results are not valid, they are only based on subjective interpretations'. Qualitative researchers urge for the use of different criteria for quality assessment, e.g. Lincoln and Guba (*ibid*) discuss the validity of qualitative research findings using concepts such as trustworthiness, credibility, dependability and confirmability; and Miles and Huberman (*ibid*) use the 'four Rs' [based on Katz's (1983)]: representativeness, reactivity, reliability, and replicability to judge the 'goodness' of qualitative research.

Validity is the extent to which it gives the correct answer, the truth (Kirk and Miller 1986, p19). Kvale (*ibid*) highlights the textbook theory of truth have been based on positivist epistemological assumptions where scientific validity is restricted to measurements resulting in numbers. Applying the same assumption, qualitative research is then invalid. For qualitative research to lead to valid scientific knowledge, Kvale (*ibid*) defines, in a broader concept, 'validity pertains to the degree that a method investigates what it is intended to investigate' (page 238) and 'depends on the quality of craftsmanship and the credibility of the researcher during investigation, continually checking, questioning, and theoretically interpreting the findings' (page 241). In the same vein, Pervin (1984, page 48) defines validity as 'the extent to which our observations indeed reflect the phenomena or variables of interest to us'.

Maxwell (2005, p105) stresses the fact whilst 'validity threats are made implausible by evidence, not methods; methods are only a way of getting evidence that can help you rule out these threats.', 'methods and procedures are nonetheless essential to the process of ruling out validity threats and increasing credibility to findings'. He advocates for researchers to try to rule out most validity threats after the research has begun using evidence collected during the research itself to make those threats implausible.

Some of the threats to validity of this study are identified, considered and various procedures and methods have been developed to help reduce these threats as much as possible.

5.4.2.1 Researcher Bias

Research bias refer to subjectivity on the part of the researcher when she selects data that fit her existing theory or preconceptions (Miles and Huberman 1994, p264). However, Maxwell (2005, p108) emphasises that ‘qualitative research is not primarily concerned with eliminating variance between researchers in the values and expectations they bring to the study, but with understanding how a particular researcher’s values and expectation influence the conduct and conclusions of the study and avoiding negative consequences.’

Sampling method and the procedures for interviews have been planned into the research to control bias. Under no circumstance the researcher makes a selection of interviewees by preference, or uses a different interview protocol with different interviewees.

A more possible situation for some threats to validity creeping was during data collection-when interviews were conducted. Data collected from the first few interviews may not be as comprehensive as the later ones, hence weaker data. Some interviewees are ‘more informative’- they may be articulate and reflective, and enjoy talking about events and processes. Interviewing is a skill, one gets better with experience. Interviewing skills also play an important role in helping to coax interviewees to elaborate their experience and knowing when to probe into some points made by interviewees. The lack of skills on the part of the researcher in the earlier conducted interviews were compensated by following up with emails or telephone calls upon realisation of lack of information.

5.4.2.2 Reactivity

Reactivity refers to the influence of the researcher on the setting or individual studies. In this study, this would generally arise during the conduct of interviews. Semi-structured interview questions were used to guide the conversation rather than leading the interviewees in their responses. In some cases when the time allocation for the interview ran out, the researcher had to decide which questions were of priority and dropping some others (subjective judgement) but making a point to ask permission to do some follow-up questioning through emails or telephone. This however does not amount to “influencing what the interviewees say or affects the validity of the inferences the researcher draw from the interview” (Maxwell 2005, p109).

5.4.2.3 Reliability

“Reliability is a matter of stability” (Easterby-Smith, Thorpe et al. 2002, p135). Reliability pertains to the consistency of the research findings and issues of reliability generally arise during interviewing, transcribing, and analysing (Kvale 1996, page 235). Methods are consciously applied to the process of interviewing, transcribing and analysis to reduce threats to reliability as discussed in the sections to follow.

For this phase of the study, reliability is enhanced by having documentations on data collection procedures and steps involved in analysing and drawing conclusions from data. These documentations can guide other researchers to possibly conduct the similar qualitative research interviews in future or in other contexts.

A list of interview prompts is developed to ensure interviews are conducted consistently, regardless the respondent, the place or the condition under which the interview was carried out.

5.4.3 The Data Collection Process

Mock interviews were carried out with colleagues who are actively engaged in performance measurement research. The experience was useful as it gave the researcher a sense of what an actual interview would be like, how potential interviewees would respond to the questions, whether the questions could generate the information required, and also provided an opportunity to time the interview. As a result of feedback from the mock interviewees and a reflection of the interview process, further changes were made to the initial set of interview questions.

Pilot interviews were conducted with three persons responsible for performance measurement from three different organisations. These were conducted as though they were the actual interview. The pilot interviews sought to ensure interview questions were understandable, coherent, and successfully gathering useful information. They also allowed the chance to practice good management of the entire interview process. Slight changes were made and the researcher was confident that the questions were ready for the actual interview process.

A copy of the interview protocol was emailed to each participant upon confirmation of the interview appointment. The purpose of the interview protocol was to provide participants with a briefing about the interview process and to expressly seek their consent for the use of verbatim quotes in reports and publications. A copy of this is presented as Appendix 2, page 243.

Contents of the interview protocol comprise of:

- 1 A brief introduction to the research and the purpose of the interview. Interviewees were also prompted to think about the phases of performance measurement system development with reference to the four stages (system development lifecycle model).
- 2 Confidentiality issues were one of high priority in the protocol. Participants were assured of anonymity and informed about the restrictions of data access. Permission was requested for tape-recording of the conversation and also for the use of interview materials to be used to illustrate findings in a PhD dissertation and other published materials.
- 3 The profile of the interviewer with a photograph along with contact information such as mailing address, email, telephone numbers and the Department website address.

Actual interviews were conducted in offices of participants at the dates and times as per their requests. All interviews were voice recorded with prior permission granted. Recorded interviews were transcribed into text. Hardcopy of transcripts can be useful reference for analysis and textual format interviews can also be easily imported into data management/analysis software, namely QSR NVivo (a qualitative data management software). Each interview text is saved as project documents.

The analysis process is presented step by step in Figure 13. Although it seemed linear, it could be better described as more of iterative cycles of going back and forth to ensure the emerging themes were grounded in the original data.

5.4.4 Analysis: Which Specific Method?

5.4.4.1 Thematic Analysis

The method of analysis chosen for this study was thematic analysis which involved a data-driven inductive approach.

Data reduction (Miles and Huberman 1994, p12) entailed an iterative coding process of recognising or sensing an 'occurrence' (seeing) an important moment and encoding (seeing it as something¹³) in preparation for the process of interpretation (Boyatzis 1998,p5).

The data analysis process for this study followed a step by step procedure informed by Boyatzis' Thematic Analysis (1998, p33) and by Strauss and Corbin's (1998) open and axial coding. Thematic analysis involves two main stages: deciding on sampling and design issues and developing themes and codes.

Initially it was planned to develop thematic code based on literature (theory driven). To achieve this, an interview protocol was sent to all 22 participating organisations. The protocol was designed to introduce the main objectives of the study; highlight the intention of the interview- prompting the exploration of key elements for designing, implementing, using and updating or reviewing¹⁴ a performance measurement system; and to reassure participants' of confidentiality.

Interestingly, not one interviewee talked about performance measurement issues based on the four phases of development as indicated in the protocol that was sent to them.

At the initial stage, attempts were made to code paragraphs from transcripts into 'a-priori' codes. The 'a-priori' codes were structured based on the four phases of development as discussed in the interview protocol. Figure 12 shows the 'a-priori' codes for DESIGN as part of the whole document. The full document on 'a-priori' codes is presented as Appendix 4, page 245.

¹³ 'Seeing as' provides us with a link between a new or emergent pattern and any and all patterns that we have observed and considered previously. It also provides a link to any and all patterns that others have observed and considered previously through reading (p4). (Boyatzis, R. E. (1998). Transforming qualitative information: Thematic Analysis and code development. CA, Sage Publications.

¹⁴ Neely, A., H. Richards, et al. (1997). "Designing performance measures: a structured approach." International Journal of Operations & Production Management 17(11): 1131-1144.

Code	Name & Description	Notes
DESIGN	DESIGN: refers to the stage (or process)of understanding what should be measured and defining how it should be measured There are 2 key sub categories: Reason for measuring, Define measures	
DES REA	REASON for measuring: captures issues on the reasons for measuring and what needs to be measured. There is 2 key sub categories: Who is involved in deciding the reasons for measuring and What needs measuring?	
DES REA INV	Who is INVolved: captures issues on who should be involved in deciding the reasons for measuring and what needs measuring.	
DES-OWN	OWN the measure: captures issues on who acts on measure once data become available & what they do with this knowledge?	
DES DEF	DEFINE: captures issues on defining <u>how</u> measures should be measured; where to get data, who to collect, how often to collect and how often to review data; and who owns the data (act on measure upon data become available	
DES BP	Best Practice -captures best practices for designing measures	

Figure 12 Data Analysis: Codes for DESIGN

5.4.4.2 A Change of Strategy

It was becoming clearer as transcripts were read and re-read that those data do not fall neatly into those codes, instead an altogether different pattern emerged. From this point forth, the strategy for coding of data changed from developing thematic code based on literature to one that is based inductively from raw data (data driven). Figure 13 shows the steps involved in the development of themes and codes for data analysis.

Developing themes and codes

Step 1: Reducing raw data and developing initial themes: Open Coding

Read through each transcribed text.

Prepare snapshot descriptions for each by taking notes and summarising what makes performance measurement work well; the whys and hows.

Use a template to summarise and identify key issues/ themes

Step 2: Creating codes: Axial Coding

Explore each key theme to develop a cascading level of codes.

Prepare definition for each key theme.

Step 3: Perform cross-sectional indexing on the whole data set.

Apply codes developed in Step 2 to all documents.

Step 4: Determining reliability & consistency of judgement of the coder

Conduct inter-coder reliability.

Iron out differences arising from this exercise.

Step 5: Comparing themes across sub-samples

Inter-organisation comparisons using data display matrix.

Step 6: Develop conceptual framework based on emerging themes

Use visual representation to illustrate the interconnections between themes.

Step 7: Determining the reliability or consistency of judgement of the coder

Conduct inter-coder reliability.

Figure 13 Data Driven Induction Approach to the Development of Themes

5.4.4.3 Data Reduction

Step 1: Open Coding

Step 1 involved reducing raw information and developing initial themes through a process known as open coding¹⁵.

It was found to be helpful to prepare a snapshot description for each of the 22 participating organisations. A snapshot was essentially a summary of each of the interview transcript (written text of recorded interviews). The snapshot was useful in allowing a more systematic overview of the whole data set giving a clear idea of their coverage and scope. The process of preparing the snapshot which involved reading and reading the transcripts in its entirety gave the researcher an opportunity to gain a broad idea of the performance measurement story for each organisation. This open coding was done by reading, studying, and understanding the transcripts, and listening to recordings of the interview; identifying the concerns/issue associated with performance measurement expressed by interviewees; and identifying the events, activities or conditions that seem to be associated with each concern/issues identified, a process very similar to Stake's (1995) 'bringing together instances until something can be said about them as a group'. This exercise helped reduce raw data into a shortened 'outline' form, for easier comparisons across units of analysis-individuals from different organisations. Every transcript was summarised and paraphrased following the same layout. Examples of 3 snapshot descriptions are presented on page starting 93. They are examples of three different organisations with different attributes in terms of the type of performance measurement in use, the length of time such an approach been in use, and the level of perceived effectiveness of the approach in question. The snapshots for the 22 participants are presented in Appendix 6, page 247.

¹⁵ “..during open coding, data are broken into discreet parts, closely examined, and compared for similarities and differences. Events, happenings, objects, and actions and interactions that are found to be conceptually similar in nature or related in meaning are grouped under more abstract concepts termed as categories ” Strauss, A. L. and J. M. Corbin (1998). Basics of Qualitative Research: Techniques and Procedures for Developing Grounded Theory London, Sage Publications. Page 102.

Snapshot : 1

Level of effectiveness: Limited

Approach: KPIs ; NEW

What works well?

- Demonstrate how are we matching the expectations of the government

Summary of transcript

1. Design of measures
 2. Transform performance measurement to be more customer focus.
 3. Achieve staff buy-in and commitment towards measuring performance towards achieving aims.
 4. Change views about the information we gather.
 5. Use performance information to improve performance rather than to penalise failures.
 6. Link aims through plans and what we are doing.
-

Snapshot : 2

Level of effectiveness: Adequate

Approach: EFQM & BSC; MATURE

What works well:

- Demonstrate we add value to the process (delivery of services)
- Taking a balanced view about all strategic directions and the basis of its capability rather than just about target setting
- Work towards performance improvements

Summary of transcript

1. Understand what the organisation is here to do
 2. Work towards a quality model (performance measurement) rather than just a bean counting model.
 3. Build a mindset and culture to want to improve.
 4. Measure core business on an incremental scale rather than measuring peripheral businesses.
 5. Make every report an 'impact' document.
 6. Use a structured framework such as the EFQM to structured key processes for each strategy; to create the link between key processes and strategy- achieved by writing local business plans
 7. Link individual area scorecards to the main strategic scorecard (organisational level)
 8. Report performance for each area- prepare scorecard for each area; summary of directions people are working towards; describe what people learn from operations and targeting; identify the drivers of performance; and appoint a person to interpret the values for the organisation over time.
-

Level of effectiveness: Good

Approach: KPIs; MATURE

What works well:

- Focused on 'as a result of spending, what are the outcomes?' rather than 'what did you spend on and how much?'

Summary of transcript

1. Use an integrated framework –a structured framework for understanding how do you do the evaluation to get to the outcomes and impacts.
 2. Set up internal audit.
 3. Subject to external independent audit by the NAO.
 4. Commission external consultants to undertake the evaluation of major projects.
 5. Prepare reports for internal management rather than just meant for external reporting.
 6. Directors are encourage to do self assessment on performance.
 7. Review measures to reflect what information is required to evaluate outcomes.
 8. Design SMART measures that are attributable to the outcomes of activities that were carried out rather than just having KPIS on processes.
-

Table 9 on page 97 lists the elements of effective performance measurement as described by public managers across all snapshots which was the result of the initial stage of 'seeing' or open coding process, developing initial themes. Each transcript was re-read to check if there are any more 'seeing' moments, adding new items to the snapshot when necessary.

After exhausted all 'seeing' moments, snapshots were re-read, and based on more in-depth understanding, purposes were then clustered, re-worded and summarised using more succinct terms to reflect the activity. This approach is similar to what Kavle (1996, page 192) termed as 'meaning condensation', a process which entails an abridgement of the meanings expressed by the interviewees into shorter formulations, and long sentences are compressed into brief statements in which the main sense of what is said is rephrased in a few word. See, for example, some concepts coded for monitoring performance as tabulated in Table 10 on page 98; resulting a list of key themes as tabulated in Table 14 on page 107. Descriptions for each key theme were developed (Appendix 5, page 233) to help ensure consistent application by the researcher over different transcripts and over time. A theme is defined as "a pattern in the information that at minimum describes and organises the possible observations and at maximum interprets aspects of the phenomenon" Boyatzis (1998, p161).

List of 'what works well' compiled from snapshots of interview transcripts

- Use PM to guide working towards improvement.
- Measure performance for improvement and change for the better, continuous improvement i.e. more customer focus
- Measure key things to identify areas for improvement.
- Observing and recording the progress toward the impact that you want to have.
- Use performance measurement to reflect achievements of what we said we want to achieve in the business plan.
- Good monitoring system to provide assurance to BOD that we are doing what we wanted to do
- Performance regime is placed to assess how we are doing against what we are seeking to achieve with an increased recognition of organisational learning.
- Demonstrate organisation success and improve our reputation from a failing organisation to a successful one; Perform successfully as an organisation.
- Reflect what the agency does.
- Demonstrate improved performance to maintain existence of this organisation.
- Keep stakeholders satisfied.
- To be able to say we have accomplished the actions leading to the outcomes we aimed to achieve.
- Demonstrate success: we deliver benefits and cost effectiveness as an organisation
- Agency's performance is based on achievements of key targets, verifiable performance rather than stories of claiming to have achieved targets.
- Know we are achieving what we said we were going to achieve.
- Monitor performance towards achieving targets; working towards improvements.
- Inform your progress towards the objectives you want to achieve.
- Understand the big picture of organisational performance.
- Tell the story about the organisation and demonstrate we are cost effective as an organisation and our achievements in making a difference to consumers.
- Increase understanding of what is happening in the organisation to help people understand how the performance measurement system can help in relating their everyday work to the bigger picture of performance.
- Allow us to communicate our success.
- Focused on 'as a result of spending, what are the outcomes?' rather than 'what did you spend on and how much'?
- Link aims through plans and what we are doing
- Measure what we do for improvements rather than measuring for funding purposes.
- Demonstrate how are we matching the expectations of the government
- Monitor performance against ministerial targets
- Use performance information to help directors make decisions on resource planning
- Demonstrate successes
- Provide a broader picture of what we do
- Reflect the mount of work done behind the scene.
- Demonstrate we add value to the process (delivery of services)
- Taking a balanced view about all strategic direction and the basis of its capability rather than just about target setting.

Table 9 What Works Well with Performance Measurement.

The creation of key themes facilitated a more systematic analysis to explain the phenomenon. For example, on the examination of the Key Theme: Measuring and Monitoring Activities, questions can be asked, such as: What is it? Why is this necessary for performance measurement? What activities or conditions enabled the occurrence of this Key Theme? This information informed the identification and a more in-depth understanding of key elements of effective performance measurement.

Key Theme: Measuring and Monitoring Activities
Observing and recording the progress toward the impact that you want to have.
Use performance measurement to reflect achievements of what we said we want to achieve in the business plan.
Monitor performance towards achieving targets, (...)
Inform your progress towards the objectives you want to achieve
Monitor performance against ministerial targets

Table 10 Measuring and Monitoring Activities

Step 2: Creating Codes: Axial Coding

The next step is axial coding¹⁶ which involves coding sections of data that relate to a particular key theme, to form more detailed and complete explanations. This coding procedure was guided by asking questions: why, what, when and how, and subsequently, providing a structure for reporting the findings from this study. For each key theme, an exploration of the following was conducted: the WHYs- the drivers for the theme; the WHATs-issues fundamental to each key theme; and the HOWs & WHENs- the actions necessary for the occurrence of the key theme.

¹⁶ Axial coding is a process of relating categories to their sub-categories. The term 'axial' because coding occurs around the axis of category linking categories at the level of properties and dimension. In axial coding, categories are related to their sub-categories to form more precise and complete explanations about phenomena. Ibid. page 123-4.

Key element emerging from open coding forming the conceptual framework-
Key theme 1: Set organisational goals and objectives.

(presenting only part of the coding)

Subcode 1: WHY or Drivers

For example:

- Measure and monitor activities

Subcode 3: WHAT issues

For example:

- Key Business Objectives

Subcode 2: HOW or WHEN

For example:

- Identify Stakeholder Groups
-

Figure 14 Key Theme 1: Axial Coding

Figure 14 illustrates part of the outputs of axial coding, i.e. the subcodes for a key theme, Set Organisational Goals and Objectives.

Key theme:	Set organisational goals and objectives
Sub-code 1:	explains the WHYs or the drivers
Sub-code 2:	explains the WHATs
Sub-code 3:	explains the HOWs and/or the WHENs;

Step 3: Perform cross-sectional indexing on the whole data set

Characteristics of each organisation were entered (in NVivo) as attributes, which includes, executive agencies or non-departmental public bodies, size of organisation, types of performance measurement approach used and length of time system been in use.

Key themes were entered (in NVivo) as parent-nodes, and cascading levels were entered as child-nodes. Using these emerging key themes (Table 14), cross-sectional indexing/coding (see Mason 2002, p150) was performed on all documents. Texts were coded by matching the codes with chunks of data selected as representative of the node. The software, NVivo¹⁷.allows retrieval of data organised according to each node (whether parent or child node) and word search. Using the Node Explorer function, reports for the number of occurrence (Table 14) and the chunks of texts coded for each key theme were produced. Figure 15 shows some examples of coded paragraph of texts for a specific key theme.

¹⁷ For a more detailed description and examples on using NVivo to support qualitative data analysis, please refer Gibbs, 2002, *Qualitative Data Analysis: Explorations with NVivo*.

Paragraphs of text (from different transcripts)

Theme: Demonstrate Success

Subcode: Drivers (WHYs)

We regularly report to our Board a whole range of key performance indicators (KPIs) and that information goes to our Sponsor, that is an effective method of providing that info for ODPM and others who are primary interested in how well we are performing because we are spending money.

...we need performance data to be able to demonstrate the benefits of change have been realised.

One (the role of performance measurement) is the increase of our reputation, I think 2 years ago we were seen to be a failing organisation, and now some people are thinking we are not failing any more.

Figure 15 Key Theme: Coded Text

Step 4: Determining the reliability or consistency of judgement of coder

Reliability refers to the degree of consistency with which instances are assigned to the same category by different observers or by the same observer on different occasions. (Hammersley 1992, p67)

Themes were developed based on both literal and interpretative readings. Themes based on literal readings consisted of words extracted from data, and codes produced interpretively were based on understanding of what the data infer and imply rather than just what was present literally in the text. Coding solely from literal reading is not 100% possible (as noted by many authors, for example Mason 2002) because interviewees used different words/terms to describe something similar, some used more words than others to arrive at something, and some used jargon while others did not. When reading interpretively, the researcher must keep in mind what each code intended to represent so that they are applied consistently. Because themes generated from the data were largely based on interpretative readings, it was essential that these themes are used consistently applied across the whole set of data and in a standardised way to demonstrate reliability.

Two research colleagues were invited to apply the key themes on the same document independently. Inter-rater reliability was calculated to determine the degree of consistency of the researcher's judgements. These coded notes were then compared to highlight incidences of agreement and disagreements. Agreements between coders refer to instances where the same code was applied to the same section of text while disagreements amongst coders were instances where at least 1 coder attached different codes to the same section of text.

$$\text{Intercoder reliability} = \frac{\text{Total numbers of agreements}}{\text{Total number of agreements} + \text{Total number of disagreements}}$$

Inconsistencies need to be ironed-out, may lead to some re-wording key themes and/or its definitions to enhance clarity.

These coded notes were then compared to identify and analyse incidences of agreements and disagreements. Agreements between coders are shown in Table 11; while disagreements amongst coders can be found in Table 12. The total number of agreements and disagreements were then used to calculate inter-coder reliability using the following formula (Miles and Huberman 1994, p64):

Number of coding agreements			
	Researcher	Coder 1	Coder 2
Researcher		40	38

Table 11 Coding Agreements

Number of coding disagreements			
	Researcher	Coder 1	Coder 2
Researcher		16	22

Table 12 Coding Disagreements

Intercoder Reliability			
	Researcher	Coder 1	Coder 2
Researcher		70%	63%

Table 13 Inter-coder Reliability

An initial (aggregate) inter-coder reliability of 63% or 70% can be judged to be adequate as it is unusual to get a score higher than 70% the first time reliability is calculated (Miles and Huberman 1994).

The main objective of this exercise was to understand the reasons for differences in coding amongst coders and to learn from these differences to improve the reliability of the codes. In this research it was found that these differences were mainly due to:

- a. Omissions –when a coder misses the opportunity to apply an appropriate code to a relevant portion of text;

- b. Differences in interpretation of code definitions by different coders; and
- c. Suggestions for the inclusion of some additional codes which were deemed relevant by coders.

Key learning points achieved from this exercise include:

- the identification and the re-defining of some codes to improve clarity;
- a recognition that the list of codes may be incomplete and imperfect; more issues may emerge from data for which additional codes are needed; and
- a recognition that the phrases being used to describe some key themes may not reflect the real meaning and re-phrasing was necessary to improve clarity.

After three weeks from the initial inter-coder exercise, the same transcribed text was recoded by the researcher and reliability measurement was calculated to be 73%, which means that the researcher would apply the same code to the same text 73% of the time; an adequate level of internal consistency (Miles and Huberman 1994 suggest a benchmark of 80%).

Step 5: Comparing themes across sub-samples

This exercise was to explore similarities or differences that may occur within sub-samples denoted by their attributes. Differentiations on each sample in relation to the themes were analysed comparatively using data display matrices.

Comparative analysis was conducted for each key element of performance measurement against each of the following organisational attributes:

- Size of organisation: small, medium, or large;
- Executive agencies or Non-Departmental Public Bodies;
- Structured or unstructured approach
- New or Mature system;
- Level of perceived effectiveness: limited, adequate, good or excellent.

Step 6: Develop conceptual framework based on emerging themes

Mapping Process

The coding exercise, which entails iterative readings and reflexive thinking, brought about in-depth understanding of the data. Relationships between key themes were now starting to develop. Causal maps were used to depict and explore these relationships between key themes.

A high-level map was created for each project document (interview transcript) showing only the key themes without sub-codes. The objective was to derive the performance measurement framework relative to each organisation. At the end of this process, the creation of a map for each of the 22 participating organisations, an overview framework for the study was developed.

Two verbs were used as narrative on arrows to explain the inter-connection between key themes; these include: enable and inform. Figure 16 is a diagrammatic representation of the emerging framework. The three main inter-connections between key themes can be read as follows as illustrated in Figure 16:

- Arrow with the narrative 'enable': the key theme at the beginning of the arrow indicates 'enabling' the occurrence of the key theme at the end of the arrow: A enables B; e.g. B enables C, and C enables A; and
- Arrow with the narrative 'informs': the key theme at the beginning of the arrow indicates 'informing' the occurrence of the key theme at the end of the arrow; e.g. C informs B, and B informs A.

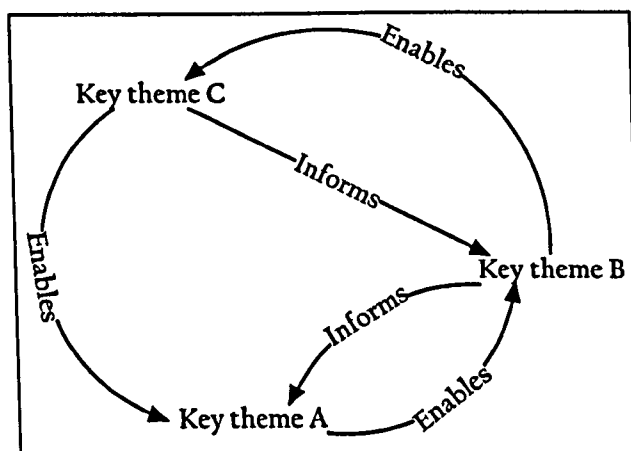


Figure 16 Mapping: Use of Arrows

Step 7: Determining the reliability or consistency of judgement of coder

As a final stage, the reliability or consistency of judgement of coder was determined. This exercise was to assess the degree of consistency of the researcher's judgements on the interpretation of interconnections unravelled from data. The same research colleagues, who were involved in Step 4, were asked to independently develop visual representations illustrating the network of interconnections between key themes for the same document they earlier coded. Member colleagues played the role of a 'devil's advocate', asked questions to

check the researcher's biases, to clarify any unintentional or unconscious interpretations, and to confirm the findings. Discussions with member colleagues helped to iron out inconsistencies. Several amendments were made on the interconnections based on discussions and feedback.

It can be argued that member colleagues may not be the best judges to confirm findings. This situation can be ameliorated by presenting researcher's interpretation at conferences for further feedback from an audience who are knowledgeable and have interests in the field. Findings for this phase were presented at the OR 49 Conference, 4-7 June 2007 in Edinburgh. The presentation generated interests among researchers and members working in British public sector in attendance. The emerging framework was well received by a representative from the Prime Minister's Delivery Unit, Cabinet Office; indicating that the framework could possibly be applied at Department level within the central government. Questions raised were mainly asking for clarification of the presentation and there was no obvious objection raised on the framework presented.

Also, for this study, the interpretations from this phase would be used to develop a guidebook and a self-assessment checklist, which would be tested with various organisations giving more opportunities to further refine those interpretations.

5.4.5 Summary

This section presented the methodology and process of analysis designed to gather information to achieve the aims of Phase II. Evidence drawn from the process of thematic analysis based on axial coding, for every key theme- asking why, how, when and what; has informed the exploration and identification of key elements of performance measurement.

Although the analysis for this phase has adopted two out of three sets of coding procedures for Grounded Theory (Strauss and Corbin 1998), namely open and axial coding, the study did not set out to subscribe to a Grounded Theory methodology. This research started off with some level of preconception of performance measurement as a phenomenon based on a review of the literature rather than engaging in the research without any knowledge of the subject as Grounded Theory methodology would require. The strategy of using an approach similar to that of axial coding was to explore the phenomenon under study to obtain a greater depth of understanding for each theme that has been developed following the analysis of: why events happened the way they did, what were the main issues associated with each

event? What approach(es) was/were use taken to deal with each event? And when did such actions or events routinely occur?

Findings revealed the key elements of performance measurement and described the inter-connections between these key themes from which a framework emerged. This emerging framework grounded on data was helpful in understanding performance measurement within the context of British agencies and public bodies. Each key theme was further explored to examine and identify the why, how, what, and when. Information gathered from Phase II was used to explore the possibility of tool development. At this juncture the study progressed to Phase III: Tool Development and Preliminary Testing.

The emerging performance measurement practice framework was presented at a conference and generated interests amongst researchers and particularly with a representative from Cabinet Office. There is obviously opportunity for further research extending from this framework.

The preceding section reports on Phase II findings of which is dealt with in three parts, i.e. Part A: Emerging Key Elements-An Overview; Part B: Key Elements in Detail; and Part C: Inter-Systems Comparisons. The chapter ends with the section on Discussions and Conclusions where the implications of these findings on the wider literature are presented.

5.5 Phase II: Findings

Phase II findings were dealt with in three parts. Part A: Emerging Key Elements – An Overview; Part B: Key Elements in Detail; and Part C: Inter-System Comparisons.

Arguments stated in these findings chapters were developed based on analysing data collected during interviews. Selections of quotations which were typical or a particularly articulate expression of a point from interviews were presented as evidence for theory building or to help illustrate key points, giving explanations more immediacy and keeping them grounded (Mason 2002, p183-6). Initials were used as a reference for quotes to maintain the anonymity of respondents. In-depth exploration gave insights and explained the inter-connections between each key theme which form a framework for performance measurement practice, a process very similar to inductive reasoning associated with 'grounded theorizing' (Glaser and Strauss,1967).

5.6 Part A: Emerging Framework: An Overview

Part A aims to present the framework for performance measurement emerging from this study. The discussions in Part A attempt to present the framework and demonstrate how each of the nine key elements which form the emerging framework interfaces with one another.

5.6.1 Why these Nine Key Elements?

The nine key elements were generated inductively from the analysis of data collected during the interviews. The meanings and the main sense of what was expressed by interviewees were compressed into shorter statements (open coding and meaning condensation) of which was finalised as key themes to guide and structure further exploration (axial coding) to tease-out more details and complete explanations for each. The process involved for dealing with this was presented in Section 5.4.4.3, page 94. The output of this process was a list of nine key themes as presented in Table 14. For the framework, these key themes were known as key elements.

5.6.2 A Revision to the Initial Framework

The initial version of this emerging framework consisted of ten instead of nine key elements. This version comprising of ten key element, labelled as Version 1 (for reference purpose), was used to structure the prototype PMPET in Phase III. The tool development (Phase III) and the structuring of Phase II findings reporting took place concurrently, and there were periods where the priority was to finalise the prototype tool for preliminary testing. The tool development was presented and discussed at length in Chapter 6 on page 200, and a copy of the tool is appended as Appendix 17, page 258. Upon writing and finalising the reporting of findings of Phase II, it was then concluded that the key element ‘Internal Communication’ is a means (a HOW) to enable Key Element 7 ‘Influence Performance Behaviour’. These two key elements were then merged to become Key Element 6 ‘Influence Performance Behaviour’. This process has reduced the key elements from ten to nine. Hence the reporting of Phase II findings is based on the framework with nine key elements as illustrated in Figure 17, page 113.

Key Elements of Performance Measurement	Count of occurrence
1. Set Goals & Objectives	22
2. Measure and Monitor Activities	22
3. Review Performance and Make Decisions	22
4. Manage and Evaluate Projects	3
5. Prepare Evidence of Performance	22
6. Influence Performance Behaviour	21
7. Drive Improvement	22
8. Demonstrate Success (External Reporting)	22
9. Negotiate Target Plans and Funding	21

Table 14 Key Elements of Performance Measurement

The preceding sections discuss the definition of effective performance measurement, present the reasons for measuring performance as revealed by interviewees, explain the framework and finally describe the inter-connections between elements.

5.6.3 What is Effective Performance Measurement?

Public managers use results from measuring and monitoring activities to make management decisions.

“Adoption of performance measurement is the creation and reporting of output, outcome and efficiency measures. Implementation of performance measurement occurs when public manager officials analyse and interpret performance results in order to improve the efficiency and effectiveness of delivery, which is commonly referred to as performance management.” (Rivenbark and Kelly 2000)

Hence, a performance measurement is deemed effective when the system could deliver what public managers intended for it to achieve. The findings revealed a framework formed by an iterative cycle of nine elements that are key to performance measurement practice.

5.6.4 Why Measure Performance?

Every organisation surveyed in Phase I of this study has indicated they have some kind of performance measurement in place.

All 22 organisations that were examined indicated that measuring and monitoring activities provides them the opportunity to evaluate service delivery and outcomes with an aim for improvement. Below are some extracts from interview data:

“There is increasing recognition that this (performance measurement) is about organisational learning and development. People are looking at their results and say what does this tell us; what can we learn from this?; and what actions are we going to take as a result to improve our performance?” J

“The key factors for what we want out of the system (performance measurement system) would be: improved customer satisfaction and improved efficiency.” N

“Basically, (performance measurement helps) to see how we are performing and to make sure we are making targets, corporate planning, and ultimately looking into how we can improve year-on-year” R.

5.6.5 Framework of Performance Measurement Practice

This section of Part A deals with presenting an overview of the framework and provides a brief description of each of the nine key elements and demonstrating the establishment of links between key elements. These descriptions are 'brief' as the more comprehensive discussions were dealt with in Part B. Evidence (in addition to the insertions found in this section) for the links are presented in Appendix 7, page 248.

The participating managers described from their experience, the processes or approaches that were helpful in making performance measurement effective, and the outputs of performance measurement which they perceived as helpful in enabling management tasks. These descriptions and details were analysed, clustered, summarised and re-worded using more succinct terms. Each cluster/key theme was labelled as key element for discussion purposes in this dissertation. Each key element was thoroughly examined and the inter-connections between key elements were established.

The performance measurement practice framework is depicted in Figure 17 on page 113 shows an iterative cycle formed by the nine inter-connected key elements. Each key element is identified with a number for referencing to guide readers. Arrows were used in this diagram to indicate the directions of interconnection and a narrative was placed on the arrows to describe the linkages between two elements. For example: setting goals and objectives (KE1) enables design and implementation of measuring and monitoring activities (KE2). Measuring and monitoring activities (KE2) provide performance data which enables the preparation of performance evidence (KE4).

The iterative cycle starts with (1) setting of organisational goals and objectives and the identification of key business areas for measuring and monitoring. The identification of key business areas enables the design of (2) measuring and monitoring of activities to gather performance data for the (3) preparation of evidence of performance and (4) management and evaluation of projects. The availability of this evidence, which is normally in the form of different types of reports, enables (5) a process of performance review and decision-making. This review highlights performance issues which managers can strategically use to (6) influence performance behaviour to (7) drive improvement, and also help pull together performance information for (8) external reporting and the demonstration of successes. Through the demonstration of successes, organisations would be in a better position to (9) negotiate for target plans and funding. New target plans, budget plans or policy changes

would almost always require some revision to existing set of goals and objectives (1) and so the cycle re-commences.

Note: As a reference, persons with responsibility for performance measurement are referred to, in this dissertation, as managers. They may or may not be part of the senior management team. They may or may not be involved in decision making, but many of them in this case, were involved in decision making for the organisation.

This framework highlights the relevance performance information for public administration activities. The links between the elements in the framework communicate how measuring and monitoring activities are welded with other management processes to form a coherent effective practice. This framework highlights the potentials of measuring and monitoring activities. There are options or levels of flexibility in terms of what public managers wish to achieve with performance measurement information based on what fits them. Whilst ideally it is best to attempt to achieve all that could be done with performance information, different organisations at different phases of time, may be ready to do different things and what fits their purpose at that particular point of time. This is because what is deemed as 'effective' is relative to the results that system was devised to achieve. Managers may ask explicitly:

- What do we intend to achieve with performance measurement?
- What is the purpose of performance measurement?
 - Do we intend to use performance information to influence performance behaviour?
 - Do we intend to use performance information to drive improvement?
 - Do we intend to use performance information solely for external reporting?

These answers could inform the generation of relevant performance information and these questions may be revisited after an interval of time, potentially when the organisation's directions with performance measurement may have changed (externally or internally driven).

This framework covers the traditional roles of performance measurement and relates them to the roles of public administration. Central to performance measurement practice is KE5 Review Performance and Make Decisions (illustrated in Figure 17, page 113: KE5 being the 'busiest' concept in the framework where it has the most arrows in and arrows out). The core to effective practice is the purpose and relevance of performance measurement. Based on the findings, there were several routes public managers could take with performance measurement. E.g. agencies and public bodies measure and monitor performance to enable

performance review and decision making (KE5). Decisions on the use of performance information may focus on either:

- i. external reporting purposes which enable the proposal of and the negotiation for targets and budgets (KE9);
- ii. to drive improvement (KE7), to enable the demonstration of success (KE8), to justify to existence of the agency and to enable the proposal of and the negotiation for targets and budgets (KE9); or
- iii. to influence performance behaviour, i.e. motivate and stimulate productivity (KE6) to drive improvement (KE7) with a view to demonstrate success (KE8) to justify the existence of the agency and to enable the proposal of and the negotiation for targets and budgets (KE9).

The framework attempts to convince public administration to direct their attention towards strategic management with an emphasis on the relevance of performance information for learning and improvement as well as for public accountability rather than having external reporting as a primary concern for performance measuring and monitoring.

It could also be concluded from the findings that performance measurement forms an important aspect of information system which enables the efficient and effective functioning of a performance management system for agencies and public bodies.

5.6.6 Links between Key Elements

The following sections aim to describe the links between elements. Extracts of data collected during interviews (in *italics*) are inserted to provide evidence to demonstrate the relationship between elements.

5.6.6.1 KE1 Enables KE2

Setting Organisational Goals and Objectives (KE1) enables Measuring and Monitoring of Activities (KE2)

The first key element of performance measurement is the initial agreement between key decision makers on the goals and objectives for the organisation. With a better understanding of what the organisation is meant to achieve (KE1) and how it will be assessed, measuring and monitoring activities (KE2) are designed and implemented.

"It is incredibly important that we know why we are here and what we are seeking to achieve, then we are put in a measurement regime to assess how we doing against those objectives" U.

"You'll need to know what you are measuring and why, what are organisational strategies, what we are trying to achieve, start to measure what the key things are. Understanding what our main business is, and then measuring how we are doing...."GG.

"Why does our organisation exist? Our framework document sets out 5 key aims that sit above everything, if we are to deliver on these aims what activities do we need to engage in, and then it comes down to how do we measure it?" P.

"I think what works well is, it all start with an end point, why is the government giving us money? By setting out in our funding agreement we identify the priorities and the main measurement we are going to be measured against. Once that has been established, all our internal units and we use the past data we can actually establish a framework of measurement that mirrors our relationship with government." B.

5.6.6.2 KE2 Enables KE3

Measuring and Monitoring Activities (KE2) Enables the Preparation of Performance Evidence (KE3)

Effective measurement and monitoring activities provide performance data for the preparation of reports to support management decisions and for public accountability and transparency purposes.

"We have measures to capture all the activities of all the different departments across the museum and report against those. These reports get to various people. I also work on the governance of the museum; I put together a report to our trustees, our finance committee, to make sure that we do what we are supposed to be doing." I.

"...having monitoring system , we are very clear that we need to provide assurance on what we are doing, we are very clear that we need people to deliver what is said here, the bounds that we want to strike is one that doesn't detract from the delivery, and the likelihood to, within a framework with clear expectations and guidelines what we have to do and what not, and focus on delivering it with an appropriate and minimum resources. There are people checking on what we are doing, they need to report and explain to these people. People need to know what is going on, and there are lots of checking and monitoring going on. In terms of a collective whole, this is what the organisation is doing as a whole at the moment. We think the process of that have 3 exception reports and a detailed report in a year is sufficient." T.

"..out of that (monitoring of performance/targets) comes the information that you need to demonstrate that you're doing the job effectively and to highlight when improvements may be needed." MM.

"When you are a public body you are ultimately accountable, you have to be transparent and be able to justify what you have spent public money on and what you have been achieving. The past 4 years, we didn't have quarterly reports. Previously we told stories about what we did not necessarily do.. We changed that, we now have performance data to produce this (referring to the quarterly report on their intranet) every quarter that is provided to Board to assess our progress." I.

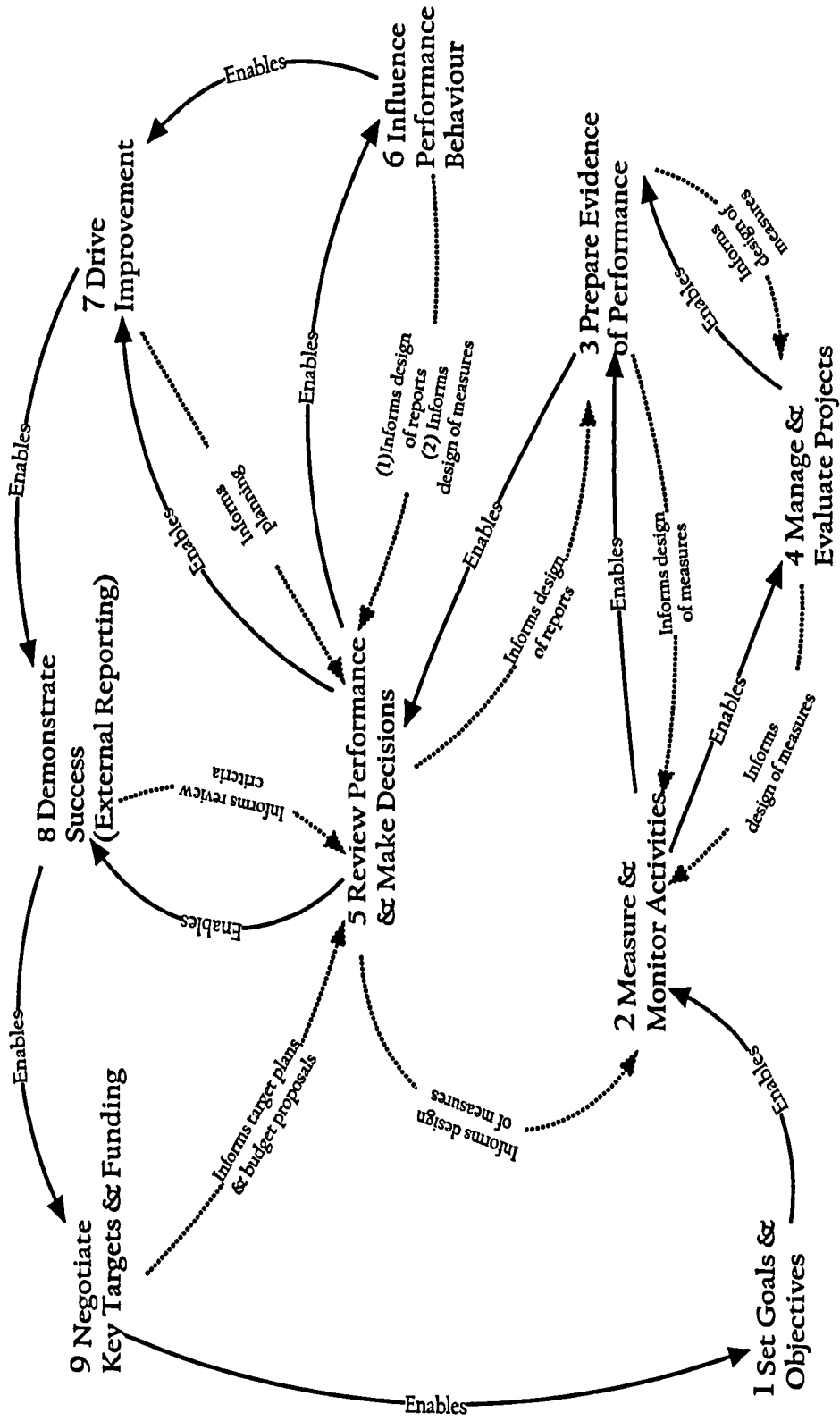


Figure 17 Performance Measurement Practice Framework

5.6.6.3 KE2 Enables KE4

Measuring and Monitoring of Performance (KE2) enables Project Management & Evaluation (KE4)

An effective measurement and monitoring activity (KE2) provides relevant and useful information for project impact assessments (KE4). Project evaluation is essential for tracking the extent to which the project was implemented as intended and to interpret measured outcomes.

"We measure and monitor projects to track projects outputs that we thought they would do in order to contribute towards our strategic intent, on what basis are we getting better, on a continuous basis, regular continuous performance improvement against our set of objectives rather than saying we'll think once a year and we'll do for a whole year, we'll stop and think again. Regular reviews of performance within a strategic context instead of fixed annual basis." J.

5.6.6.4 KE3 Informs KE2

Preparation of Performance Evidence (KE3) Informs Measuring and Monitoring Activities (KE2)

Feedback from users on issues such as sufficiency of information: completeness or comprehensiveness; and ease of retrieval and ease of understanding inform the design and selection of measures (KE2).

"This report started, developed and evolved by asking directors "what worries you on a Sunday evening, what keeps you awake" identify things we need to track on their behalf, we started it 2 years ago. It's a really data rich report, and we worked really hard to get the data in. Again it's not structured to reflect our functional performance, we worry about monitoring and protecting the environment, our customer service, our financial system and information system, staff issues and managing big projects." M.

"We (performance measurement team) will suggest to them (directors), "we think you should report this, we try to get the source of it and report it." My boss also sits in every meeting gives us feedback after every meeting "How did it go?" "Not good yet". It took us 6 months, of being introduced to the report and having it presented 6 times before we feel comfortable of having the right information and the right format be able to use it properly." M.

"We meet up with directors to go through the themes (key business objectives) in their charge: the outcomes, the actions and the measures. We have discussions on that in terms of measuring and monitoring, which ones are working well and which are not, did we have problems getting information about these? Is the answer to the question we ask every quarter always the same, i.e. 'I don't know this project, it has been cancelled' so there is a case by that measure should be taken out of the corporate plan." N.

5.6.6.5 KE3 Informs KE4

Preparation of Performance Evidence (KE3) Informs Project Management & Evaluation (KE4)

Project assessment criteria reflect on the expected use of information produced by the evaluation. User requirements determine how projects will be assessed, and the extensiveness of those assessments.

"As well as a regular report on progress and understanding how we are doing, at the beginning of the year, identified and agreed with the Board on what are our critical success factors, those things we need to get right. If the big project is important to us, they want a report at every board meeting on how progress is happening against those critical success factors. The chief executive makes proposals to the Board, agreeing or not. It can be a variety of things, this project is about getting an agreement on new regional economic development this year. The nature can vary. If we achieve that the Board will be happy about our progress on how the organisations should be progressing." IA.

5.6.6.6 KE3 Enables KE5

Preparation of Performance Evidence (KE3) Enables Performance Review and Decision Making (KE5)

Conducting performance measurement provide indications of how well or badly one area has performed. Feedback on the results on activities inform decisions about future plans for the organisation, e.g. which direction, or what needs improvements and what can be done and how? This process is known as performance review.

Evidence for performance is usually found in the form of reports, prepared based on user groups needs, i.e. published with various levels of comprehensiveness at different periods of time in a year.

"I would need information (performance reports) to help me do the job, you look at the tasks that you've been assigned to, you've got a year, you go through them on a periodic basis, to say how we are doing with this task, is there any problem, why, can we redeploy staff, could we put the project off till next year, do we really need to do that project? From my point of view, the scorecard is a useful tool to help structure that discussion within a management unit. Within our unit we have a system where we look at the list of tasks which we have to do in 1 year, where we sit down and we go through the list of tasks, we discussed each one in detail to identify where we went wrong." N.

"They basically get a report (on performance targets) which shows what the target is, progress towards it, and a short commentary saying if they are on target or running into trouble. If we saw our customer satisfaction level dipping, we would have to ask serious questions about it, why is this? Is this perhaps because we are not training our staff well enough or our admission prices are too high? The performance report is a management tool to diagnose whether we are on schedule. If we have 5 framework document aims, and each of the 9 targets were up there, if we are failing on our targets, then we are failing in our mission." P.

5.6.6.7 KE4 Enables KE3

Project Management & Evaluation (KE4) Enables the Preparation of Evidence of Performance (KE3)

Project management and evaluation (KE4) provides performance information necessary for the preparation of performance evidence.

"(For each project), we've in place a work plan management system, which gives us data for reporting and tracking what impact we are trying to have, how we intend to do that and over what time frame, it also aligns the resources we put in for each piece of work.....We evaluate projects using an Impact Measurement System, we calculate how many resources we spent on a project, how much financial benefits to the consumer, what degree of involvement we have, were we the only people or in partnership, it will give us calculation at the end of what that piece of work had cost us and what benefits we have for the consumers, and we report on that for senior management to take further actions." E.

5.6.6.8 KE4 Informs KE2

Project Management & Evaluation (KE4) informs Measuring and Monitoring Activities (KE2)

Feedbacks from project management and evaluations (KE4) inform KE2 which may involve a review and update of operational plans and design of measures.

Project evaluation informs review and update of operational plans:

"We track project performance so that we know we are working in an effective way, we are using our resources properly, definitely doing this, moving towards impact orientated assessment has meant that we then kind of looked at how we work and recognised that we need to change how we work, which is a good thing to be more effective." E.

"For example: A six-month project became 3 years, there is probably at some point that we ought to look at it and say that it isn't worth the investment, we went too long. Staff would say that we get diverted on something else. But why are we diverted? We don't want to be diverted by something else. What we need is a process whereby we can ask which one can have the best interest for the consumers within the resources we have." E.

"...my team is also responsible for doing the kind of in-depth assessment of selected aspects of our work, the sort of review of key and expensive projects, to decide if they continue to be value for money and if they are not, the extent to which we need to change how we approach doing something or should we propose to senior management to discontinue it." S.

Project evaluation informs design and update of measures:

"A measure of how many people use the car park, that doesn't tell you if your project has been a success. For example, for a conservation project [some information omitted to maintain anonymity] you wish to create an opportunity for people to come on a day visit and engage with the environment, the psychology impact is very important, what about the people who don't come, what about people who do know that this sort of thing is available, who never try that sort of thing; again this is very much harder for us to measure these things. So during these reviews, issues might surface during evaluation or impact assessments- we might then need to review and update measures or even design new ones which are more relevant." C.

5.6.6.9 KE5 Informs KE2 and KE3

Performance Review and Decision Making (KE5) Informs Measuring & Monitoring Activities (KE2) and Preparation of Evidence of Performance (KE3)

Reviews (KE5) may highlight performance information insufficiencies or inappropriateness. Managers provide feedback after every review on the type and the level of details of information necessary for them to carry out their duties. These feedbacks inform the design of measures, and review of strategies and business plans (KE2), and design of reports (KE4),

Reviews (KE5) highlight instances where actions and measures do not complement goals and objectives; and/or instances where emphasis is placed on activities with low priority making some measures obsolete or redundant, hence enabling the review and update of measures (KE2).

"Our reviews focus on issues needing immediate attention and also questions for next year. E.g. What has caused shifts from green to amber (traffic light indicator)? The (performance) team should be looking for an explanation from the head of department who is responsible. If it is serious, it will then go to our Board (of Directors), they meet every 2 months, they would be asking questions again to track if things are going according to plan. We would also check if we should tighten some measures. Are we meeting targets without any challenge?" A.

Reviews (KE5) may also highlight the need for adjustments to current strategies (KE2) help keep the organisation in alignment with changes due to internal or external forces. Internal forces may include increased or decreased in organisational capabilities; while external forces could be a change in the funding organisation's requirements or government policies, or a change in consumer needs etc..

"Reviews allow them (directors) to adjust things, makes them think carefully of what the organisation is doing... it also makes us look outwards... it makes us focus more on customers." S.

"If something goes wrong, you'll find out what went wrong, that root cause analysis, using that root cause analysis, you undertake preventive action on 2 stages. Why did it go wrong? What do we have to do immediately to stop it going wrong? What do we have to do in the longer term to actually stop things going wrong? How do we amend our processes so that it won't go wrong in the 1st place or do we need to change our strategies?" MM.

"What operations debrief comes from the learning process (reviews), we then re-employ the strategy for the following year. So the results each year have to impact in some way the evolving strategies for next year." V.

Feedback from directors informs design of report, e.g. in terms of presentation (KE4).

"I sit in review meetings with my director. He would give me feedback from the meeting. I give feedback to the staff who work with me, the feedback cascades down to the staff who work with me on the report, they find out what the directors like, what changes they want, and when we get positive feedback they will then know that what they have done is very much appreciated. It is important they get feedback." RM.

"I am trying to get them (users of reports) to engage in a meaningful way really so that they can see a point to it, I think they just can't see how it (report) can benefit us, makes me think that probably I am not presenting it effectively. Our report now covers all the projects for all of the quarter and not on an exception basis. People say it is all fine. What I need is that people say 'this is what we are working on, this is what we say we are going to achieve, and these ones are the ones looking like they are not on course, or needing some attention or additional resources'. We can have the full report, but people need to be prepared to say 'I need to look at a certain things' and we haven't reached that stage yet." E.

5.6.6.10 KE5 Enables KE6

Performance Review and Decision Making (KE5) Enables Influence of Performance Behaviour (KE6)

Performance review identifies good and bad performing areas. An effective performance measurement provides the essential information for the management of staff performance behaviour.

"I strongly believe that any individual needs to see what they do and how effective they are in relation to the whole organisation and it certainly is clearly very helpful for individuals to know what they need to do, what the standards are they need to achieve and what the outputs are that are required of them. That's an absolute requirement in my view, you can't expect a person to perform well if you don't tell them what exactly it is they are suppose to be doing. It is even more helpful if they can see if they can see that in the context of the organisation. So, whether that's via their department, or directly to the whole organisation, I believe it is more effective if people can actually trace a clear line from what they do and how they are supposed to do it to how the organisation is expecting to perform and what the organisation expectations are. It's difficult for people to know inherently what success is unless you can describe what that success is, they need to understand that in real terms.

Or be able to tell people they have achieved something or not been able to achieve something." A.

"They (Directors) would go back to their teams and disseminate information to their team, so it's an informative report they use to educate their teams in terms of how the organisation is doing. It becomes a monthly staff report, how the organisation is operating and communicating the key elements of what it is that we've been doing over the previous months." G.

5.6.6.11 KE6 Enables KE7

The Influence of Performance Behaviour (KE6) Enables the Drive for Improvement (KE7)

Managers communicate and celebrate successes to influence desired performance behaviour (KE6) with a view to drive improvement (KE7)

"Part of it (the use of performance information) is about our internal pride, last year during the annual staff conference, 'we are ok we hit about half of our targets, we did OK.' It's not complete failure, when we have our next conference next week, I'll be standing up there and say '8 out of 9' that's good for us all. That positive feeling feeds through to how people do their job every day, so that's really important." C.

"We tried a few methods to get over that problem of ensuring staff of the organisation how they are doing, one of the ways we did that is that we introduced a system where people can write a text of projects that have gone well, snippets of things that they think have done well. We pull them together into one level, using one single or double sided of A4-sized paper, and put them into a management notice to be distributed throughout the organisation. To overcome the problem of a connection between the organisation priorities and the people who are actually doing the work. So for some reason, I think it didn't quite work. This idea that people have access to the scorecard, and they know that it is a 'live' scorecard, they know this is the one that the organisation is using to manage, I think it allows them to have the ownership and buy-in to the performance of the organisation." N.

5.6.6.12 KE6 Informs KE5

Influence of Performance Behaviour (KE6) Informs Performance Review and Decision Making (KE5)

Using measuring and monitoring activities to influence behaviour is not always a straight forward process. Sometimes the information disseminated does not result in expected outcomes. Observations on staff reactions and feedbacks inform review of strategic planning as illustrated by the examples below:

On reviewing performance appraisal strategy:

"We have to get more realistic about how we evaluate and assess people's performance. In the sense this year, we have an annual appraisal system for staff, people tend to think that if they delivered the target that they have exceeded but actually they just succeeded. We have to manage that to set people's expectation. We want to change the culture on how assessment of staff performance, what message we are trying to get through to them, and it's difficult, it is happening right now." C.

On reviewing the use and presentation of performance information:

"We now introduce a scorecard application for display of measures and their achievements using traffic light indicator to our management team on a quarterly basis. We then go to the management team meetings, which essentially are our board, the directors of our organisation, and they meet quarterly to look at the performance of the organisation. We'll display this scorecard to them, live, we show the position of the organisation now and the position forecasted 2 periods in the future, and you can actually click on the measure itself to see what the owner has fed back to us. In the past, we had difficulty in getting directors to take ownership of their bit of the organisation, each director has been given ownership of a theme, or a number of outcomes or measures, they are there when we display this scorecard to them, immediately we manage to get more buy-in from directors in terms of ownership of all the measures. Now we have somebody to say that 'yes that's my responsibility and I can give you an update on that measure/target. The current system, by clearly displaying owners at all levels of the organisation, means that they take responsibility and there is much better buy-in for the corporate plan." S.

On review and update of measuring and monitoring activities:

Staff feedback informs the review and update of design of measuring and monitoring activities (KE2).

"One of the main purposes of staff communicating is to get their feedback on processes. We conduct an internal survey, once a year, we ask the staff about what went well and what didn't go well (with measuring and monitoring activities)? We also have mid session and end session reviews, the people involved in processing (applications), with all teams coming together in the middle of the session, and discuss what went well, and what didn't." GG.

5.6.6.13 KE5 Enables KE7

Performance Review and Decision Making (KE5) Enables the Drive for Improvement (KE7)

Reviews (KE5) highlight performance issues that require remedial actions with an aim for improvement (KE7).

"Regular reviews focus the organisation and prompted us to change how we approach things and shift quite a considerable amount of resource to address lack of performance, ultimately if we were to continue to operate as we had been and we hadn't taken that action, I think that it is quite probable that we might have been closed" A

"There is increasing recognition that this (performance measurement) is about organisation learning and development.... I would hope that people are looking at their results, and saying 'what does this tell us' 'what can we learn from this' and 'what actions are we going to take as a result to improve our results?" U.

Decisions to embed measuring and monitoring activities as part of the job, and performance feedback:

"We work on embedding the process (measuring and monitoring) to get people to use it on a regular process, by knocking on doors to ensure that people sit up take notice, do give information when it's required and reflect it back to them. And when they report success, to make sure that everybody knows about that, it's been a success in that particular field. That way people can see value coming back from the information they give." MM.

5.6.6.14 KE7 Informs KE5

Drive for Improvement (KE7) Informs Performance Review and Decision Making (KE5)

To be responsive to external forces of change (as a drive for improvement, KE7) management may have to (1) conduct more regular performance reviews rather than just once a year; (2) conduct performance reviews with a strategic intent, i.e. review informs strategic planning and operational planning

"What we are trying to do, is to move away from the idea of planning before the financial year starts, where you develop projects, deliver and then assess them. We are trying to move away from that to one of more continuous improvement, once a quarter we try to think about what our strategy is, to check to make sure things haven't changed in the global economy that would make our strategy wrong." J

"We are moving towards a more impact-driven strategy, it has only been our 3rd year, we recognise that we really need to improve on how we project manage. We have done a lot of work and consultants helped us with the project management process and involved team based working and it's been impact oriented throughout. We need to think about what the impacts are before we get into a piece of work, we shouldn't really be doing work where we don't know what impact we are trying to achieve or what benefits to consumers we are trying to achieve; or otherwise how would we know we are working in an effective way, we are using our resources properly, definitely doing this moving towards impact orientated strategy has meant that we then kind of looked at how we work and recognised that we need to change how we work, which is a good thing to be more effective." E.

5.6.6.15 KE7 Enables KE8

The Drive for Improvement (KE7) Enables the Demonstration of Success (KE8)

Agencies and public bodies strive for improvements (KE7) to deliver expected outcomes. They use success stories to demonstrate their capabilities in delivering the key targets as set out in their funding agreement (KE8).

"We are a relatively new organisation, not uncommon to new organisation, we didn't know how much work was going to be involved, we quickly found ourselves in a backlog situation, and we were in terms of the sort of expectation around the key measures we were performing very badly, we are now currently hitting all the measures. Over the last 18 months we've made tremendous progress. That has been very useful for the organisation in being able to demonstrate our effectiveness. And it was also internally been very helpful in ensuring that we focus on key activities and it made a great difference for our key stakeholders. Ultimately if we were to continue to operate as we had been and we hadn't taken that action, I think that it is quite probable that we might have been closed. It is fundamental even to our very existence that we've been able to demonstrate considerable improvements in our performance." A.

5.6.6.16 KE5 Enables KE8

Performance Review (KE5) Enables the Demonstration of Success (KE8)

External reporting is part of disclosure on performance against key targets. Managers structure these reports to demonstrate success in outcomes delivery.

"Our funding agreement set out the priorities and the main measurement we are going to be measured against.we establish a framework of measurement and of reporting that mirrors our relationship with government." B.

"We do regular reports on a quarterly basis, on how well we are doing, we have a Board that meets we call the Strategy Board which has representatives of senior management from our sponsor. They will review how we are doing; we will submit progress report to them based on our progress against these targets. The group meets 3 times a year. At the end of the year, we will produce details of how we performed against those targets, that performance is subjected to external independent audit, who will come and check all the records, completely independent scrutiny of what we do, and we will publish our performance in an annual report.

"The corporate plan is our means for our reviews. A document to guide our assessments on our progress against our statement of intentions. And it is a means of reporting at the end of the year, that we've achieved what we said we want to achieve." S.

5.6.6.17 KE8 Informs KE5

Demonstration of Success (KE8) Informs Performance Review (KE5)

Funding organisation's and statutory requirements often dictate how an organisation is being managed, in this case, how they would manage their performance, resulting in the shaping of review criteria and external reporting format (KE5), as explained by this respondent:

"The government has been pushing us to spend the money for the first 3 years; now it is more on the evaluation, as a result of all the money you've spent, so what's happened? What are the outcomes of it? We are now using a structured framework for understanding how you do the evaluation to get to the outcome and impact, we all agreed that we will fully implement that across all our activities over the next three years, we are going to put in place a program of how we are going to do those proper evaluations of our activities for the next 3 years." O.

"We now have the thought process 'what should the organisation be like in the future' and we do engage in changing the directions of some things we do towards achieving those things. These will become part of the debate, we will be going to staff saying 'we need to change the way we work, this is how we need to change we measure what we do, we've been very led by funding. It used to be 'grab grants to something useful when they could'. And we used to measure all sorts of things all over the place. Now it's changing, now we saying, this is the organisation's purpose, and now we have to measure how well we achieved that. That has to be very different to many of those hard measures, our sponsor will not be interested in how many people are walking through that Visitors' Centre door, they are interested in the extent to which we managed to engage the population of [name of a place omitted] with the organisation, they are interested in the extent to which we managed to make people feel better and worthwhile, much trickier measures to get into, the extent which we are involving the community." C.

"What we are looking at now (key business objectives), is driven by a number of factors, is that we are looking at our [nature of business] related to the other department's agenda; how we develop in terms of social and cultural aspects; it could be the Home Office (a change of policies); or whatever it is, we have to set up a measurement system to actually interact with their priorities, that's where it's started to change over the last 10 months. As yet we haven't revised those measures. That's the next big job. There have been changes in the way the organisation is approaching its funding issues, we have to take different types of measurement." B.

"Each of these outcome measures we want to influence them in certain ways, our job is to agree with our stakeholders- We say to our sponsor, 'we will influence these outcomes in a certain way if you give us money that you've promised us.' ' you'll see progress in a short term by us delivering a whole set of projects, in the short term this will be the set of outputs we will deliver'. So there is a relationship between stakeholder expectations and performance measurement." J.

5.6.6.18 KE8 Enables KE9

Demonstration of Success (KE8) Enables Negotiation of Key Targets and Funding (KE9)

With evidence of successes (KE8), organisations have more grounds to negotiate (KE9) for:

(1) an expanded funding; or/and

"We had significantly increased funding year on year, which must mean that the government must have been impressed with our performance, or they wouldn't have been likely to do that. It demonstrates that the way in which the [name omitted] agency has been satisfactory in the Government's eyes." V.

"We got a big hit in terms of funding from our sponsor, it does bring it home that it is important that you're able to say "yes this is the bit that we bring". I think the most important one is that we can say 'we are here to make a difference to consumer' although we can make benefits to the whole of the UK population, we have our priority who we should make a difference. it will be very good to find a better way of showing what our achievements are and to be able to show the cost effectiveness of us as an organisation, we really do have a lot of impact but not a lot of funding." E.

(2) adjustments to an existing set of targets, or the approval of a new set of targets.

"If this (situation where they have to work with minimum manpower) is a long term thing, we can go to the minister and say, we've set a target to do this, but that was based on having this number of staff, now we have to do this other task, taking away that number of staff, and therefore we are not able to meet that target. The minister can agree to alter the target. So that's where these monthly meetings (reviews) help, because the person who deals with this area may report that while it is nice to do all these, it's going to take ? months to do it, taking away ? of staff to do it, this process raises an awareness early on that we may have a problem meeting our target. We then have to decide whether we accept that there is something we can do still to meet the target, or do we make a decision to say to the minister "we cannot meet the target, is it possible to make changes to the target to reflect what our actual staff level can do." H.

"At every review, we look at how they (targets) performed in previous years, what particular activity is going on in the year ahead that they know about, we have notes against the targets explaining where these decisions came from and we have risks against achieving the targets and how they would manage risks. We have the initials of the individual responsible person, and then once I have spoken to individual managers and that the documents is as fine as it could be, it would go to the Board who would approve the targets. These decisions will affect and be affected by resources. So this is done at the beginning at the financial year at the same time the budgets are being prepared." I.

"We do an assessment of what progress we've made against the targets, have we done what we intend to do, if not what are the barriers getting in their way of doing it, have any requirements changed? Our annual report is saying this region is currently changing and this is what've been achieved of what we said we are going to achieve, what does that mean for the next year." O

"I think it (being able to demonstrate achievements) gives us permission for our change programme (improvements) because ministers will quite rightly say, if you can't do the job today, why should we back you to try to change for the future? Why don't you spend the resources of what you are doing today? I think that's the empowerment for the future changes. It links to credibility" O.

5.6.6.19 KE9 Informs KE5

Negotiation of Key Targets and Funding (KE9) Informs Performance Review and Decision Making (KE5)

Agencies often keep a dialogue with funding organisations to gain understanding on their perceptions of the organisation's overall performance, and how they could provide a more convincing case in terms of performance evidence, this feedback inform target plans and budgets proposals (KE8).

"Although the strategy board meets 3 times a year, there may be that in between meetings we might discover a major problem, so our CEO will liaise with a representative from our sponsor to submit any request to the minister to review targets." H.

"What we do in the end is to get them involved in designing the (review) process. So this is what the monitoring process is going to deliver, that's normally negotiable, that's got to go to our Board and sponsor, if you don't like what's going on now, then how should we do it? T.

5.6.6.20 KE9 Enables KE1

Negotiation of Key Targets and Funding (KE10) Enables Setting of Organisational Goals & Objectives (KE1)

Upon completion of a negotiation process, new target mandates, budget plans or policy changes would almost always require some revisions to existing goals and objectives (KE1) and so the performance measurement cycle re-commences.

"We do review our targets on an on-going basis to see if they are relevant, that exercise is on-going just now. The present system is in its 3rd year and there is now a need to review the targets. It's not an exercise every 3 years, there is no certain time scale. It's a general discussion during these strategy board meetings, and we review targets whenever we think we need to. It could be reviewed every year, or stay for 10 years. It just depends on changing priorities within the agency, we don't determine what we do, the sponsor changes their policies, they decide how the industry should operate, our job is to enforce that. We respond to what the sponsor wants." H.

5.6.7 Summary

The Phase II in-depth enquiries gathered sufficient information for the identification of key elements of effective performance measurement practice. The exploratory interviews also provided information to describe the relationships between each key element which form the emerging performance measurement practice framework for agencies and public bodies. This framework can be useful in future exploration of public sector performance measurement.

The emerging framework illustrates performance measurement practice as an iterative process made up of nine inter-connected key elements. The findings revealed two-sets of inter-connections between key themes. Firstly, the forward links between key themes, as illustrated in Figure 17 on page 113, using bold arrows labelled with 'enables' demonstrate the following:

- Setting organisational goals and objectives enables the gathering of performance data through measuring and monitoring of key business activities;
- Measuring and monitoring activities enables the preparation of evidence of performance;
- Where applicable, measuring and monitoring activities enables the management and evaluation of projects;

- The preparation of evidence enables the review of performance and decision making;
- Performance reviews highlight issues of performance (for decision making):
 - ◊ to enable the influence of performance behaviour (amongst staff) with an aim to drive improvement;
 - ◊ to enable the plans to drive improvement with a view towards the demonstration of success;
 - ◊ to enable the publication of performance information for the purpose of external reporting and demonstrating successes;

Secondly, the feedback links between key themes, as illustrated in Figure 17 on page 113, using dashed arrows labelled with 'informs', demonstrate the following:

- To be effective, performance measurement ought to be reviewed and updated based on feedback derived from activities which include the management and evaluation of projects, the preparation of performance evidence (reports), the conduct of reviews of performance, and the plans and activities initiated to influence performance behaviour and drive improvement;
- To be effective performance measurement ought to be reviewed and updated, as and when necessary, to reflect the changes in governmental assessment criteria; and
- To be effective performance measurement ought to be reviewed and updated to accommodate the sponsoring department and/or government's demands on (reviewed or negotiated) target plans and budgets or changes in policies.

This feedback and review process is necessary to keep performance measurement relevant.

This framework highlights the relevance performance information for public administration activities. The framework attempts to convince public administration to direct their attention towards strategic management with an emphasis on the potential use of performance information for learning and improvement as well as for public accountability rather than having external reporting as a primary concern for performance measuring and monitoring. It could also be concluded from the findings that performance measurement forms an important aspect of information system which enables the efficient and effective functioning

of a performance management system for agencies and public bodies. Effective performance measurement ought to be purposeful and relevant.

Whilst the framework was developed in the context of agencies and public bodies, it aims to be generically applicable to the wider sections of public sector.

The next section, Part B presents the discussions focussing on the detailed exploration of each of the nine key elements. Part B begins by examining organisational readiness for performance measurement and then discusses in detail, for each key element, the WHY, WHAT, HOW and WHEN. Process flow diagrams are used where necessary, to illustrate the processes of each key element.

In Part C of this chapter, the framework relevant to each category of organisations is compared and contrasted.

5.7 Part B: Key Elements

Part A explains the emergence of nine key elements of performance measurement and the development of the inter-connections/interfaces between key elements which form the framework. Part B extends this exploration into each key element in greater depth.

Part B aims to create an understanding of the key elements of performance measurement by exploring the reasons for the occurrence of each key element, the issues fundamental to each key element, and the approaches, practices or actions adopted by organisations in dealing with those issues.

Each key element is thoroughly examined and presented using the following structure: the WHYs- reasons for the key element, WHATs-the issues fundamental to each key element and HOWs & WHENs- the approaches, practices or actions necessary for the occurrence or to deal with each WHAT. Descriptive texts or commentaries were based on data, and, in addition, direct quotes from data collected during interviews were included in some sections mainly to exemplify a good practice, or to illustrate significant or abnormal findings. Evidence for findings was presented as Appendix 8, page 249. Due to the design of the interview questions and the emergence of key elements from data, the number of occurrences of each WHY, WHAT, HOW & WHEN may not be consistent for each key element; some were more frequently mentioned hence providing richer insights, while other elements were mentioned less frequently. Process flow diagrams are used to depict processes involved for each key element.

Part B presents only the findings, while the implications of these findings on the wider literature are presented in Section 5.9 , page 184.

The section that follows focuses on the fundamental issues for organisational readiness for performance measurement. This is then ensued by the in-depth exploration of the nine key elements of performance measurement, presented in the order as referenced by the number assigned to each key element of performance measurement.

5.7.1 Readiness for Performance Measurement

Managers described the importance of having the right mind-set for performance measurement. There are four fundamental issues on readiness for performance measurement:

5.7.1.1 Strategic Nuance

Some organisations found having a strategic nuance or a strategic mind-set to management processes to be helpful for performance measurement initiatives. Performance measurement is about measuring and monitoring an organisation's capabilities in achieving its strategies and the level of delivery around those strategies. As organisations initiate some kind of measurement activities, they start to think strategically, they agree on and produce decisions and actions that shape what the organisation was set out to do, and why it does what it is doing.

5.7.1.2 Leadership and Process Champion

Some organisations experienced a more successful implementation and use of performance measurement when there was someone driving the process, i.e. they have a process champion.

5.7.1.3 Performance Culture

Staff may become apprehensive of performance measurement activities; hence their reaction would usually be resistance to being monitored or distortion or misrepresentation of data they were meant to collect (unintended or perverse behaviour resulting from measuring and monitoring activities). Process champions support the creation of a favourable climate for performance which encourages a culture conducive to learning. Process champions direct active actions to support openness and honesty about performance, and to embrace learning from past performance for improvement purposes. Participants found it helpful to clearly communicate the intentions of performance measurement activities, which aim to be supportive in nature rather than punitive.

5.7.2 Dysfunctions of Performance Measurement

Managers were aware of some of the potential perverse effects resulting directly from performance measurement.

Some realised their reactions to performance measurement were mainly to cope with institutional pressures based on their descriptions as follows:

- 'Generating numbers to feed the beast'- collecting data without understanding the real need for measuring performance;
- Measuring and collecting data for everything they do without understanding the real potential of relevant performance information;

- Irrational behaviour such as storing data- working to hit targets and then holding extra efforts for the next quarter/year; and
- People doing the minimum to hit targets- missing the point of measuring and monitoring performance for improvement.

To deal with this, they emphasised the importance of creating a performance orientated culture, the need to communicate the real reason for performance measurement. They also highlighted how inappropriate design of measures may cause gaming and misrepresentation.

5.7.3 Key Element 1: Set Organisational Goals and Objectives

5.7.3.1 WHY: Measure and Monitor Activities (KE2)

The first key element of performance measurement is the initial agreement between key decision makers on the goals and objectives for the organisation. For performance measurement to be effective, managers have to agree on the reasons for which the organisation is in existence. The two main functions of this agreement are: to set out the organisation's goals and objectives and to bring together the support and commitment of key decision makers or top management.

The setting of organisational goals and objectives based on an impact statement also induces changing organisational mindset to be more 'impact and outcomes orientated'. A process that could potentially benefit managers to keep the organisation focused on making impact and on outcomes in the longer term rather than just on short term outputs. And in terms of performance measurement this orientation affects the mind-set and approach to measuring and monitoring performance; in particular, the design of measures.

The process of setting out goals and objectives (see Figure 18) helps managers identify key business objectives, and in terms of performance measurement the process provides a blue-print for managers for measuring and monitoring the 'right' things.

5.7.3.2 WHAT: Key Business Objectives

Managers agree on the key business areas which they should measure and monitor (be 'keeping their eyes on').

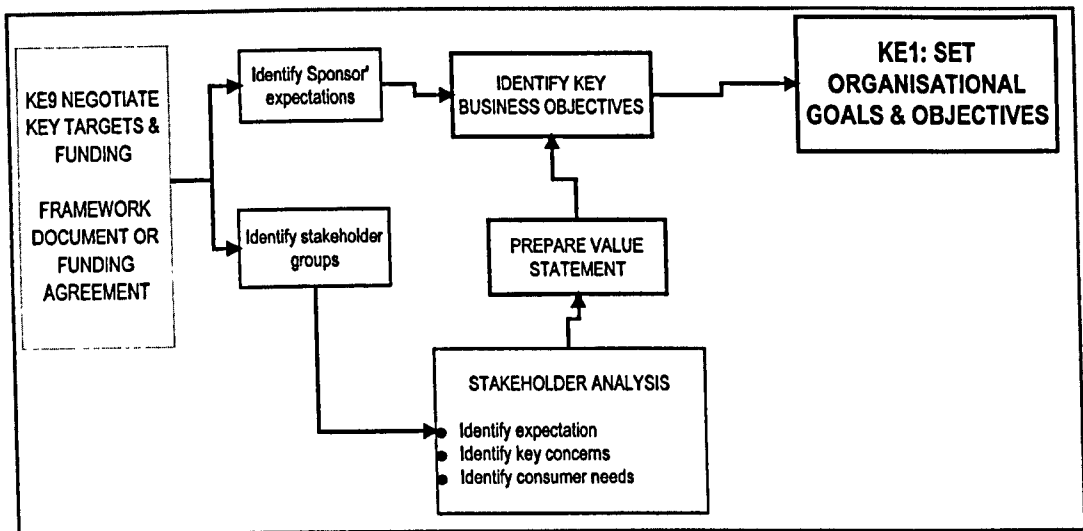


Figure 18 Key Element 1: Setting Organisational Goals & Objectives

5.7.3.3 HOW: Identify Stakeholder Groups

In order to determine the set of key business objectives, managers firstly identify their major stakeholder groups¹⁸.

In general, senior management has two major groups of stakeholder in mind; the sponsoring department and the other stakeholders. ‘Other’ stakeholders are the greater community the organisation strives to serve and the internal stakeholders.

Managers referred to the framework document¹⁹ (applicable to EAs), or a management statement and a financial memorandum²⁰ (applicable to ENDPBs) to determine what the organisation has been mandated to deliver. Either the framework document or management statement is a contract between EAs or ENDPBs (respectively) and their sponsoring department. These documents clearly state the organisation’s aims and objectives, its corporate and business plans and performance framework, and its financial arrangements.

¹⁸ “A stakeholder in an organisation is (by definition) any group or individual who can affect or is affected by the achievement of the organisation’s objectives.” Freeman, R. E. (1984). Strategic Management: A stakeholder approach, Boston, Pitman.

¹⁹ Subjected to a formal review by sponsor Department in consultation with the Agency within 5 years of publication, and amendable by the Department whenever necessary.

²⁰ Subjected to a formal review relating to Annual Estimates process (A process sets out to review annual financial estimates, service levels and policy aspirations) and the biennial Spending Review process (a 3-year review cycle on Departmental resource and capital budget).

In terms of performance measurement, the documents list the criteria for which the organisation is being assessed. Managers designed their approach to performance measurement based on these assessment criteria.

5.7.3.4 HOW: Conduct Stakeholder Analysis

On top of what is statutorily required, these organisations also strived to meet the needs and wants of their other stakeholder groups. Before engaging in the process of understanding stakeholder groups, managers would identify the specific groups of stakeholder the organisation intends to influence. Managers conducted stakeholder analysis for two main reasons:

- a. to identify stakeholders' key concerns by asking if the organisation is making an impact as intended; and
- b. to prepare value statements about stakeholders' expectations and needs.

Managers recognised the need to balance the meeting of consumers' needs and wants, and complying with what it has been mandated to deliver as an agency or a public body.

Based on the results of stakeholder analysis, directors drew up the list of organisational priorities on how and in what ways they should be making a difference. Below is an example of a survey of consumer satisfaction of Home Grown Cereal Authority (HGCA).

Figure 17 2006 and 2007 grower surveys - satisfaction levels for HGCA services



Figure 19 A Survey on Consumer Satisfaction 2006/2007

Source: http://www.hgca.com/document.aspx?fn=load&media_id=4462&publicationId=4567 Access date : 23 March 2009.

While managers recognised the need for identification of stakeholder expectations or requirements, one organisation highlighted the challenges they were facing with resource constraints. They had to make tradeoffs when the approaching allocation of resources for measuring and monitoring activities.

5.7.3.5 HOW: Develop Corporate Plan

Each agency develops a contract between central government and itself. The contract is called the Framework Document. Each agency is required to produce a Corporate Plan, typically covering 3-5 year period, with annual Business Plans being developed from this base. Performance targets, financial projects, assessments of prospects and other information are included in the plans. All agencies are required to produce an annual report and accounts for each year of operation, which provides information on such matters as the agency's financial performance and its achievements against key targets. While public bodies are not required to develop a Framework Document, many of them do produce and publish a Corporate Plan. The Corporate Plan is informed by both stakeholders' requirements as well as past performance trends and feedback from preceding year's operations and performance against targets. In this sense, it is very much a learning document. Figure 20 shows a section extracted from the Corporate Plan of National Library of Scotland and the document was presented as Appendix 19, page 260 (<http://www.nls.uk/about/policy/docs/2008-2009-corporate-plan.pdf> Access date: 23 March 2009).

<p>6 Performance Measurement and Monitoring</p> <p>The National Library controls and manages financial performance through a comprehensive budget process as part of the Corporate Business Plan, and by regular reporting:</p> <ul style="list-style-type: none">• bi-monthly management accounts to Trustees and Senior Management;• monthly financial reports to budget holders;• continuously available spend information to budget holders;• comprehensive review of financial position and projected outturn at six months (October);• production of audited statutory accounts by September each year. <p>In addition, the National Library uses a range of Key Performance Indicators to measure operational performance. These, together with the performance over the past year, are set out in section 3. The KPI's are being reviewed in order to:</p> <ul style="list-style-type: none">• confirm their continuing relevance to the new Strategy "Expanding our Horizons";• ensure the ability of the Library to measure progress towards the achievement of the twenty objectives in the Strategy;• clarify differences between performance measures and surveys of usage• obtain greater integration between financial and operational data;• incorporate them into the proposed introduction of a Balanced Scorecard system, replacing the current spreadsheet-based system; and• bring alignment with the Scottish Government approach to 'outcome measurement'.

Figure 20 Performance Measurement and Monitoring of the National Library of Scotland

5.7.4 Key Element 2: Measure and Monitor Performance

Figure 21 and Figure 24 are visual representations of the main processes for Key Element 2.

5.7.4.1 WHY: Evidence of Performance (KE3)

The need for measuring and monitoring activities arises because there is a need for a process to observe the change in performance over time to gauge if an organisation is achieving its goals and objectives, i.e. evidence of performance.

Respondents raised five issues regarding the implementation²¹ of measuring and monitoring activities. They include:

- cascade of goals and objectives;
- design of measures;
- target setting;
- information technology for data management; and
- framework for structuring measuring and monitoring activities.

5.7.4.2 WHY: Evaluate Projects (KE4)

Managers need data on project progress and contributions to evaluate project outcomes and impacts.

5.7.4.3 WHAT: Cascade of Corporate Plan

Organisational goals and objectives are high level strategies, broad statements of intent. In order to measure and monitor productivity, these broad statements of intent have to be translated into operational plans. This process sees the cascading of goals and business objectives to business plans, business plans to operational plans, operational plans to individual staff work goals and objectives. It effectively links day-to-day performance targets to corporate activities, making measurement activities meaningful and useful to staff. Figure 22 below illustrates the cascading of high level objectives into outputs, outcomes, impacts together with relevant measures and targets, a section extracted from Advantage West Midlands Corporate Plan. Other examples of the use of corporate plan see Appendix 18 SEPA Corporate Plan 2008-2011 (page

²¹ Implementation is defined as the process in which systems and procedures are put in place to collect and process data to ensure measuring and monitoring activities are regular. Bourne, Mills et al (2000) Designing, implementing and updating performance measurement systems. *International Journal of Operations and Production Management*, Vol 20(7), 754-771.

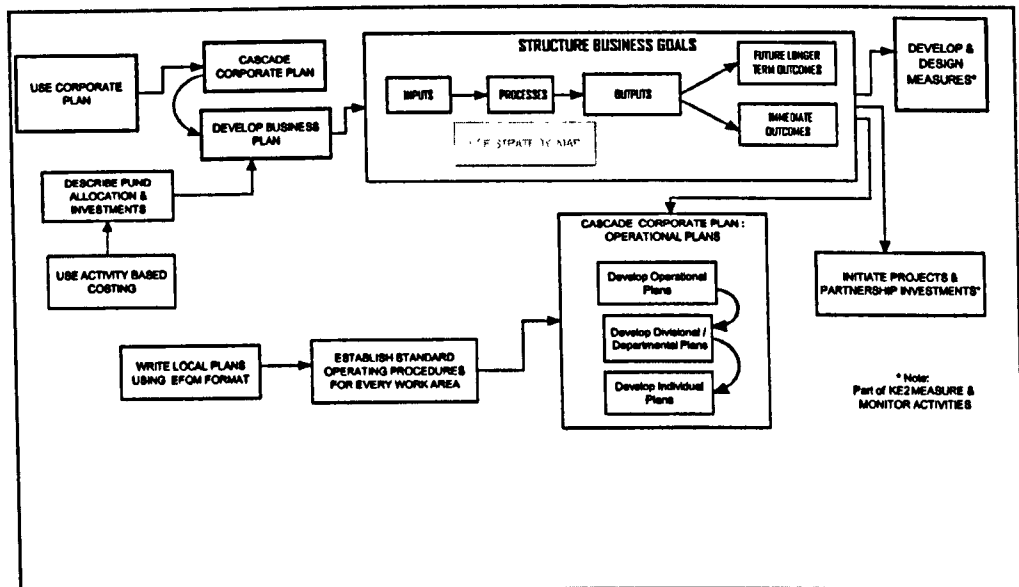


Figure 21 Key Element 2: Cascade of the Corporate Plan

5.7.4.4 HOW: Develop Business Plans

- Activity-based Costing

The process of development of business plans based on the corporate plan is said to be made easier using Activity-based Costing as it facilitates the description of fund allocations and investments.

- Logic Model and Strategy Map

Each business goal can be structured as 'inputs, processes, outputs, immediate outcomes and future longer term outcomes'. Managers proposed for the use of a strategy map to facilitate this process.

The breaking-down of each business goal provides a clearer view on how each level of activities can be monitored; hence the design or selection of appropriate measures can now be more informed.

Table 12: Performance indicators and metrics relating to objectives CO1 to CO10 (work in progress)

	Business	Place	People
Regional Impacts (These are common across all activity)	GVA/head; GVA/employee and GVA/hour; Employment rate and rate of worklessness; CO ₂ emissions per £10,000 GVA; Index of sustainable economic well-being; Indicator of regional perceptions		
Outcomes (The indicators shown are drawn from the WMES – Further work is required to refine/develop additional indicators for some areas of activity)	Regional Skills Performance Index	Regional Skills Performance Index	Regional Skills Performance Index
	New VAT registrations per 10,000 population (see footnote 27, on page 73)	% of all trips made by public transport	% of people usually working from home or travelling to work using sustainable means of transport
	3-year survival rates for new VAT registered enterprises	% of land used for development that was previously developed	% of household waste which is recycled or composted
	Total entrepreneurial activity	Carbon dioxide emissions per resident (kg carbon)	% of people who are, or have thought about becoming, self-employed/business owners
	Business expenditure on research and development as a % of regional GVA	% of working-age benefit recipients who live in the most deprived 20% of super output areas	Difference between employment rates for: (i) white and non-white ethnic groups; (ii) people aged between 50 and retirement age and the rest of the working-age population; (iii) people with a disability and the rest of the working-age population
	% of turnover attributable to innovation	Visitors from outside the UK staying overnight in the former West Midlands county	
Outputs (The measures shown are largely drawn from existing output measures. Further work is required to develop these measures)	<ul style="list-style-type: none"> Jobs created/safeguarded Businesses created, Businesses supported, Businesses supported to collaborate with the UK knowledge base Employment support – People assisted to get a job People assisted in skills development Leadership and management skills development People upskilled to graduate level Graduates assisted into private sector employment Investment leverage (public and private sector) Brownfield land remediated Tonnes of carbon dioxide equivalent reduced 		

Table 13: Targets for output measures for 2008/09

Outputs	08/09 target
Jobs created/safeguarded	16,450
Business created	4,193
Business support	21,253
Business support – Collaboration with the UK knowledge base	1,041
Employment support	7,347
Skills – People assisted in skills development	15,700
Skills – Leadership and management	1,040
Skills – Upskilling to graduate level	300
Skills – Graduates into employment	400
Investment leverage (public and private sector) (£m) ²⁸	416
Brownfield land remediated (hectares)	101
Tonnes of carbon dioxide equivalent reduced	Target to be finalised Oct 08

Note: These targets are being set on an interim basis for the first year of this plan

Figure 22 Cascading the Corporate Plan

Source: Advantage West Midlands Corporate Plan 2008-2011. Access date: 24 March 2009. http://www.advantagemw.co.uk/Images/Corporate%20Plan%202008-11_tcm9-14728.pdf

- **Operational Plans**

The cascading of business plan sets out operational plans. Operational plans are further cascaded down to divisional or departmental plans and to staff individual plans. This cascading process is vital for two reasons. Firstly, operational plans inform operating procedures for every work area; and secondly, it cascades further into the setting of individual staff objectives and work plans.

- **Local Plans**

Some managers suggested the use of the EFQM format for the writing of local plans.

- **Project Initiation**

Some organisations launched projects or invest in a partnership as part of their business plans for outcomes delivery. For this research, these organisations are referred to as adopting the project management route.

5.7.4.5 WHAT: Design of Measures

For measuring and monitoring activities to be meaningful, it is vital to select the right, useful, relevant and meaningful measures or indicators. For measures or indicators to be meaningful or relevant, they must derive from corporate objectives. See Figure 24.

5.7.4.6 HOW: Top-Down Approach

A top-down approach to linking key performance indicators (as mandated in the Public Service Agreement) to measures is useful to keep measuring and monitoring activities in alignment with organisational goals and objectives.

The advantages of adopting a top-down approach to target setting and design of measures:

- ◇ Regional offices, divisions or departments should be able to relate their targets to these key performance indicators. They should also be able to see how they linked and aggregated towards contributing to key performance targets at corporate/national level- a bottom-up view.
- ◇ It is particularly useful for geographically dispersed organisations to focus on contributing positively to the corporate as a whole rather than as different silos.

- ◇ It facilitates the creation of a 'one organisation' culture, which can be useful in encouraging cohesion and buy-in to the idea of performance measurement.

5.7.4.7 HOW: Select High Level Performance Indicators

Managers suggested for having a manageable number high level performance indicators focusing on key business objectives.

The National Library of Scotland measures and monitors performance on four core themes, namely; Developing the National Collections, Developing the Organisation, Building Relationships, and Widening Access to Knowledge. They use a set of Key Performance Indicators to monitor progress against objectives. Figure 23 on page 139 shows the performance information of key indicators for widening access.

5.7.4.8 HOW: Define Measures

The following are some questions managers would ask when defining a measure:

- What needs measuring?
- Why does it need measuring?
- Where would the required data come from?
- When is data available?
- Who is responsible for data collection and how often?
- Who acts on the measure?

Performance Information 2007/08

Access

Users In Person	2003/04	2004/05	2005/06	2006/07	2007/08
Reader visits	57,515	59,485	60,158	60,370	68,819
Shop customers	8,338	6,678	14,428	7186*	-
Exhibition visitors	19,392	29,990	20,193	15,793	44,451
Events Visitors	2,000 (est)	3,372	4,512	4,801	3,231
School children attending workshops	-	668	867	736	3,305
Self-service Photocopies	63,096	224,141	215,603	153,243	126,327

* NLS shop closed for building works on the visitor centre from late 2006.

Reader Profile (%)		2004/05	2005/06	2006/07	2007/08
Age	Under 26	31.1	37.5	38.4	39.4
	26-64	59.2	55.6	53.7	52.2
	65+	9.7	6.8	7.9	8.3
Disability?	Yes	3.0	2.7	2.6	3.4
	No	97.0	97.3	97.4	96.6
Ethnic Group	White	89.1	90.2	89.0	87.8
	Asian	7.8	7.4	8.0	8.1
	Black	1.4	0.8	1.1	1.5
	Other	1.7	1.6	1.9	2.6
Gender	Male	50.5	49.2	47.8	47.4
	Female	49.5	50.8	52.2	52.5

Enquiries	2003/04	2004/05	2005/06	2006/07	2007/08
Enquiries (In person/post/email/telephone)	72,795	75,800	73,069	82,732	79,201
Inter-library requests	10,909	12,201	10,290	9,792	9,922

Digital library	2003/04	2004/05	2005/06	2006/07	2007/08
Web sessions	903,596	1,299,214	2,081,333	3,242,432	3,557,154
Digital images	23,271	30,448	40,888	62,483	74,408

Items Used	2003/04	2004/05	2005/06	2006/07	2007/08
General Reading Room	224,400	246,329	289,941	287,171	287,122
Microform Reading Room	7,213	5,242	6,677	6,853	4,872
Rare Books	11,606	9,482	8,832	8,503	10,691
Manuscripts	16,614	14,427	14,456	15,117	14,802
Maps	37,283	36,936	33,506	26,061	28,393
Scottish Screen	-	-	-	-	1,688
Lending collection	1,974	2,776	1,621	1,527	1,727
TOTAL	299,090	291,540	355,033	345,232	349,295

Figure 23 National Library of Scotland: Key Performance Indicators of Widening Access

5.7.4.9 HOW: Criteria for Good Measure

The following is a list of criteria for designing good measures summarised from data collected during interviews:

- A good measure can demonstrate the health of a specific part of the organisation in comparison to the whole;
- A good measure is the use of a range of indicators which describe key aspects of the business in addition to statutory requirements;

- A good measure is when there is a balance between the need to develop outcome measures not too far from actual activities staff are engaged in and the need to measure progress against objectives rather than measuring things staff do;
- A good measure can demonstrate effectiveness;
- A good measure provides indication of the point of success;
- A good measure is a measure of impacts rather than outputs; and
- A good measure should not encourage gaming.

5.7.4.10 HOW: Data Collection

Defining measures facilitates data collection in the ways listed below:

- It helps determine what data needs collecting, and how often data should be collected, it ensures consistency;
- It ensures reliability and validity as the data trail is available for verification;
- It helps establish the owners of the data; and
- It helps establish who should act on information when data becomes available.

5.7.4.11 WHAT: Target Setting

The challenge is to set a target challenging enough but not unreasonable. Setting targets do not happen in isolation. Managers indicated they were using a top-down approach. It is vital for staff to know the expected outputs required of each individual, and to have an awareness of the standard of quality expected of them. The target is a milestone for their performance.

5.7.4.12 HOW: Setting Appropriate Target

How to set an appropriate target?

Managers are often challenged to strike a balance between meeting quantitative targets, e.g. turnaround time, and delivering quality services. Managers reportedly aimed to use targets to drive improvement.

This manager raised a concern about the cost and benefit derived from setting stretching targets:

"We get a very good rate of response from our survey on the training we provide, 68% said training was of good quality, 70% of them said it fitted them for the job. These are all stretching targets, we've based all of these on the idea that we've got X% on the previous years, and now we are expecting X++%, it's always a target which we negotiate with the

department to stretch the demand in what we're doing. Eventually you'll hit the point where you hit the law of diminishing returns, so the stretch will become smaller till you get to a point where the maintenance required to push any harder on this would be just proportionately too expensive to do." S.

5.7.4.13 WHAT: Information Technology for Data Management

Some organisations used some kind of information technology in support of data management systems. An information system facilitates gathering, collating and summarising performance data for reporting purposes.

5.7.4.14 WHEN: Dispersion of Data Collection Point

Organisations decidedly used information systems when data comes from various divisions or parts of the organisation and when it became too laborious to collate and summarise data for analysis purposes.

5.7.4.15 WHEN: Data Reliability and Validity

The use of data management systems reduces errors, which enhances data accuracy, validity and reliability, thus increasing timeliness of data and data accessibility.

5.7.4.16 WHEN: Cost and Benefits Analysis

Managers realised the need to strike a balance between the cost and benefits of such data management systems.

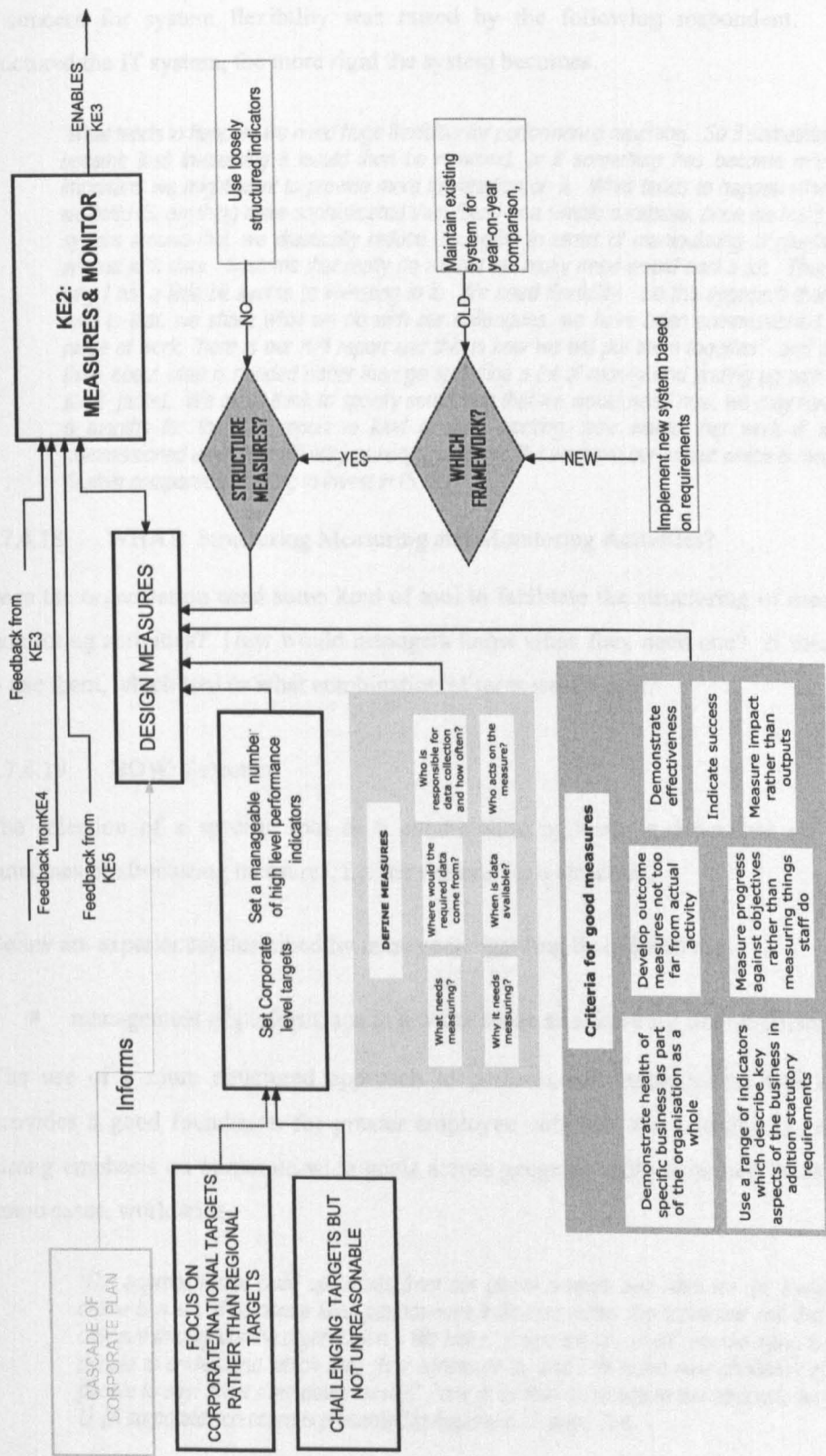


Figure 24 Key Element 2: Design of Measures

5.7.4.17 WHEN: Flexibility and Adaptability

A concern for system flexibility was raised by the following respondent. The more structured the IT system, the more rigid the system becomes.

"What tends to happen, we need huge flexibility for performance reporting. So if something became less interesting it would then be removed, or if something has become more important, we might want to provide more information on it. What tends to happen when we build IS, anything more sophisticated than Excel or a simple database, once we build a system around that, we drastically reduce our agility in terms of manipulating or playing around with data. Systems that really do all that we really need would cost a lot. That's why I am a little bit averse to investing in it. We need flexibility. So the approach that I take is that, we share what we do with our colleagues, we have been commissioned a piece of work, "here is our KPI report and this is how we will put them together"- and go think about what is needed rather than go spending a lot of money and ending up with a strait-jacket. We didn't think to specify something that we would need now, we may have 6 months for the KPI report to kind of stop working, how would that work if we commissioned an IS, the bill will just keep going up. But we have our labour which is more flexible compared to having to invest in IS."E.

5.7.4.18 WHAT: Structuring Measuring and Monitoring Activities?

Does the organisation need some kind of tool to facilitate the structuring of measuring and monitoring activities? How would managers know when they need one? If there is a need to use them, which tool or what combination of tools works well?

5.7.4.19 HOW: Selection

The selection of a specific tool or a combination of tools is dependent on the desired outcomes of structuring measures, i.e. the reasons for a structure.

Below are experiences described by managers regarding their decisions:

- management of performance in a wider sense as a drive for improvement

The use of a more structured approach to performance measurement and management provides a good foundation for greater employee cohesion and compliance, as there is a strong emphasis on corporate-wide goals across geographically dispersed business silos, in some cases, worldwide.

"The approach is to build up results from our global network and what we are trying to define is a set of corporate level performance indicators within the scorecard and then to cascade throughout the organisation. We have 1 corporate scorecard, we are trying to get people to understand which area they contribute to, and I think the next challenge is for people to say: What I am doing locally? How does that contribute to the corporate level?" U. [A corporate scorecard is presented in Appendix 13, page 254.

Because performance management tool provides a set of mechanism for performance monitoring, it enhances the credibility of performance data for reliability and validity as it allows year-on-year comparison. Also the tool provides a mechanism to describe and communicate results in a consistent way, meaning organisations find it easier to benchmark their performance with another organisation within the sector or in similar industry.

"I think having a tool for performance measurement would give us greater confidence that we've covered all the key aspects of the organisations that we should do. It might also help with benchmarking that we want to develop in the next year or so, the more sort of consistent approach that the organisation adopts the greater confidence there is that you can compare certain things. Adopting a similar performance tool we can fully compare performance with greater confidence with other organisations." N

Some organisations used some tools to provide a structure to management processes, facilitating standardisation of mechanisms, which is particularly useful for larger organisations.

"We've got 30 management units in the organisation. They are being managed in very different ways because some of the managers have been with the organisation for a long time- very experienced- know the unit and work well. They don't necessarily need any management tools to help them. This is the default position. I don't agree with that, because if I don't have all that experience, I would need some tool to help me do the job, you look at the tasks that you've been assigned to, you've got a year, you go through them on a periodic basis, to say how we are doing with this task. Is there any problem? Why? Can we redeploy staff? Could we put the project off till next year? Do we really need to do that project? From my point of view, the scorecard is a useful tool to help structure that discussion within a management unit. Within our unit we have a system where we look at the list of tasks which we have to do in 1 year, where we sit down and we go through the list of tasks, we discuss each one in detail, and then where we went wrong. We are a unit of 6 people, that is easy to handle but if you have a unit of 60 people, you have more issues, much bigger budget; you wouldn't be able to do it that way." N.

"The EFQM gives you a structure to work on. As an organisation we use it (EFQM) as a tool for process improvement, we are not using it as a way of explicit reporting separately for EFQM. But the enablers (EFQM) that we have on our staff, are taken developed with the EFQM in mind, expectations of staff ability. We have a mid year review for staff-for developing and training needs. The performance review sets out what expectations are and that impacts on your pay, we have a clear understanding of what you pay." T

- better management of funds

"We used accruals basis for accounting, we have Activity-based Costing (ABC) and a more historical system for accounting. We have been using ABC for about 2 years now. It works much better because [the organisation] delivers services. There is a danger with if you look at the basic cost of salaries and rent & rates; you would think that they are overheads. The fact is that the salary pays for the service delivery of the organisation. ABC has made it easier for our stakeholders to see where the allocation of the GBP11 millions goes each year and it's been well received by our sponsor, primarily the stakeholders prefer to look at the ABC, and the main aim in our use of ABC is explanation, clearly easy way where the funds are being invested, from the analysis of our annual accounts last year where the priority is- research & development of a variety evaluation particularly." F.

- structure for reporting purposes

"We have a reporting mechanism. We have quite strict criteria. We have outputs which we have to have. It's quite constraining I feel, it will be very good to find a better way of showing what our achievements are and to be able to show the cost effectiveness of us as an organisation, we really do have a lot of impact but not a lot of funding. But I am not sure that we actually have the time to develop a tool to show that. I'm sure that if we crack all of this it will be very much easier for us. It will take time to work out a system to see what works and what doesn't and you can't have a system which takes so many resources, that it is actually taking away the resources from the work that you do." E.

"We have structured the strategic plan around the EFQM, it's not exactly it but it's been tailored to our audience obviously, we've got strategy, partnership, the operation plan section underpins this, the activities relate to the EFQM. We try to embed it. We will be assessed in 2008, we just have a look internally and see how we are going on and what the things we can do better, we are now beginning to work more actively on that. One of the things that we report to our Board on and it's got these headings, we are reporting in that way based on EFQM headings [Reporting purposes]. The EFQM as a framework is considered in a way, a set of management guidelines in terms of reviewing what you do. We have taken very much the view that we should embed this and we shouldn't be working towards the EFQM, it should be brought into what we are doing. Our staff performance appraisal is based around the EFQM, we got enablers for staff and results for staff. [Capabilities and process improvement purpose]" T.

5.7.4.20 WHAT: Behavioural Issues

One manager reported his concerns about attitudes towards the measuring and monitoring activities. The manager highlighted the difference between measuring and collecting data of the number of jobs being done and the progress made of a job.

"The key thing is people collected hundreds of statistics, they were counting what they are doing. That's quite a different kind of mind set, keeping data about what you do. That's a different mind set to monitor performance to measure your progress towards objective. That means you have to be more selective as to what data you are collecting, not just collecting the thing that you do, but it's related to objective defining of what we're here to do, and then to help work out if we are successful in doing this, then what sort of information that would indicate that. This is a deep-rooted cultural management weakness in some part of the organisation. People are not used to managing information to achieve performance. A lot of people are simply used to collecting stats about what they do, and they are a different kind of thing." K.

5.7.4.21 HOW: Create Performance Culture

Managers suggested there is a need to create performance culture in order that staff understand the objective for performance measurement. Discussions on performance culture can be found in section 5.7.1.3.

5.7.5 Key Element 3: Prepare Evidence of Performance

Figure 25 illustrates the main processes of Key Element 3.

5.7.5.1 WHY: Performance Review and Decisions Making (KE5)

Managers needed feedback on activities to track performance. Analysis of data provides evidence for managers to justify their actions, e.g. changing of strategies in view of improvement. These could be management practices, processes, activities, or systems. While the main reason agencies and public bodies prepare performance reports are for accountability and transparency purposes, they also produce reports with different levels of details and depth for internal management.

5.7.5.2 WHAT: Reporting Requirements

Managers determined user requirements at the onset for report design.

On deciding the content of reports, managers considered what is required as evidence of:

- Good or bad performance?
- Good practices to share with others?

5.7.5.3 HOW: Identify User Group

The two main categories of performance reports for agencies and public bodies include:

- i) external reporting- Annual Reports and Accounts, and Director's Report.
- ii) internal management reports- monthly, quarterly or annual reports, exception reporting on urgent matters, and staff performance bulletin –department specific.

5.7.5.4 HOW: Identify User Requirements

External Reporting

The two main reasons for external reporting are: to demonstrate accountability, and to demonstrate success and improvement.

Managers described their main concerns with external reporting:

- To demonstrate the delivery of benefits and intended outcomes and impacts.
- Set reporting templates based on the funding agreement, corporate plan or assessments to facilitate the creation of linkages between audit activities and performance.

- Consider the criteria of disclosure of information as a public body, particularly on issues such as transparency, simplicity and communication of public benefits delivered and the robustness of published information. E.g. The requirements of National Audit Office, queries from Non-Executive Directors or the Commissioner.

Internal Reporting

Different levels of reports require different levels of details intended for department or corporate level.

◊ Department Level

- Monthly Departmental or Divisional Reports

Reports inform the monthly performance review at department level. Monthly reports contain more detailed information about every activity, and more extensive statistics describing progress. Using these reports, managers were alerted on issues or problem areas that might attract attention. Some organisations required managers to make commentaries explaining progress and actions taken to provide a clearer picture.

Some organisations encouraged directors to meet the senior management team informally on a monthly basis to share their observations and highlight urgent matters.

◊ Corporate Level

Two organisations spoke of the senior management team meeting with directors informally at the end of each month. Informal meetings were found to be useful as managers can share issues which could potentially affect the other parts of the organisation, as related by this respondent:

"We have once a month agency senior management meeting, these meetings are informal. The CEO meets with the senior management team. The purpose of these meetings is to go over what's happened over the last month and what's coming up in the near future, so that everyone is aware of what is happening. We can swap information, if there is one thing happening in one area which may affect another, the other would then know about it. As part of that meeting each person gives a report about how well they are doing with regard to their targets. This is a very informal meeting; there is no written report, just a verbal report. The CEO will invite each of us to speak and as part of that we report what we are doing and what is happening, what we are about to do and our progress against the targets. Formal minutes are kept of the meeting." H.

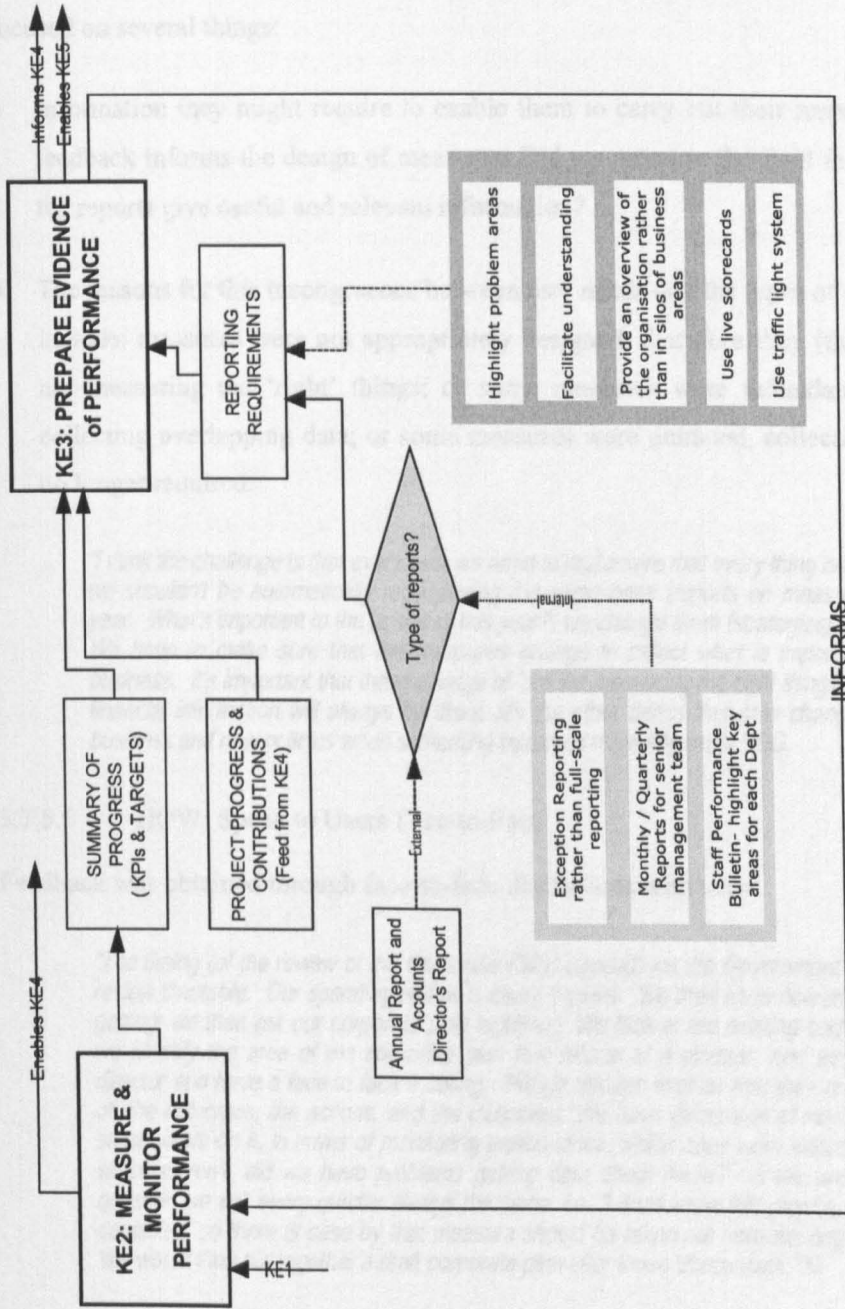


Figure 25 Key Element 3: Performance Evidence

- Quarterly Reports

When compared with monthly reports, quarterly reports are less detailed. A quarterly report is sometimes based on exception reporting- highlighting problem areas instead of the long list of regular reporting as found in monthly reports. Quarterly reports support performance review at the corporate level.

5.7.5.5 WHAT: Feedback Informs Design of Measures

Managers were encouraged to provide feedback on their use of reports. This feedback focused on several things:

- Information they might require to enable them to carry out their responsibilities. This feedback informs the design of measures: Did we measure the right things? Why didn't the reports give useful and relevant information?
- The reasons for this incongruence between user needs and the types of data collected can include: measures were not appropriately designed, therefore they (the measures) were not measuring the 'right' things; or some measures were redundant, therefore were collecting overlapping data; or some measures were outdated, collecting data that were no longer required.

"I think the challenge is that every year we need to make sure that every thing is kept fresh, we shouldn't be automatically regurgitating the same ones (reports on measures) every year. What's important to the business this year?, we change them (strategies) every year. We have to make sure that the measures change to reflect what is important for the business. it's important that the challenge of 'are we measuring the right thing?' The basic financial information will always be there, it's the other things that may change with the business and new policies when something becomes more important." DG.

5.7.5.6 HOW: Speak to Users Face-to-Face

Feedback was obtained through face-to-face discussions with users.

"The timing (of the review of the Corporate Plan) depends on the Government's spending review timetable. Our spending review is every 2 years. We then know how much we are getting; we then put our corporate plan together. We look at the existing corporate plan, we identify the area of the corporate plan that relates to a director. And we go to that director and have a face-to face meeting. We go through themes that they are in charge of, the outcomes, the actions, and the measures. We have discussion of those, we have some views on it, in terms of monitoring performance, which ones were working well and which weren't, did we have problems getting data about these? Is the answer to the question we ask every quarter always the same, i.e. 'I don't know this project, it has been cancelled' so there is case by that measure should be taken out from the corporate plan. We would then put together a draft corporate plan after those discussions." N.

Feedback was obtained from having persons responsible for performance measurement to attend meetings to identify what works and what did not:

"We always ask for feedback. E.g. With the annual report we specifically go out to ask the Board, "How is this working for you? Is this useful for you? What do you think of that?" For the key performance indicators report, we now sit in the meetings where it is discussed, we've been asking for that for sometime, and it's just happened now. We get to discover 1st hand whether its been used the way it should be, whether it's been used to its best, most useful way. I am aware that some people might be polite if I asked them "yes it's absolutely fine." So I try to use lots of different routes to find out if it's actually working, and I repeatedly say to people that, "if it's not right, just tell us and we'll change it and we'll make it work for you." It has to work. If something is not right we'll just scrap it and change it, it's very flexible. But we also don't let people get away with avoiding putting in information that we think is important. We will suggest to them "we think you should report this, we try to source for it and report it." My boss also sits in on every meeting and gives us feedback after every meeting "How did it go?" "Not good yet." M.

5.7.6 Key Element 4: Manage & Evaluate Project

Some organisations initiated or invested in project or partnership programmes as part of their business plans to achieve business goals and objectives. Figure 26 visually display the main processes of Key Element 4.

5.7.6.1 WHY: Evidence of Performance (KE3)

Managers reported used results from measuring and monitoring activities to manage and evaluate project contributions and impacts. Results from project assessments (Key Element 4) informed the preparation of performance evidence (Key Element 3).

5.7.6.2 WHAT: Goals and Methods of Work

Based on the key business objectives, managers identified the possible prospects for project initiation. Managers stressed the need to establish values or benefits before and after any intervention.

5.7.6.3 HOW: Develop Value Statement

A value statement serves as a term of reference for impact assessment. Value statements were created by identifying a list of key concerns (with the involvement of stakeholders). The value statement expressly states for every key issue: what is now-‘before intervention’; and what outcome(s) is expected –‘after intervention’.

5.7.6.4 HOW: Create Project Manager and Project Team

Organisations would appoint a project manager or project leader, and establish a cross-functional team by selecting members from various functional skills and expertise.

5.7.6.5 HOW: Develop Project Plan and Work Methods

Local project plans were typically written by the project team. The project team were given the autonomy to set project milestones and design or select appropriate measures for performance monitoring. This hands-on process rather than getting direction from above provided the team with a sense of ownership over project performance

On project planning: one manager stressed on the need to focus on output and outcomes rather than being input and activity led.

5.7.6.6 HOW: Design of Measures for Project

Measures ought to be designed to track impact delivery rather than just capturing the number of products sold or services delivered. Each project needs to have clear outputs/processes leading to immediate and longer term outcomes. These outcomes are mapped onto high level objectives and key performance indicators (KPIs) making a strong connection between individual projects and organisational performance.

5.7.6.7 WHAT: Project Evaluation

Project managers ought to evaluate projects on a regular basis, often dependent on urgency of matters arising or the prioritisation of projects or the level of risk associated with each project.

On design of measures, the concerns raised include:

- Measures were simply indicators for signalling whether something has been achieved or not, and they do not necessarily provide vital information of why something is not happening, or how something can be done better.
- Measures were also often too process-orientated, a concern highlighted by this respondent:

"For example, some 6 months project had taken 3 years to complete. Why? What happened? It (Impact assessment) is a review whereby we can ask which projects have the best interests for consumers within the resources we have. Before it (the management of projects) was not working well as our measures were too process orientated and superficial. Impact assessment is obviously moving projects forward" O

5.7.6.8 HOW: Intentions for Performance Measurement

The project team ought to understand the reasons for impact assessment reviews, and realise the usefulness of feedback on results from those reviews for pushing projects forward rather than being detrimental to progress. A challenge detailed by this respondent:

"One real difficulty is that people (operation directors) have got to behave corporately and be collegiate. Sometimes it is a real behavioural problem, sometimes they would really try hard to avoid an impact assessment review because some projects are very close to their hearts and they wouldn't want them expose to any severe scrutiny. They feel they have to defend them. Sometimes people find it hard to let go of things." S.

Without proper understanding, unnecessary red tape and paperwork may be created for defensive purposes, making the system more bureaucratic. This process would directly incur more costs labelled under 'monitoring purposes' without deriving the real benefits of performance review, as expressed by this concerned respondent:

"Sometimes I feel things just go over the top, there is too much paperwork coming through for just a project run by just 3 people. Like many government organisations, it's a piece of defence, a way of sort of making sure that you can account to parliament, ...with the scrutiny, you have to make sure that you are absolutely well-covered. The tendency is that people can go over the top with bureaucracy." S.

5.7.6.9 HOW: Conduct Impact Assessment

Managers highlighted the following questions for impact assessment:

- How many resources are allocated and how much was spent/used?
- How much benefit is there to consumer groups?
- What is the degree of involvement?
- Are investments still viable to continue?
- Are investments making the immediate impacts as intended?
- Are projects making valuable benefits to stakeholders?
(with reference to the value statement established with stakeholders)
- Do we need to realign our strategies with external changes?

◇ Activity-based Costing

One organisation has indicated Activity-based Costing (ABC) to be useful in supporting impact assessment as it provides the break-down of costs and allocation of resources for each activity:

"With ABC, let's say you have 2 activities: FOR one project you have 1 person responsible for working on part of it with an estimated cost of £50,000 and subcontracting the other half of the work for £450,000; FOR the 2nd project-you have 10 people working on it and nothing invested outside, also costing £500,000. Traditional accounting can't show that. On top of that, based on traditional accounting, it would seem 1 person working on an activity is better than 10 people. With ABC, you can also conduct risk analysis- A 1-person project is of higher risk than a project of 10 people." H.

◇ Project Budgeting

One manager highlighted the possibility for flexible budgeting, and how regular review and impact assessments allow the revision of strategies:

"We do flexible budgeting as well; we continue to assess the project and are willing to spend more money if £10,000 can bring in more value. If you beat the budget and you save money you get applauded. If your budget is £1 million, but you only spent £950,000 then next year's budget does not get cut back. We don't have to spend it all. You can use all sort of performance measures explaining why, and if you play a rigid budget system, then you can restrict the operation of business." F

◇ External Consultant

Some organisations found having an external consultant to be helpful particularly when the outcomes or impact appeared to be too complicated for the organisation to measure due to lack of expertise. While for smaller-sized projects, impact assessments were usually conducted in-house or by project owners:

"For smaller projects, the project owners will do the evaluation on the impacts by themselves, we don't have resources to do it ourselves. Although there might be biasness to have the owner doing the evaluation but it also means the person doing the evaluation understand the project. It's a balance between the cost of recruiting people whose sole job is evaluating small projects and the benefits derived from such activities, and we have no funds to have someone to look at that." O.

5.7.6.10 HOW: Summary on Project Progress and Contributions

Project evaluation results were reported as a quarterly summary. This summary served a formal communication between the senior management and the project team.

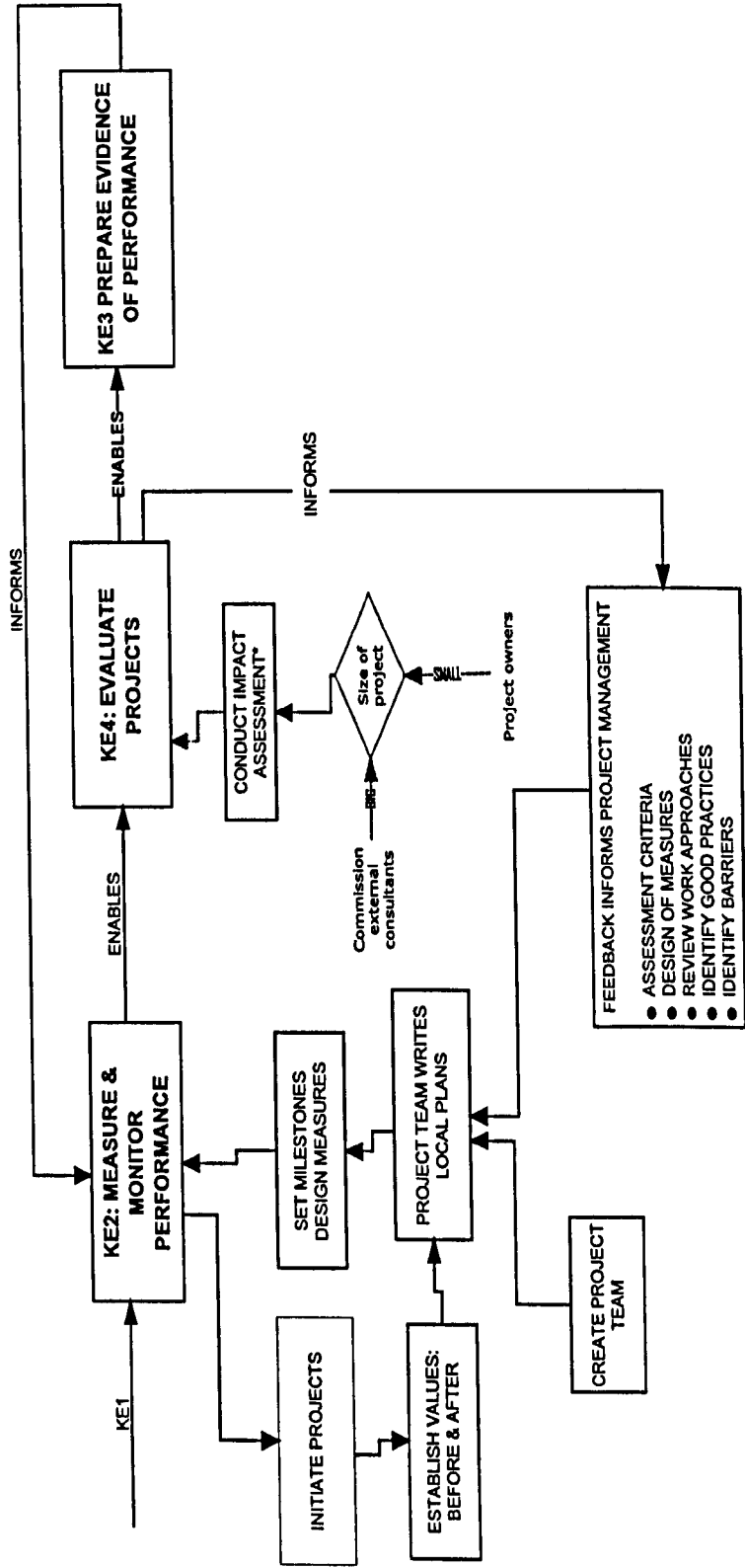


Figure 26 Key Element 4: Manage and Evaluate Project

5.7.7 Key Element 5: Review Performance & Make Decisions

5.7.7.1 WHY: Influence Performance Behaviour (KE6)

Some managers strategically used performance information to motivate staff performance. Managers need performance information to feedback to staff on their progress. Performance feedback is a way of communicating what success means in real terms.

5.7.7.2 WHY: Drive Improvement (KE7)

Performance information gives an indication of how well or badly one has performed but it does not provide information on how or what needs improvements. The feedback on the results of measuring and monitoring activities inform decisions about future plans for the organisation, e.g. which direction should it take, or which business area needs improvements and why? Some managers conducted performance reviews to identify what specific area of work or process needs improvements and how improvements can be achieved.

Performance reviews were reportedly conducted at two different levels: departmental and corporate level.

5.7.7.3 WHY: Demonstrate Success (KE8)

Most organisations surveyed indicated that they review performance to track achievements to enable the demonstration of success, which was essentially compliance to the external reporting requirements.

5.7.7.4 WHAT: Performance Culture

For performance reviews to be meaningful, organisations need to clarify their aims at the onset: Why review performance? How would the organisation perceive under-performance?

5.7.7.5 HOW: Getting Buy-in

Presentation of information plays an important role in engaging people's attention. Some examples provided by respondents include:

- the use of appropriate charts, graphs or traffic light system to highlight issues;
- consistent format and report layout to help assimilation of information; and
- rather than full reporting the use of exception reporting to highlight the essentials.

Feedback from directors on the type of information they required for decision making and on the desired way the report is presented can help gain the necessary level of engagement during review meetings.

A respondent described the challenge he faced in his attempt to get staff to use performance information, and stressed on the need for buy-in to performance measurement and making measuring and monitoring relevant to their job:

"My big concern is that people want to read it (performance reports). And I have a firm belief, most people like pictorial presentations, they don't want to or need to look at the detail of why those numbers are going up. That's fine. We have users of different levels. The use of charts and narratives, which does not have to be in great detail and the reports pick up 2/3 key issues about each of the targets. The intention is to help people understand and to help them think about it because in my experience it's very easy to make performance measurement something that other people do and I don't need to. Actually I think everybody needs to do it, the challenge is to make people want to rather than need to is a different matter. Getting that buy-in and relevance of it, getting used to it and the power of information is important. We run workshop and master classes to get people to understand, 'this is saying something about performance and this is the sort of thing that you could do with that information'. This is that transition from data to information, I think. The workshops focus on showing people what they can do with the information they get." L.

5.7.7.6 HOW: Encourage Ownership of Key Targets

Directors were assigned a set of key performance indicators, in that they were made personally accountable for the progress their department has made with each key target.

5.7.7.7 HOW: Use Directors' Commentaries

Through the effort of making commentaries on their decisions, directors were in a better position to do the following four things:

- Increase the level of ownership and accountability towards performance.
- Take necessary corrective actions at the relevant level.
- Actively pull together the list of issues faced at department level which are worthy of discussions at informal monthly meetings with the CEO and at corporate level review.
- Directors have an increased understanding of how their units are contributing towards the organisation as a whole. This better understanding encourages discussions at corporate level review.

5.7.7.8 HOW: Appoint Strategic Group

Some organisations found it useful to have an appointed strategic group to critically assess the suppositions made in the commentaries. This exercise encouraged directors to give 'that little more care' in terms of performance reporting and by having this additional assessing group, sponsors or independent auditors have greater assurance about the robustness what is being reported.

5.7.7.9 WHAT: Departmental Level Review

Managers conduct monthly progress reviews. They require feedback on the results of activities carried out within their department which will inform their next course of action. Regular review at departmental level enables a quick response to urgent matters which would otherwise be dealt with too late if it were to wait for senior management to review and act on them. See Figure 27.

5.7.7.10 HOW: Review Questions

The questions asked for performance review at this level usually cover the following:

- For on-going initiatives or projects- are we making impacts as expected?
- Are we making progress towards more immediate outcomes?
- Are we achieving our goals?
- Are there any issues needing urgent attention?
- What needs improvements, and what can be done?

5.7.7.11 HOW: Highlight Issues for Corporate Level Review

At department reviews, issues (of under-performance) may be highlighted for discussions at corporate level review. These issues may be common across the organisation or be the consequence of lack of performance which may affect performance of other business objectives.

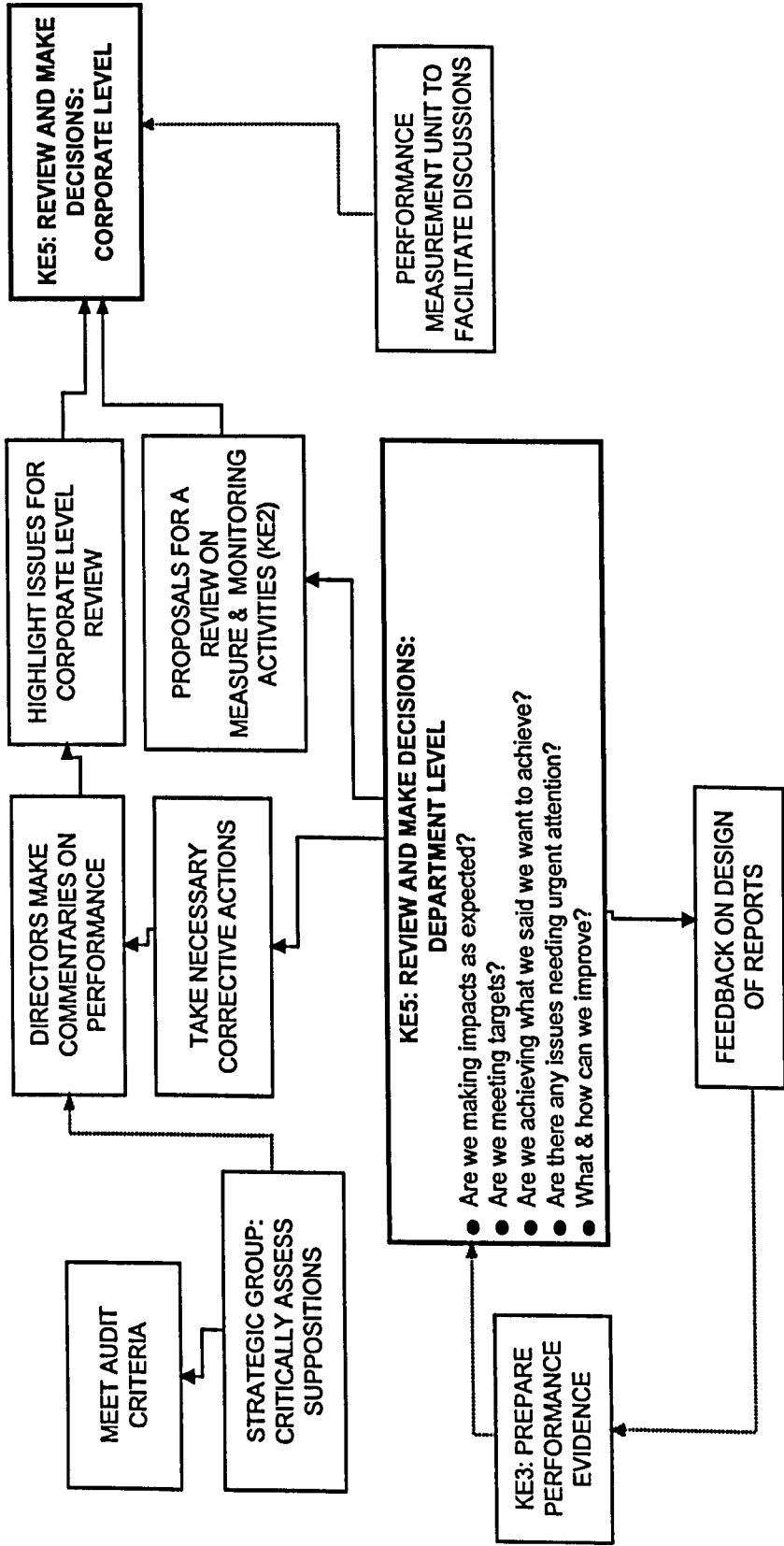


Figure 27 Key Element 5: Review Performance & Make Decisions: Department Level

5.7.7.12 WHAT: Corporate Level Review

Performance issues at department level that require further deliberations are highlighted in quarterly reports for corporate level review. In some cases, exception reporting seemed to work well in highlighting problem areas. Corporate level performance review was officially held every quarter. Figure 28 shows corporate level review.

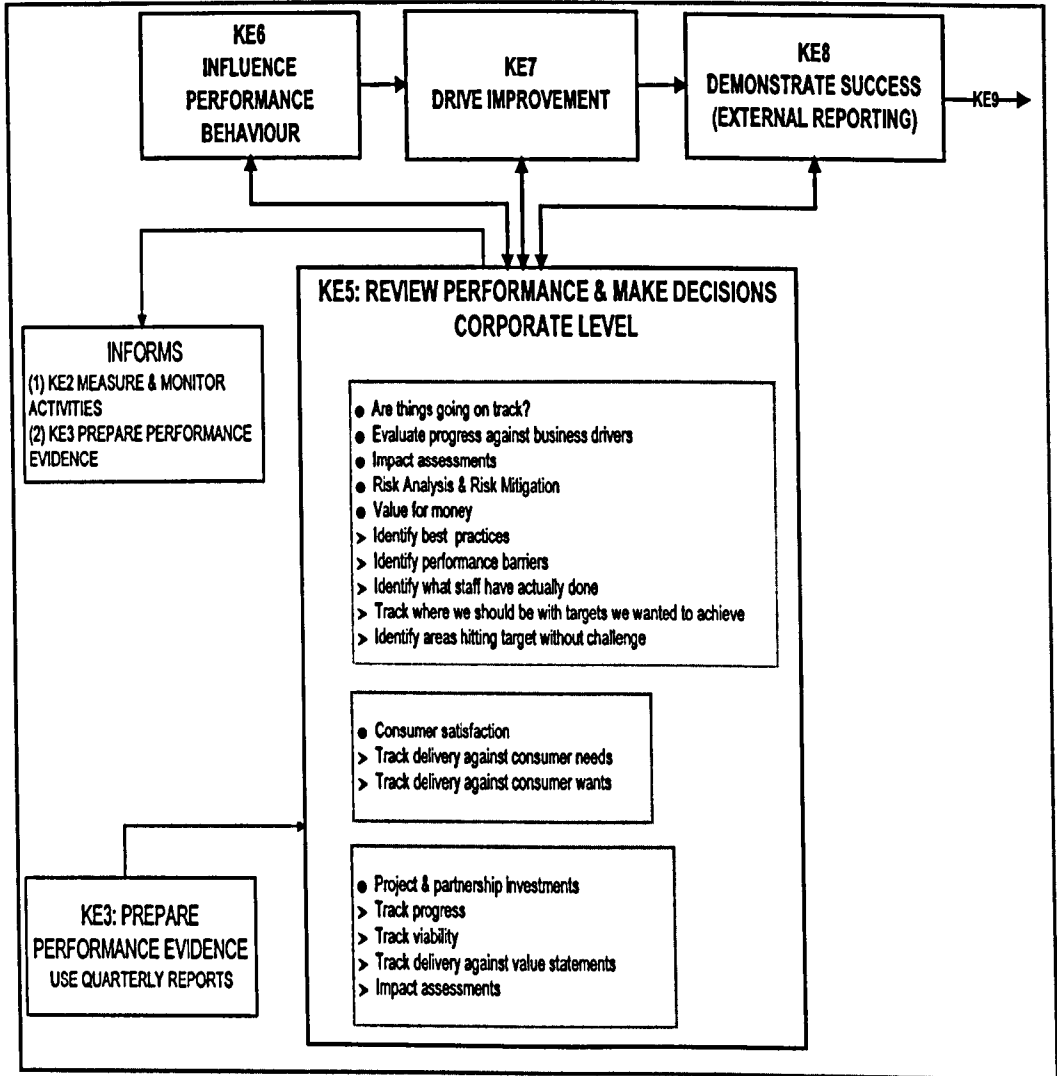


Figure 28 Key Element 5: Review Performance & Make Decisions: Corporate Level

5.7.7.13 HOW: Identify Key Review Areas

The review process is reported to cover three broad areas:

(i) Key business drivers

- Are things going on track? Where are we now, and where should we be?
- Review impact assessments
- Risk analysis & risk mitigation
- Review performance against Value for Money
- Identify best practices, performance barriers
- Identify what staff have actually done
- Identify areas hitting targets without challenge.

(ii) Consumer satisfaction

- Track delivery against consumer needs
- Track delivery against consumer wants

(iii) Project and partnership investments

- Track progress
- Track viability
- Track delivery against value statements
- Review impact assessments.

Outcomes from performance review at departmental level informed corporate level decision-making and planning, and the preparation of annual and directors' report.

5.7.7.14 HOW: Conduct Informal Meetings

Some organisations held informal meetings between the Chief Executive and directors for feedbacks and updates on urgent matters as and when necessary rather than the formal monthly or quarterly review meetings.

5.7.7.15 HOW: Adaptive to Change

Organisations responded to (internal and external) forces of change by adopting a more flexible approach to management, in this case a flexible approach to performance measurement and monitoring. Priorities may change due to a change in government policies; hence measures and targets may also change accordingly. This flexibility allowed constant reviews and updating of corporate strategies, measures and targets.

5.7.7.16 WHAT: Target Plans and Review of Strategies

Corporate level review provides senior management with the necessary information for decisions in terms of performance measurement, such as external reporting, updating and review of measuring and monitoring activities, and preparing the proposal for targets and budgets.

Directors constantly reviewed the organisation's capability to meet targets. Performance review informed target planning and revisions to strategic and operational plans. Figure 29 on page 162 demonstrate the revisions and updates to operating plans of Higher Education Funding Council.

5.7.7.17 WHAT: Design of Measures

The performance review process informs design of measures:

- Some actions and measures do not complement organisational goals and objectives; and/or
- High emphasis on activities that are no longer high on the priority list, making some measures less important or even redundant.

This feedback informs the design and selection of measures.

Appendix A

Revisions and updates to the operating plan activities in April 2008

Activity in 2007-08	Update for 2008	Rationale for change
<p>A1: Continuous improvement of learning and teaching</p> <p>Key outputs – target date 2007</p> <p>A new audit method successfully initiated, and better co-ordination among the Quality Assurance Agency, other external review agencies, and professional and statutory bodies that reduces or eliminates duplication in the external review process.</p> <p>A re-launch of the teaching quality information web-site (www.tqi.ac.uk) and active use of the site by students, institutions and employers.</p> <p>A new Quality Assurance Agency method of reviewing HE in FE published after consultation.</p> <p>A Higher Education Academy-led enhancement programme that focuses on priority areas identified from national audit outcomes and reflecting institutional priorities.</p> <p>Interim evaluation of the Centres for Excellence in Teaching and Learning programme showing evidence of innovation,</p>	<p>A1: Continuous improvement of learning and teaching</p> <p>Key outputs – target date 2009</p> <p>Review of Teaching Quality Enhancement Fund completed.</p> <p>A re-launch of the teaching quality information web-site and active use of the site by students, institutions and employers. FECs included in web-site data.</p> <p>Interim evaluation of the Centres for Excellence in Teaching and Learning informs future policy on investment in excellence and enhancement.</p> <p>A Higher Education Academy-led enhancement programme that focuses on priority areas identified from national audit outcomes and reflecting institutional priorities.</p> <p>All HEIs offering programmes to new teaching staff (or enabling staff to register on Higher Education Academy-accredited programmes) that are accredited by the Higher Education Academy and referenced to the Professional Standards</p>	<p>The output 'Review of Teaching Quality Enhancement Fund completed' is new for this update.</p> <p>The output relating to teaching quality information has been updated to reflect our aim to include data from FECs on the Unistats web-site, and the output relating to Centres for Excellence in Teaching and Learning to reflect how we are seeking to use the findings of the interim evaluation.</p> <p>Other outputs have been rolled forward to reflect their continuing nature: the Higher Education Academy continues its enhancement programme; HEIs continue to offer programmes to new teaching staff on professional standards; and our development and implementation of our HE in FE strategy continues through a pilot phase.</p>

Figure 29 HEFCE: A Revision to Operating Plans

Source: <http://www.hefce.ac.uk/aboutus/opplan/2008/opplan.pdf> Access date: 23 March 2009

5.7.8 Key Element 6: Influence Performance Behaviour

Figure 30 visually represents the main processes of Key Element 6.

5.7.8.1 WHY: Drive Improvement (KE7)

A performance review enabled management to derive strategies to influence behaviour (KE6) with a view toward improvement (KE7). There was increasing recognition that people are one of the fundamental infra-structures for achieving outcomes. Some organisations were putting more emphasis on shaping the desired staff performance behaviour. Many organisations were doing this through performance measurement.

5.7.8.2 WHAT: Performance Information

Performance information can be a vital tool for influencing performance behaviour, to drive efficiency, and a key to organisational learning and improvement. From respondents' experience, performance measurement worked well when it was used as a means to drive improvement. For performance measurement to be a success, managers stressed the need for a climate which encouraged learning from past experiences.

Managers used selective performance information:

- to facilitate an increased understanding of the happenings in and around the organisation;
- to create an awareness of how each division contributes to the organisation as a whole; and
- to emphasise the role of staff in contributing towards a robust and reliable measuring and monitoring activities.

A respondent expressed her intention of feeding back to staff on the quality of the performance report with an aim to enhance the robustness of data and to improve presentation, layout or content:

"If we have the time, we would actually gather all the staff who contribute to a single report together. "OK this is the report, this is the final product that you contribute to." And perhaps have some anecdotes about what corporate management team think of the report, to give the contributors an idea of how the information they provide is perceived of the other end. So they can now say: "They don't understand that and why?" That's when they need to change it and make it more accessible. I would think about: What can we do to help the staff understand what their contribution is and how important the data is, and how important it is for what they contributed to be correct." M.

5.7.8.3 HOW: Gain Staff Cohesion

Managers stressed the need to gain staff cohesion through a better understanding of corporate goals and objectives to allow buy-in to performance measurement initiative.

5.7.8.4 HOW: Celebrate Success

Managers provided feedback on staff performance, e.g. celebrating successes provides staff with a sense of achievement, and recognition about their work, hence giving them a positive feeling about how they do their job.

5.7.8.5 HOW: Communicate Expected Work Standard and Quality

Managers used performance information to create awareness about the quality of services and to update staff with work progress. This information also enabled staff to relate their work to overall organisational objectives.

5.7.8.6 HOW: Feedback on Measuring and Monitoring Activities

Some organisations took a step further in their attempt in encouraging the use of performance information. They conducted internal staff survey on what worked and what did not work to gauge acceptance of existing performance measurement approaches.

5.7.8.7 HOW: Devise Mode of Communication

Some methods of dissemination of performance information include:

- Publishing performance information on an intra-net
- Making announcements at annual staff dinner/conference
- Putting an abridged version of performance information on respective department notice boards.

5.7.8.8 WHAT: Sense of Ownership

Better understanding and greater cohesion was found to be beneficial in two ways:

1. it helped create a platform for more meaningful discussions during performance review; and
2. it helped create an awareness of the usefulness of performance information for work, and hence helped develop a sense of ownership of performance information.

5.7.8.9 HOW: Provide Regular Feedback

Managers needed regular feedback on functional activities. This information was an important element for operational level decisions (refer to Departmental Review). Regular feedback also created a better understanding of how performance information can help with work at different levels, i.e. from directors to operational staff. This understanding in turn would encourage a sense of ownership of performance and performance information.

5.7.8.10 WHAT: Ownership of Individual Objectives

There processes adopted to encourage ownership of individual objectives include:

5.7.8.11 HOW: Project Team Write Local Plans

Refer section on Section 5.7.6 Manage and Evaluate Project, page 150.

5.7.8.12 HOW: Encourage Self Assessment;

Only two organisations adopted staff self-assessment to complement the performance review process. Staff engagement in self-assessment helped highlight problems sufficiently early for corrective actions to be taken at a personal level. A respondent emphasised the need for honesty and self awareness to achieve a beneficial experience with self-assessment. In addition to self-assessment, independent external scrutiny would encourage honesty in reporting:

"..we have to do our assessment, for those assessment so far, we have different feelings in different places as to how honest you are in your self assessment. In the end those people who have not be honest with their self assessment will get at the worst final assessment, because lack of self awareness is a huge crime, self awareness that you're weak and you're working on something is less of a crime, then totally belief that you're fantastic. I think that sort of NAO push to do this self assessment, it's a very good way of pushing the executives and the board to be honest in understanding areas where we could improve our performance. Self assessment is actually a better way than external assessment of bringing out our weakness, if we are honest. Well if self assessment with no external pressure, people would lie. If self assessment is shared externally, there is a bigger pressure to really use performance information to do something. It would work if there is external assessment following the self assessment." O.

Another success factor for self assessment would be the commitment towards a supportive rather than a punitive culture. It was suggested that management ought to provide corporate support for problem solving, as explained by a respondent:

"People have sort of an experience with things that went wrong at the last moment, we have to go back to them and say is this because you were not being entirely honest and open in the early stages. What we are trying to do is encourage people to quickly signal if there is problem and allow there to be corporate strength around the response to support the solving of the problem." S

5.7.8.13 HOW: Establish Staff Individual Objectives

The two major issues involved in establishing staff individual objectives might include:

- i) The need for Directors to create 2nd level target based on assigned key performance indicators (KPIs). For these targets, appropriate measures were those that best encapsulate the work they are doing and that would provide feedback on results of their actions and best summarise their achievements.
- ii) The need to establish a manner in which how staff identify their objectives with specific measures.

The following were some considerations when establishing staff individual objectives:

- Staff involvement in departmental planning processes rather than just being told what their individual objectives are and what needs to be done.
- Clarify the link between individual objectives and business and corporate plans. Common practices include: conducting in-house workshops, having regular discussions with line managers, and to have the CEO give talks in seminars, and to produce written guidance about performance measurement.
- Train line managers to implement measuring and monitoring activities.

Below is a suggested checklist for line managers to clarify work expectations on staff performance:

- Do staff know what they need to do?
- Do staff understand what success is in real terms?
- Do staff know what outputs are expected of them?
- Do staff know what standards to achieve?
- Do staff need training?

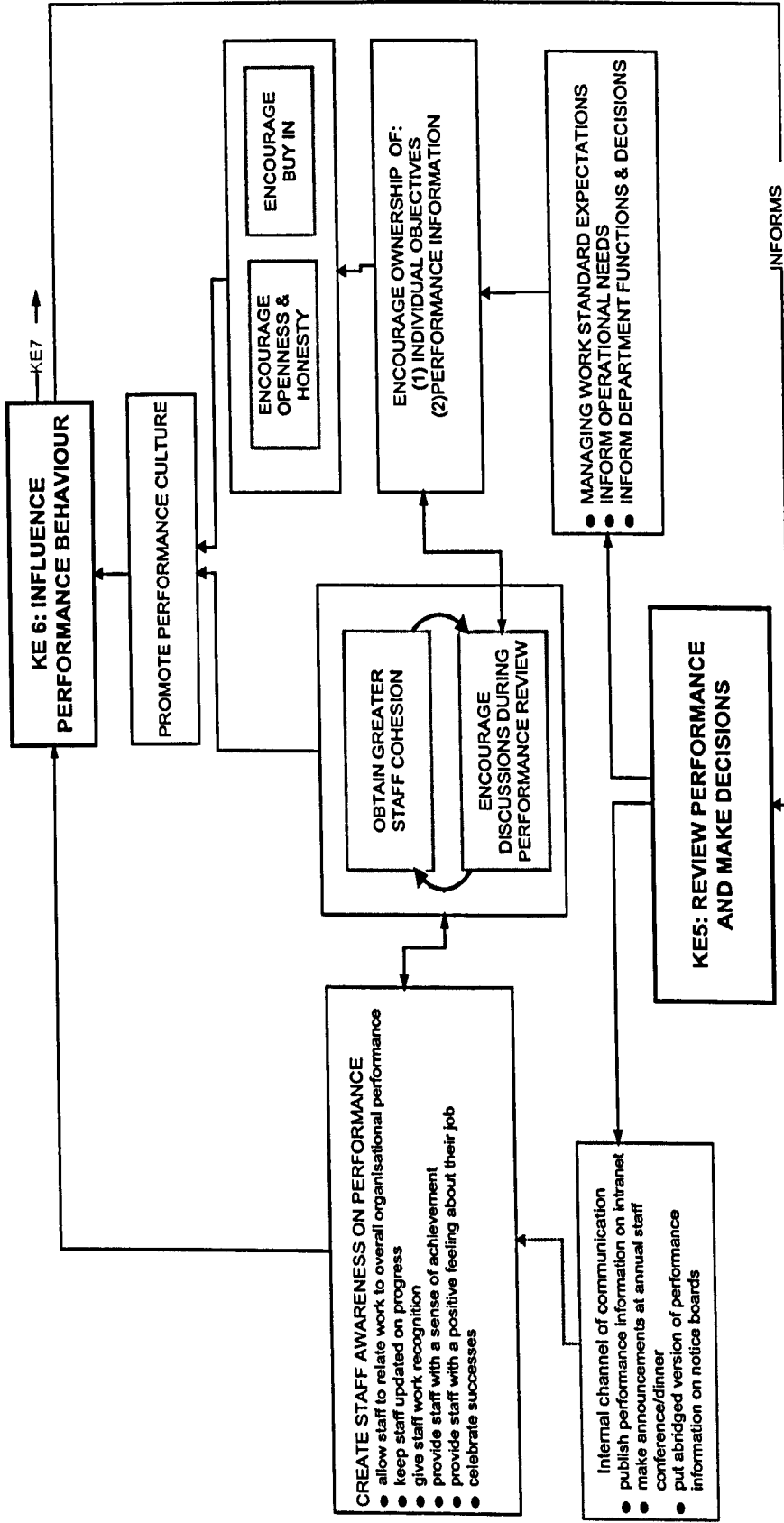


Figure 30 Key Element 6: Influence Performance Behaviour

5.7.9 Key Element 7: Drive Improvement

Twenty out of the 22 participating organisations indicated the implementation of some kind of performance measurement with the intention to drive improvement: "...using performance measurement as a quality model as opposed to a bean counting model." J.

5.7.9.1 WHY: Demonstrate Success (KE8)

Agencies and public bodies strived for improvements as they continually need to justify their existence.

Evidence of improved performance (KE8) helped substantiate agencies' negotiations (with their sponsoring department) (KE9) for increasing their year-on-year budget.

5.7.9.2 HOW: Establish Senior Management Commitment

Senior management team commitment was vital to drive improvement. The senior management team ought to create a climate supportive of such orientation.

5.7.9.3 WHAT: Catalyst for Improvement

A change in policies might trigger a need for improvement, for example a change from being a service provider to a strategic regulator. An example of a catalyst as reported by interviewee was the government initiatives on cost saving such as the Effective Government Initiative.

5.7.9.4 WHAT: Performance Review & Organisational Capabilities

Performance reviews helped identify specific areas for improvement; they were an alignment check between capabilities required and capabilities available for intended improvements and outcomes delivery; and they measured the associated risks involved in every level of improvements. Detailed discussions on the 'how to' are presented in Section 5.7.7 Key Element 5, page 155.

5.7.9.5 WHAT: Influence Performance Behaviour

Managers used internal communications strategically with a view to drive improvement. They celebrated successes to acknowledge staff performance, to communicate expected work standards and quality, and to impress on staff what 'real' success means. Detailed discussions on the 'how to', refer to Key Element 6.

5.7.9.6 HOW: Set Challenging Targets

Targets must be set to push employees do that ‘little bit more’ than just achieving their targets it but also delivering better quality work or service at all times.

5.7.9.7 HOW: Conduct Regular Review and Planning

The senior management team ought to show commitment towards organisational growth through actively initiating and engaging in quarterly revisiting strategies and planning, rather than the traditional yearly planning event. See Section 5.7.7, Key Element 5, page 108.

5.7.9.8 WHAT: Behavioural Issues

Staff generally perceived changes in their work environment to be associated with an increase in their workload and there was almost always a fear of the unfamiliar, hence changes were not usually welcome. These feelings of fear and misconceptions would normally be manifested in acts of resistance. Managers acknowledged the need to address behavioural issues to enable any structural, process or work practice improvements to take place.

5.7.9.9 HOW: Deal with Behavioural Issues

One performance manager indicated that in order to obtain staff engagement with performance measurement, there is a need to communicate and clarify the intentions of measuring and monitoring activities. Some managers found it useful to give presentations on the introduction of new techniques or tools such as the use of a corporate scorecard. The presentations usually aimed at explaining how the plans would work and to give reassurance they (the new tools or techniques) were not as complicated as they might seem.

"What else is working well, having invested over the last 6 months or so in revisiting the corporate performance scorecard and the architecture of it, we've simplified it and re-launched it within the organisation. And I think feedback from the people I've spoken to and I've just done a couple of overseas workshops have been helpful to get people re-engage across the globe. I think simplification is a helpful thing, being clear about what you're measuring and why. And I think we are getting the message across." U.

When there was a lack of buy-in or commitment towards a proposal for the design of more outcome orientated measures, one manager put it down to his 'not-very-successful' marketing scheme in promoting it.

"I had in previous years tried to do that but was very disappointed indeed. I couldn't get sufficient buy-in from all divisions to do the kind of things you need to do. It's a very difficult thing to do, develop outcome measures. In many things, are you really improving the public health, it's a very complex question. So we have lots of output measures, it's a very time intensive job. I haven't had any time to do any. I didn't get enough buy-in, it might have been the way I approach them (division directors). I gave them a potential methodology for developing outcome measures. I didn't market it properly. It was not very successful even when they were involved in the process planning to do this. I'd like to see it done, I've tried doing that but I have not succeeded." R.

5.7.10 Key Element 8: Demonstrate Success

One of the key uses of performance information for agencies and public bodies was to demonstrate achievements and successes, in particular demonstrating transparency and accountability.

5.7.10.1 WHY: Negotiate Key Targets and Funding (KE9)

Agencies and public bodies were constantly required to justify their viability as an on-going concern. With a budget tied to performance, it was implied that they need to continually demonstrate their ability to improve and deliver outcomes and benefits as expected.

5.7.10.2 WHAT: Design of Report

Managers indicated that there were more pressing issues than the usual clarity of layout or ease of understanding when it comes to the design of external report. They were concerned with representation of the linkage between performance information and the structures of the funding agreement and budgets. They also described the main considerations for the design of report to include:

- ◇ What would the funding organisation, the Treasury, Cabinet Office or the National Audit Office need to assess how well public money is spent and what is being achieved with it?
- ◇ What would the funding organisation, the Treasury, Cabinet Office or the National Audit Office need to be convinced how well we are managing performance and improvements with measures?
- ◇ Would the contents potentially satisfy most internal and external audit queries?

- ◊ Refer to the Cabinet Office's guidelines on what measures to present, over what period and how to classify or group measures²².
- ◊ Has the quality of performance data been considered? Provide discussions on the quality and robustness of performance data, and actions taken to validate data, e.g. the appointment of a strategy group to critically assess data at the point of preparing reports.

5.7.10.3 HOW: Benchmark with External Certified Bodies

One organisation found it useful to benchmark reports with criteria set by certified external bodies, such as the Mercatus Centre of Assessment (www.mercatus.org). It was useful for the team responsible for performance measurement to go through the assessment questions informally as it gave them an awareness of what makes a good report.

"We use the Mercatus Centre of Assessment, it's American. It subjected me to analyse how we disclose information as a public body. I find it useful. There are 12 very simple questions that they asked, how transparent, how simple things are reported, how it illustrated what benefits there are for the public, very simple stuff. Our report was evaluated using a number of criteria. How transparent is our information? What does the organisation do for the public, have we demonstrated that? Do we look forward? It is really thorough. They use a score of 1-5. In some areas we did very well, while in some we didn't. The questions they use for the evaluation are very simple. (accountability and scorecard). We also use the Health Check Benchmark. We did something with a few of our departments and I find it useful. Sometimes I find it useful to fill in the questions with key staff, but I didn't do any specific action after that, but I think it made people think by sitting in going through the questionnaire, made people think about how we compared with other organisations. I didn't specifically have to come out with any actions." M.

5.7.10.4 WHAT: Proposal for Target and Budget

The results from a performance review informed decisions on target review, design of measures, and business strategy review. At that stage, the senior management team also identified the set of key challenges for the forthcoming year. This information informed the preparation of target plans and budget proposals.

5.7.10.5 HOW: Create Strategic Group

Some managers felt it was helpful to have a strategic group overlooking the proposal preparation process, and advising on issues that arose.

²² Next Step Agencies: Guidance on Annual Reports, Cabinet Office, October 1998.

In some cases, the same strategic group played the role of an interpreter for performance information, a similar role in supporting impact assessments; see Key Element 4: Project Evaluation. They sometimes critique the suppositions put forth by directors in their commentaries, see Section 5.7.7.8 and finally, they also facilitated the negotiation for funding and target plans with the sponsoring department, see Section 5.7.11.2 .

5.7.10.6 HOW: Obtain Feedback and Approval

The proposal for target setting and plans, and the budget for the next financial year have to gain the approval from the non-executive directors, in some cases, the commissioners. The non-executive board would provide feedback on the proposal for changes before being finalised and submitted to the sponsoring department for negotiation (Key Element 9).

5.7.11 Key Element 9: Negotiate Target Plans and Funding

An effective performance measurement approach ought to provide useful performance information to enable agencies and public bodies negotiate for funding and target plans with the sponsoring department. This is an essential process for the finalisation of framework document or funding agreement. The process for negotiation is depicted in Figure 31 below.

5.7.11.1 WHY: Inform Goal and Objectives Setting (KE1)

Organisations need to negotiate target plans and funding to finalise their framework document or funding agreement. This document, as discussed in Key Element 1, sets out the goals and objectives for the organisation. The results from a negotiation process may introduce new target mandates, budget plans or policy changes, which would almost always require some revisions to existing goals and objectives (Key Element 1).

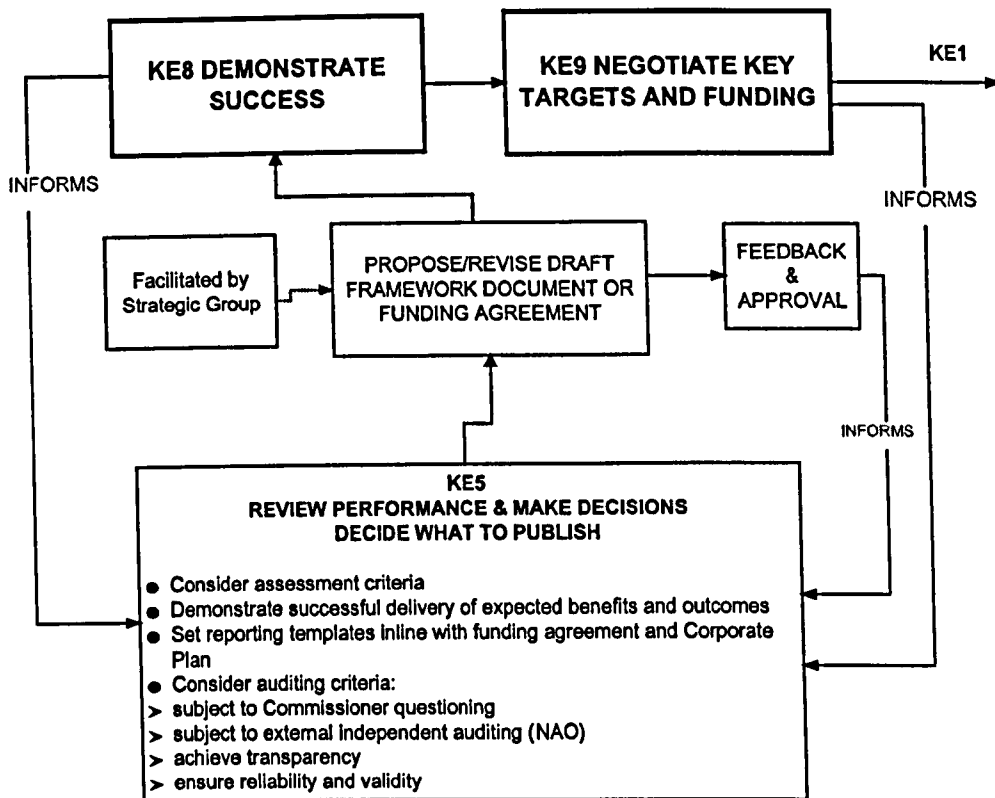


Figure 31 Key Element 9 Negotiate Funding

5.7.11.2 HOW: Strategic Board to Facilitate Negotiation

Some larger organisations found it useful to have a Strategic Board, consisting of a senior management team and representatives from the sponsoring department to maintain a dialogue with the sponsoring department with regard to target planning and budgeting.

"What we do in the end is to get them involved in designing the process (measuring and monitoring activities & targets), so this is what the monitoring process will deliver, that's normally negotiable, that's got to go to our sponsor and we ask "if you don't like what's going on now, then how should we do it?" So, we are trying ownership of the monitoring process. We try to talk to them rather than doing it in writing, we try to help them to see the usefulness of performance information." T.

5.7.11.3 WHAT: Target Plans and Budgets

This stage of preparation was informed by the Annual Reports and Accounts and the Director's Report; and feedback from the negotiation process. Some issues for consideration include:

- **Why is the organisation given this money?**
- **What should our priorities be from the government or sponsoring department point of view?**
- **What are the key areas we will be measured against?**
- **What are our capabilities in delivering what is expected of us as an organisation?**

5.7.11.4 HOW: Obtain Feedback and Approval

Participating organisations suggested submitting a draft copy of target plans and budget for feedback and approval by the Non-Executive Board of Directors or Commissioners before being sent for approval by ministers.

5.7.12 Summary

The Part B of Phase II reports on the detailed exploration of each key element of performance measurement practice. The report aims to provide in-depth understanding into each key element in terms of the reasons for the occurrence of each key element, the issues that evolved around each, and the actions or approaches that were necessary for the occurrence or to deal with those arising issues. Evidence of data collected during interviews was inserted in the relevant sections of this report, and data display for each key element (Appendix 8 on page 249) were created to support theory building and to keep findings 'grounded' on data with an aim to put forth a convincing argument. Part B reports only on the findings. The implications of these findings on the wider literature were dealt with in Section 5.9 on page 184.

The discussions start off with highlighting the issues that were related to an organisation's readiness for performance measurement. This was followed by the reports on, for each key element, the WHY, WHAT, HOW, and WHEN. Process flow diagrams are used, where necessary, to depict the processes involved.

Findings revealed the four fundamental issues for organisation's readiness for performance measurement which include having strategic nuance to management process, the role of leadership and a process champion, a climate supportive of performance culture, and an awareness of the potential perverse effects resulting from performance measurement. Some examples of action taken by organisations to ameliorate such effects were presented.

The majority of the participating organisations agreed on the importance of setting goals and objectives to enable the measuring and monitoring of the 'right' activities. They stressed on the need to identify stakeholder groups and their key concerns while keeping a focus on the framework document or the financial memorandum which guide the organisation's aims and objectives.

To be effective, performance measurement need to be purposeful and relevant. Organisations rely on relevant performance information to observe the change in performance over time, tracking of performance to enable (i) the preparation of evidence of performance and the output of which is normally in the form of different types of reports; and (ii) the management and evaluation of projects. Examples of method or approach used to cascade a corporate plan, design of measures, and target setting were presented. Design of measures was also a topic of common concern, participating managers cited some of the

challenges faced. Discussions on the decision to use of IT for performance data management, and the decision to use some kind of frameworks, such as a BSC or EFQM, for structuring of measuring and monitoring of activities were also presented. Participating managers were aware of some convictions that staff have about performance measurement which may hinder successful implementation.

To be effective, performance information need to be relevant to enable reviews of performance and decision making. User requirements were found to have some major impacts on report designs in terms of contents, layout and the level of details (full or exception reporting), and performance managers reported actively sought for user feedbacks to improve reporting. Some organisations were reportedly using templates based on the structure of funding agreement and corporate plan to show the linkages between spending and actual benefits or outcomes delivered in their attempts to demonstrate successes to key stakeholders. Feedbacks from users, both internal and external, informed the design of measures and the design of reports.

To be effective, performance measurement need to be relevant to its intended purpose(s) e.g.

For project management, performance information need to be relevant to enable the management and the evaluation of projects. The project assessment criteria and the feedback from project evaluation (users of reports) would shape the design of measures and the preparation of future reports (performance evidence).

For motivating staff performance: performance information need to be relevant to enable the influence performance behaviour with a view towards improved quality and service delivery. Evidence of improved performance was helpful in creating a case to justify negotiations for an increased year on year budget, or in some cases, sustaining the very existence of the organisation.

For the demonstration of success: performance information need to be relevant to enable the demonstration of effectiveness that meets government assessment criteria and the demonstration of the linkages between the need and use of funding and outcomes delivered or to be delivered.

For negotiating key target and budgets: performance information need to be relevant to enable the justification for an increased year on year budget and for a change to existing key targets.

The next section, Part C presents the findings on Inter-Systems Comparisons. The comparative analysis was guided by the matrix of performance measurement systems (Phase I) see Figure 10, page 81. The discussions were based on the four categories of system: New-Unstructured, New-Structured, Mature-Unstructured and Mature-structured.

Part C is followed by the Discussions and Conclusions of Phase II findings, where the implications of the overall findings on the wider literature are presented. This section concludes the discussions on Phase II.

Phase III of this study deals with tool development and the preliminary tool testing.

5.8 Part C: Inter-Systems Comparisons

5.8.1 Introduction

This is the third and final instalment reporting the findings of Phase II. Part C presents only the findings on inter-systems comparisons on key elements of effective performance measurement practice.

Using a comparative analysis approach, the key elements of performance measurement practice for 22 participating organisations were compared and contrasted. These 22 frameworks are categorised according to their attributes based on the two dimensions of the typology. The four-category systems: New-Unstructured; New-Structured; Mature-Unstructured and Mature-Structured, a typology derived from Phase I findings (refer to Figure 10, page 81) was used to provide a more systematic review. A data display matrix for this comparative analysis is presented in Table 15, page 182.

A comparative analysis of systems is useful in creating a better understanding of the differences and similarities in the key elements of performance measurement of different categories. As with the other two parts of Phase II findings, arguments stated here were derived from data collected during interviews. Data display matrices are appended as evidence in support of Part C findings.

Each of the 22 frameworks was presented using diagrams in Appendix 9 on page 250. Arrows are used in these diagrams to show the inter-connections between key elements in the same manner as in Parts A & B. A narrative is placed on each arrow to describe the inter-connections.

5.8.2 Systems and Key Elements

In comparison, there were no major differences at a macro-level between the 4 categories of performance measurement systems in terms of key elements. Table 15 is a meta-matrix displaying the key elements of performance measurement relevant to each category and each organisation. Most of the key elements were applicable to each category of systems except for 'KE5 Manage and Evaluate Projects' as not all organisations adopt a project management approach; only three organisations uses performance information to manage and evaluate projects. There were, however, differences in their approaches and the way in which they practice performance measurement, these were discussed and presented in Part B.

At a micro-level of analysis, for each size, each category of systems was compared and contrasted in the following two areas: internally or externally driven improvement and if performance measurement was ad-hoc or developed as part of strategic management. See Appendix 10 (small), Appendix 11 (medium) and Appendix 12 (large), from pages 251 to 253.

5.8.2.1 New and Unstructured

There were six New-Unstructured systems. Of these, only one measured and monitored performance to enable the evaluation of projects (KE4). This was because this particular organisation operated project-based business. On a macro-level, apart from KE4, there was evidence for the other key elements.

Small -Three systems, two rated as good (Organisation A & B) and one as limited.

Limited effectiveness-Organisation C: Their system, at the time of the research, was rated as limited because they had not finalised their corporate plan, hence the system was not ready to measure outcomes.

Across all three systems: The focus was to incorporate performance measurement as part of their strategic management process. They attempt to change performance mindset as well as improve service delivery. Their improvement was internally and externally-driven.

Medium –There are two new-unstructured systems, one rated as good, the other adequate

Organisation D (good): It was apparent from the evidence improvement was externally-driven. Their system was rated as good because performance measurement was enabling the demonstration success in terms of hitting targets. There was no evidence for the incorporation of performance measurement as part of management process.

Organisation E (adequate): There was evidence to demonstrate how their drive for improvement was internally and externally driven. They aimed to satisfy the requirements of meeting targets as well as demonstrating improved effectiveness and value for money, as well as learning to manage work better. There was evidence for performance measurement was being developed as part of a coherent management process.

There was no participant from large organisation.

5.8.2.2 New and Structured

Only one new-structured organisation conducted project-based business and hence they managed and evaluated project performance. At a macro level, there were no other differences in terms of key elements for this category.

Medium: Two systems, rated as adequate (Organisation F & G).

The drive for improvement for these two was internally as well as externally driven. They indicated the use of performance information for learning, improving-service delivery and meeting the sponsoring department's priorities. Performance measurement was not ad-hoc but developed as an integrated management process.

Large: Seven systems, two rated as excellent (Organisation I & H) and five as good (Organisations J, K, L, M, N).

Across all seven systems, the drive for improvement was externally, as well as, internally driven. These organisations strived to learn and improve from past-year's performance with a view to justify their budget proposals. There was evidence for all organisations for performance measurement was being developed as part of a coherent management process.

5.8.2.3 Mature and Unstructured

Only one mature-unstructured organisation measured and monitored performance to evaluate projects. Apart from this, all the other key elements were applicable to this category.

Large: four systems-two rated as adequate (Organisation Q & R) and two good (Organisation O & P).

The drive for improvement for all four organisations was internally as well as externally driven. They have indicated the use of performance information for learning, improving-service delivery and meeting the sponsoring department's priorities. Performance measurement was an integrated management process rather than being developed ad-hoc.

5.8.2.4 Mature and Structured

None of mature-structured systems measured and monitored performance to evaluate projects, and all the other eight key elements were applicable.

Large: Two systems-rated as adequate (Organisation U & V) and one rated as good (Organisation S)

The drive for improvement for both adequate and good systems was internally as well as externally driven. They indicated the use of performance information for learning, improving-service delivery and emphasising accountability. Performance measurement was an integrated management process rather than being developed ad-hoc.

5.8.2.5 Size of Organisation

The evidence from the study showed that small, medium and large organisations were using more structured frameworks for performance measurement. There was no indication that the size of the organisation prescribed how organisations measure and monitor performance. The nine key elements of performance measurement were found to be applicable to all three different sizes of organisation.

5.8.2.6 System Effectiveness

The systems being studied range on a continuum of effectiveness from limited to excellent. Evidence also showed systems of all levels of effectiveness were striving to use performance information to drive improvement. Again, the nine key elements of performance measurement were found to be applicable to all levels of system effectiveness.

(N)NEW, (M)MATURE (U)UNSTRUCTURED (S)STRUCTURED (L)LIMITED, (A)ADEQUATE, (G)GOOD, (E)EXCELLENT (I)EA, (D)ENDPB (S)SMALL, (M)MEDIUM (L)LARGE ORGANISATION KE1 Set organisational Goals & Objectives KE2 Measure & Monitor Activities KE3 Prepare Evidence Of Performance KE4 Evaluate Projects KE5 Review Performance & Make Decisions KE6 Influence Performance Behaviour KE7 Drive Improvement KE8 Demonstrate Success KE9 Negotiate Key Targets & Funding	1	2	3	4	5	6	7	11	8	9	10	12	13	14	15	16	17	18	20	19	21	22
	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
	U	U	U	U	U	U	S	S	U	S	S	S	S	S	S	S	S	S	S	S	S	
	G	G	L	L	G	A	A	A	G	E	E	G	G	G	G	G	G	A	A	G	G	
	i	i	i	i	i	i	i	i	i	i	i	i	i	i	i	i	i	i	i	i	i	
	S	S	S	S	M	M	M	M	L	L	L	L	L	L	L	L	L	L	M	L	L	
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

Table 15 System Attribute and Key Element

5.8.3 Summary

There was no clear evidence to indicate that the iterative framework and the nine key elements of performance measurement were not applicable to any specific categories of system, different size of organisation or different perceived level of effectiveness of system. It is therefore reasonable to infer from the findings of this comparative analysis that regardless of the category of system, size of organisation, or the perceived level of system effectiveness, the emerging nine key elements of and the resulting framework for performance measurement practice is applicable.

5.9 Discussions and Conclusions of Phase II Findings

This section pulls together the findings three parts of Phase II. It starts with providing an overview of the findings. The implications of the findings to the wider literature are presented in two levels: the overall framework and the elements of the framework. This section ends with summarising the main messages emerging from Phase II.

5.9.1 An Overview

Data collected in Phase II of this study provided sufficient evidence for the identification of elements that were key to effective performance measurement practice and adequate information to explain the interconnections between these elements. The findings uncovered nine key elements and based on these findings, a framework customized for performance measurement practice in agencies and public bodies was developed. This finding is important because it documented and explained how agencies and public bodies approach performance measurement; and informed the development of public sector performance measurement schemes.

Unlike other policy implementation arms, EAs and ENDPBs do not have any specific performance measurement schemes other than the Framework Document. For example, local authorities have the local government performance indicator system and the Best Value system, National Health Service has the NHS Performance Assessment Framework and police services have the Policing Performance Assessment Framework. For this reason, many participants have reportedly use corporate plan to structure their performance measurement while others, on top of having a corporate plan, approached performance measurement using practices and frameworks originally designed for commercial sector, a phenomenon observed by previous research, e.g. Smith and Goddard (2002, page 250). The research findings also revealed that participating organisations attempt to design their performance measurement to meet the review requirements²³ as specified by the sponsoring department.

²³ Public Bodies and Agencies Review : Accessed on 24 September 2008, http://www.civilservice.gov.uk/documents/pdf/public_bodies/2006/9_reviewing.pdf

The research has found that performance measurement practice and knowledge was widespread. Whilst some have simpler system which was made up of a set of key performance indicators with a relevant set of key targets, others have more structured systems based on balanced scorecards or the EFQM. Some systems were New (under 5 years) while others have been in place for more than 5 years (Mature). Each organisation approached performance measurement differently. Whilst how things were being done and when they were carried out depended very much on management style and organisation ethos, findings revealed that performance measurement conformed to a framework of practice.

Generally, it was found that EAs and ENDPBs did emphasised on measuring outcomes rather than just outputs and processes, although they faced challenges in developing the appropriate measures for doing so. Each had developed a set of performance measures for different key business objectives with many using both qualitative and quantitative measures. The over-arching objectives of measuring performance for many came across as being a means to learn and improve along side the statutory requirements of demonstrating accountability and transparency.

The research findings also unveiled performance measurement as an iterative process, and based on these findings, a framework was developed. The framework suggests that effective performance measurement would enable the (KE1) setting of organisational goals and objectives. The setting of organisational goals and objectives enables the (KE2) design and implementation of measuring and monitoring activities. The measurement and monitoring activities gather data to enable the (KE3) preparation of evidence of performance, and if necessary, the (KE4) management and evaluation of projects. The results from project evaluation also enable the (KE3) preparation of evidence of performance. The availability of this evidence enables (KE5) performance review and decision making. The review process highlights performance issues which inform decision making process, where performance information would enable:

- the influence performance behaviour (KE6) with a view to drive improvements (KE7) with an aim to demonstrate success (KE8) which in turn, enables the negotiation of targets and budgets (KE9); or
- the drive improvement (KE7) with an aim to demonstrate success (KE8) to enable the negotiation of targets and budgets (KE9); or

- the demonstration of success (KE8) to enable the negotiation of targets and budgets (KE9).

New targets, budgets or policy changes would almost always require some revision to existing set of goals and objectives (KE1) and so the cycle recommences.

It can also be concluded from the framework, the central of the nine elements for effective is Key Element 5 Review Performance and Make Decisions. This is represented by the concept (KE5) having the most number of arrows in and arrows out, as depicted in Figure 17, page 113. To be effective, performance measurement ought to be purposeful and ought to generate relevant data to enable decision making.

The participating managers were reportedly positive about their experience with performance measurement and there was evidence for the use performance information to enable a variety of management processes and decision making. The respondents described their existing systems on a continuum of effectiveness from limited to good and they have expressed a keen interest for improvement. Hence, there is an opportunity for the development of PMPET.

The implications of these findings to the wider literature will now be discussed.

5.9.2 Findings of Phase II in Relation to Other Studies

Previous research has published lists of factors for performance measurement similar to the elements that were uncovered by this research. The findings and conclusions of some of these studies are now highlighted and discussed alongside the findings of this research.

Study results revealed the different actions taken to deal with each of the nine elements hence there is opportunity for the potential of sharing good practices. Further comparative analyses were conducted to unravel the association between system attributes and key elements. Findings confirmed that the emerging framework was applicable to the four categories of system, namely, New-Unstructured, New-Structured, Mature-Unstructured, and Mature- Structured.

5.9.3 Overall Framework

OR as defined by Smith and Goddard (2002, page 250) 'the professional disciplines that deal with the application of information technology for informed decision-making' and that the

role of OR 'is to examine the *whole system* within which the information system must operate'. This research can be seen to play the role of OR as the findings stressed on the purpose and the usefulness of performance information; and the need to embed performance measurement as a part of the management process rather than a separate exercise.

The framework inductively unravelled by this research was consistent with and reflective of the more generic iterative and 'learning' approach such as Deming's 'Plan-Do-Check-Act' Cycle (1986, page 88) or Spitzer's performance measurement cycle (IBM 2007). The framework can be viewed as a broad methodology guiding performance measurement practice while tools or models such as the BSC, EFQM Excellence Model, Benchmarking, Activity-based Costing, The Charter Mark²⁴, or Investors in People²⁵ could be seen as methods for performance measurement and management. To illustrate this statement: The proposal for an assessment of the alignment between measures and organisational objectives based on the Performance Measurement Questionnaire (Dixon, Nanni et al. 1990) may be incorporated as an approach to design measures in KE2 Measure and Monitor Activities; or the use of a corporate scorecard to communicate performance in four or more perspectives may be a means to facilitate discussions in performance review (KE5).

The framework adds value by documenting the practice of agencies and public bodies and by illustrating how their practice was in many ways consistent with what was advocated by other research of different context.

The framework developed through this research does not only help managers consider how to assess organisational performance or how to design measures, it also encourages managers think of the purpose of performance measurement. The framework prompts a consideration of the aims of performance measurement before engaging in designing and implementation of measuring and monitoring activities. The framework conforms to proposals for the role of performance measurement in a closed loop deployment or cascading of strategies and feedback system for management decisions, (Lynch and Cross 1991, page 64; Bititci, Carrie et al. 1997; Kaplan and Norton 2001(a); Neely, Adams et al. 2002). It also emphasised the need to understand user or stakeholder needs when designing and implementing measuring

²⁴ The Charter Mark: A Government national standard and quality improvement scheme for customer service in the public sector.

²⁵ Investors in People: a national standard for improving organisational performance by training and developing people to achieve organisational goals.

and monitoring activities to ensure relevance, an approach that is consistent with the Performance Prism (Neely, Adams et al. 2002) and the Portfolio Approach (Wisniewski and Stewart 2004). It prompts the consideration of making performance measurement relevant, i.e. the use and usefulness of performance information to enable decision making.

5.9.4 Readiness for Performance Measurement

This research revealed four fundamental issues on readiness for performance measurement.

Behavioural impacts were perhaps one of the most emphasised issues when it comes to performance measurement. Past studies have highlighted the unintended or perverse effects of measuring and monitoring performance (Ridgway 1956; Jackson and Palmer 1989; Bouckaert 1995; Smith 1995; de Bruijn 2002b; Jackson 2005). This study raised similar issues, many participants were aware that performance measurement could easily become an end in itself, and findings reveal that the same managers were consciously taking steps to ameliorate these possible unintended effects. The participants were also aware of how staff may resort to gaming if performance measurement was used as a control mechanism. They responded by communicating the reasons and motivation for measuring and monitoring of activities to ensure better buy-in.

The findings confirmed how it could be helpful for an organisation to have a strategic mindset in their approach to performance measurement as highlighted by prior research (Jackson 1993; Atkinson and McCrindell 1997; Kaplan and Norton 2001(a); Hatry 2002).

As with many change or quality improvement programmes, the findings confirmed how implementation process was facilitated by a process champion and sufficient leadership (Jackson and Palmer 1989; Van Aken, Letens et al. 2004; Kreklow 2006; Stewart and O'Donnell 2007). Some participants highlight the possible lack of institutional readiness for management innovation such as performance measurement, a finding consistent with Greiner's (1996) and reportedly, strong leadership helps implementation of performance measurement.

Prior research has highlighted the relationship between performance measurement and culture (Bititci, Mendibil et al. 2006; Broad, Goddard et al. 2007). This study found that a favourable climate for performance which encourages a culture conducive to learning, openness and honesty rather than a blame culture, could persuade better buy-in and to ensure a more successful implementation and use.

5.9.5 Key Elements

KE1 Setting Organisational Goals and Objectives

Previous studies confirmed that implementation of performance measurement encourages the setting of organisational goals and objectives. The findings of this research revealed that the setting of goals and objectives also helped to set out the aims of performance measurement: Why measure? (Jackson and Palmer 1989; Neely 1998) and to bring together the support and commitment needed.

The participants in this research shared their approaches in their attempt to identify key business objectives. Most importantly, they confirmed the need to address the complexity and multiplicity of stakeholders (Kanter and Summers 1987; Fletcher, Guthrie et al. 2003; Wisniewski and Stewart 2004), hence there was an awareness of the need to integrate the role of stakeholders in shaping the overarching objective of the organisation. Some suggested the first step to this was the identification of stakeholder groups, which was followed by the conduct of stakeholder analysis to determine their key concerns, expectations and needs. This approach was consistent with the emphasis in the Performance Prism (Neely, Adams et al. 2002) and other works (Atkinson, Waterhouse et al. 1997; Bryson 2004; Wisniewski and Stewart 2004; McAdam, Hazlett et al. 2005).

These findings were evidence to demonstrate how public sector performance measurement has moved from developing performance measures on an ad hoc basis, as observed by Palmer (1993) to the introduction of performance measurement as a part of a coherent strategy being part of the organisation's strategic management (Bryson 2004).

KE2 Measuring and Monitoring Activities

One element of effective performance measurement was its ability to provide an indication of a change in performance, a finding that concurs with the traditional use of performance measures. Measuring the 'right' things has long been acknowledged as essential for any measuring and monitoring activities to effectively produce useful data (Kanter and Summers 1987; Jackson and Palmer 1989; Jackson, Beeton et al. 1991; Lynch and Cross 1991; Palmer 1993; Neely 1998; Kaplan and Norton 2001(a)). The findings of this research were consistent with the many past observations on how measuring the right things will depend on: (i) why measure and what to measure (HM Treasury, Cabinet Office et al. 2001) and (ii) the design of measures:

- measures should be designed or selected with a view to the intended use of the generated performance data, i.e. to enable the provision of useful information to various stakeholder groups (Lynch and Cross 1991; Bryson 2004) rather than, to quote, “collecting data just to feed the beast” J (a research participant);
- measures should be designed to be ‘game-proof’ bearing in mind the unintended consequences of badly design measures (de Bruijn 2002a; Bouckaert 2004);
- the need to think ahead and have a clear data collection plan and processes (Jackson and Palmer 1989, p13; Jackson, Beeton et al. 1991; Benchmarking Study Report 1997; Neely, Adams et al. 2002) or known as the information architecture for performance measurement (Eccles 1991): how data is generated: which measures to use, what basis of comparison (the need for a valid yardstick), identification of the source of data; and setting the rules that governs the flow of information: who is to collect data, who should be receiving the information when it is collected, the frequency of data collection and delivery of information, the form of presentation, and who is to act on the information once received;
- an awareness that measures/indicators have, to some extent, focused on inputs and process with limited concern for outputs and outcomes as raised by Allen, Harley et al (1987) and Palmer (1993), where participants reportedly are taking actions, as much as possible, to design outcome measures. However, they were challenged by (i) the difficulty of quantifying intangible outcomes,(ii) in many cases some outcomes do not materialise until a later point in time, and (iii) some contributions are only part of the whole;
- use of both quantitative and qualitative measures (Lynch and Cross 1991; Kaplan and Norton 1992; Jackson 2005): to quote from a participant “measures do not always have to be a number, we use paragraphs of narrative to describe what we have achieved, and it worked.”;
- the design ought to take accuracy and timeliness of data into consideration (Allen, Harley et al. 1987) and there was a recognition that the quality of data affects the quality of performance information and hence performance reports (The National Audit Office 2000; HM Treasury, Cabinet Office et al. 2001);

- use of a manageable number of measures to avoid building an overly bureaucratic and costly system (Meyer 1994);
- use of a set of measures to satisfy external scrutiny while the same managers use more realistic measures in order to get a better picture of the actual performance of the organisation (Lawton, McKeivitt et al. 2000) and
- regularly review and update measures with a strategic intent (Dixon, Nanni et al. 1990; Kaplan and Norton 2001(a)).

Most organisations examined in this research used some kind of IT system to support data collection and data analysis. This was evidence for the progression of using IT to support an information architecture in making performance measurement possible, an observation that is consistent with Eccles' (1991). The findings revealed the scale of use of IT from simple EXCEL spreadsheets to the commissioning of consultants for the creation of an information hub to unify all data collection points to enable the collation, analyses and preparation of performance information. The participants described how the use of IT ameliorated the difficulty of collating data from various collection points and how the use of IT has given them more time and techniques to analyse performance data, an observation consistent with Gianakis' (1996) proposal, and the real-time access to data with the ability to present information in a variety of forms to support managerial functions and communication purposes, which were consistent with O'Brien's (1993) key functions of an Executive Information System.

There was evidence demonstrating agencies and public bodies' efforts in striving to embed measuring and monitoring activities into existing operating procedures, an observation similar to that made by Lawton, McKeivitt et al (2000). The evidence also showed the use IT as a means to support an information hub and a means by which measures can be embedded in the management reporting and planning process, an approach which may support the effectiveness of performance measurement system as proposed by Brignall and Ballantine (1996) citing Nolan and Norton Co.(1991).

KE3 Prepare Evidence of Performance

“Performance data by itself are worthless until they are translated into meaningful signals” (Smith and Goddard 2002).

This findings of this research showed that performance measurement ought to enable the generation of data to verify a changes in performance and provide assurance that such data was of quality and was suitable for the conduct of analyses to understand the reasons why a particular indication of performance is observed, a finding that was consistent with past research (Jackson and Palmer 1989; Ghobadian and Ashworth 1994). Kanter and Summers (1987) define these as the technical functions of performance measures.

Based on the results of this research, there were advantages in having a specially created team to collate, analyse and interpret performance data. The role of the analyst was reportedly helped bridged the gap between data and the use of performance information. However, Jackson (1993) cautions against the possibility of sidelining performance measurement where information generated may not be useful for decision makers. The participants were reportedly aware of this as they (the analyst or performance manager in this instance) regularly sought feedback from directors on the design of reports and measures, and in addition, they also sat in performance review meetings to observe how directors were using the reports. To quote some of questions asked by a participating performance manager (who was also an analyst) to a director: “What keeps you awake about performance? Does this (report) work for you?” M.

The participants of this research also shared their experience on how styles of presentation of performance information (in reports) affect user engagement, e.g. the inclusion of directors’ commentaries affected users’ engagement in performance review meetings; and user feedback on layouts and usefulness of contents informed future designs. These findings showed the link between user contributions and user engagement (Jackson and Palmer 1989; Palmer 1993). The participants were reportedly concerned with overloading reports, and raised the need to strike a balance between giving a thorough report on areas of performance and highlighting the key performance issues. Overloading reports were found to divert managers’ attention from important performance issues. An information overload would make it more difficult for managers to assimilate information presented, as observed by Palmer (1993). On the other hand too little information would distort the reporting of actual performance.

The participants reportedly found, under certain circumstances, (performance) data analysis and communication of performance information might be more economically and effectively carried out by people rather than by machines (IT). This due to the fact that IT might not be flexible in adapting to changes of user needs and/or that it might be too costly to develop different (IT) programmes to cater for every need, as highlighted by Simon (1998).

The evidence suggested that, in general, performance measurement was generating useful information for internal and external stakeholders, a conclusion that was quite different from Boyne et al's (2002) observations on the implementation of Best Value performance plan, an accountability mechanism for local authorities, which does not provide the necessary performance information for internal and external stakeholders. There was also evidence that participating organisations were delegating measuring and monitoring of activities to a specialist group. However their actions were not seen as 'sidelining' performance measurement to the specialist group, as observed by (Jackson 1993), as these groups were reported to be 'very involved' in defining user (of performance information) needs.

KE4 Manage and Evaluate Projects

The findings also showed for performance measurement to be effective, it needs to provide data to enable the management and evaluation of projects. Again, data in itself could not tell why something was not happening as expected. The respective participants described the importance of creating an autonomous project team to handle project planning which includes developing operational plans and determining project milestones. Performance measurement was reportedly a vital component of project management as it enabled the measuring and monitoring of progress which then enabled project evaluations. The participants suggested for addressing stakeholder perspective through developing a 'before & after' value statement. This value statement was being used as a yardstick for the conduct of impact assessments in evaluating the benefits delivered and outcomes achieved through each (project) intervention.

There was evidence in favour of integrating performance measurement with project management and the use of performance information to enable project evaluation.

KE5 Review Performance and Make Decisions

Findings were also consistent with the many calls for the results of performance measurement to feed naturally into management activities such as performance review,

(strategic) planning and accountability and budgeting (Jackson and Palmer 1989; Lynch and Cross 1991; Bryson 2004; Greiling 2005). These activities were summarised as the primary managerial functions by Kanter & Summers (1987, p230). The participating managers reportedly required performance information to identify the cause and effects relationships between activities and results, for example, what were the effects of an increased incentive for better productivity on service delivery? This cause and effect analysis enables management decisions on:

- resource allocation or reallocation and capabilities assessment and development;
- staff motivation with a view to drive improvement;
- design of measures that reflects assessment criteria: how would the sponsor department judge success? This finding also confirmed that government (the sponsoring department) review informed and shaped organisational internal performance review criteria.
- propose and negotiate for targets and budgets, an indication of some form of performance informed budgeting (Curristine 2007).

The above findings were consistent with Atkinson, Waterhouse et al's (1997) 'monitoring and diagnostic role of performance measurement' and was evidence for the claims that performance information "helps improve the quality of resource allocation and other managerial decisions' (Ghobadian and Ashworth 1994, p42). User feedbacks informed the design of reports and the design of measures. This finding was consistent with the observations on the need to review and update measures to be aligned with the organisation's strategic direction (Dixon, Nanni et al. 1990; Kaplan and Norton 2001(a)).

The research findings proved that public managers were making meaningful use of performance measures in their management and decision processes such as project management decisions, budgeting and resource allocation, tracking performance, influencing behaviour, driving improvement and external reporting, consistent with observations made by various research, see e.g. Hyndman and Eden (2001), Poister and Streib (1999) and Pollanen (2005). This was evident that agencies and public bodies were managing with performance information/measures, as prescribed by Kaplan and Norton (1992; 2001(a)) and (Bryson 2004).

KE6 Influence Performance Behaviour

The findings indicated that performance measurement ought to provide performance information to enable the influence of desired performance behaviour. It was found that the use of an appropriate set of integrated measures could serve as an informational and motivational tool as it could provide “continuous and highly visible signal to everyone engaged in making the strategy happen” (Lynch and Cross 1991, p36). This finding was also consistent with Poister’s (2003) argument for using performance information in “directing and controlling employees and work units and motivating them to perform at higher levels”; Ghobadian and Ashworth’s “provides a systematic base for staff feedback and motivation” (1994); Kaplan and Norton’s (1992, p184) “an organisation’s performance measurement system strongly affects the behaviour of managers and employee” and Otley’s (1999) “develop and maintain desired patterns of behaviour”. The participating managers also advised exercising caution with performance measurement due to its potential dysfunctionalities due to incorrect application (Ridgway 1956; Flynn 1986; Likierman 1993; Kerr 1995; Halachmi 2002; de Bruijn 2002b). It was also reported that better staff cohesion and performance culture play an important role in promoting buy-in which then leads to engagement in the proper use of performance information, which could potential avoid some of the unintended consequences of performance measurement.

Prior research concludes that to successfully influence behaviour, performance information needs to be related to incentives (Jackson 1993; Greiner 1996). The findings from this study confirmed this at two levels:

- at a macro level where resource-use decisions are related to funding. For example, the Efficient Government Plan²⁸ (Scotland) 2004; and
- at the micro level where directors’ remunerations are linked to achievements.

The findings of this research demonstrated that agencies and public bodies were using performance measurement to enable the influence of performance behaviour with a view to motivate and stimulate improvement.

²⁸ Aimed to save the Scottish government £1 billion by the end of 2010. For details, please refer <http://www.scotland.gov.uk/Publications/2004/11/20318/47372>

KE7 Drive Improvement

The participants demonstrated how performance measurement ought to enable the efforts to drive improvement (consistent with Dixon, Nanni et al. 1990; Lynch and Cross 1991; Wholey and Hatry 1992; Poister 2003) rather than just as a means of organisational control (Jackson 1993). All the participants were enthusiastic about the idea of using performance information to enable the drive for improvement; some were reacting to an external change in government policies or initiatives (e.g. Efficient Government Plan 2004) while for others, their efforts were internally driven in an attempt to improve last quarter's performance to demonstrate better achievements or improve overall organisational performance through a change of strategic direction. The same group (who are internally driven) were seen to adopt quality improvement tools such as benchmarking, the EFQM Excellence Model or Investors in People to assess operational and processual capabilities.

Some participants cautioned that staff resistance may be one of the main barriers to a successful improvement drive and that such resistance could be a manifestation of the fear of change (in this case the implementation of measuring and monitoring activities). The managers were reportedly addressed the issue by clearly communicating the aims of changes to structural, process or work practices.

The emerging evidence demonstrated how agencies and public bodies were using performance information to enable the drive for improvement.

KE8 Demonstrate Success

The next element of effective performance measurement practice was revealed as the ability of measuring and monitoring activities to provide the necessary performance information to enable the demonstration of success and accountability, as pointed out by among others, Ghobadian and Ashworth (1994), Greiner (Greiner 1996), Poister (2003), Behn (2003), Bryson (2004) and Greiling (2005). This function was classified as the primary 'institutional functions' by Kanter & Summers (1987, p231). The participants expressed the need to meet the demands of external audits and the sponsoring department reviews, and the need to make a representation of the linkage between performance information and the funding agreement. This finding was in-line with government requirements on performance reporting (Cabinet Office 1998; The Comptroller and Auditor General of the National Audit Office 2000; HM Treasury, Cabinet Office et al. 2001).

The participants reportedly worked towards formatting the structure of reporting to match government review criteria, which was evidence for an attempt to create the links between the need and use of funds and outcomes delivered or possible outcomes to be delivered. One of the participants found it useful to benchmark their external reports with criteria set by certified external bodies, such as the Mercatus Centre of Assessment.

The evidence proved that agencies and public bodies were making meaningful use of performance information to enable external reporting.

KE9 Negotiate Target Plans and Funding

The findings also revealed that agencies and public bodies continually work (in terms of performance measurement) to demonstrate success to justify their existence and for target proposals and budgeting. The participating managers reportedly were conscious of how the process of budget making affects design, adoption and operation of strategies and planning, hence the negotiation of target plans and funding informs strategic direction and planning (KE5), and were consciously designing and developing measuring and monitoring activities to enable these activities- a finding consistent with Poister's (2003) work.

The evidence was suggesting that managers were making a good link between performance information and budgeting, which was a form of performance informed budgeting.

5.9.6 Summary

The Phase II of this research has successfully identified nine elements that were key to performance measurement practice; examined and explained the reasons for occurrence and issues of concern for each element; and explored the appropriate actions and approaches for dealing with those issues; thus achieved Research Objective 2a. And based on the findings, a framework was developed to inform and define performance measurement practice for agencies and public bodies. There were sufficient interests on the part of participating managers which prompted the exploration for the devise of the PMPET, which led to the accomplishment of Research Objective 2b.

The findings revealed there was motivation on the part of the agencies and public bodies, to improve their performance measurement practice. Although results from Phase I indicate that not many organisations have adopted the better known framework such as BSC or EFQM, it was not sufficient to infer these organisations were not interested in better performance measurement practice or have no intention to strive for improvement in their practice. Phase II findings confirmed their intention to improvement performance measurement.

The motivation (amongst the agencies and public bodies) for more effective performance measurement practice was found to be both externally and internally driven. Here, externally referred to statutory mandates and government requirements such as accountability and transparency or changes in policies, while internally referred to an organisation's desire to make better decisions for performance improvement. There was a good sense based on the findings that the participating organisations were engaged in performance measurement and were making initiatives to develop and integrate measurement and monitoring activities to enable various managerial functions such as planning and decision making, motivating and stimulating performance, drive improvement, demonstrate success and negotiate for targets and budget. This observation was evidently demonstrating the main aims of performance reporting were for both internal and external purposes. These findings were encouraging, as they were suggesting the acceptance and recognition of performance measurement as a useful management tool amongst agencies and public bodies.

Phase II has successfully documented the key elements of effective performance measurement practice based on the managers experiences and day-to-day practical applications. The in-depth examination of each key theme uncovered the reasons for its

occurrence, the issues associated with it, and the actions necessary for its occurrence and when such actions were necessary. It can be concluded based on the findings of this research that performance measurement within agencies and public bodies were for both learning and control. The unravelled elements were observably consistent with the ten principles of performance measurement as theorised by Jackson (2005), namely conceptualisation, stakeholder approach, clarity, balance, ownership, usefulness, accuracy, contextualisation, dynamism and value for money.

This findings of study provided sufficient evidence for the development of an empirical framework to inform performance measurement practice within the context of agencies and public bodies as a section of British central government. This framework encourages managers to take a broader and holistic view of what they can do with performance measurement, i.e. consider the purpose for performance measurement. The framework also communicates the various sources of feedback which could inform the design and update of measuring and monitoring activities in making performance measurement relevant.

The findings also indicated that some kind of tool to inform and evaluate performance measurement practice was desired by public managers. This research moved on to Phase III: Tool Development and Preliminary Testing, presented in Chapter 6, which was designed to achieve Research Objective 3.

Chapter 6 Phase III: Tool Development & Preliminary Testing

6.1 Introduction

The findings of Phase II informed the development an empirical framework for performance measurement practice and supported the proposal for the creation of a performance measurement practice evaluation tool (PMPET) with a view towards development and improvement.

The chapter presents a review of existing performance measurement guidebooks, tool design and development, tool review process, the feedbacks on tool usability, recommendations and lessons learned.

For the purpose of this thesis, the development and testing of PMPET concludes with a series of review and feedback. Further tool development, testing and improvement was planned to be dealt with in future research.

6.2 A Review of Guidebooks from the Literature

The objective of this review was to explore to better understand the contents, layout and presentation and in doing so, to examine the strengths and weaknesses of existing handbooks and approaches with a view to assess the feasibility of creating and to inform the development of PMPET.

As this study focuses on public sector, the scope of the review was narrowed to handbooks and guides for public sector only and on relevant documents that were produced by government-affiliated organisations.

The list of guidebooks being reviewed here was not exhaustive. A search using keywords such as 'performance and measurement or management or evaluation and guide' was conducted on databases in the following order: firstly, the ABI/Inform online database; secondly, British government websites such as the National Audit Office, the Cabinet Office, the Audit Commissions, the Accounts Commission, HM Treasury, the National Office of Statistics, the Improvement and Development Agency for Local Government and finally, the web search engine Google. The search on the ABI/Inform did not generate any relevant hit.

The search on government websites produce numerous relevant documents that are being reviewed here. A search on Google generated hits on works from consultancies and from publications from various US government sources.

The synthesis of a review of twelve handbooks and guides was summarised and presented in Table 16, Table 17 and Table 18. The main features of the review consist of: author(s) or organisation(s) that produce the document; the year it was published; the intended audience(s), the intended purpose(s); the focus/foci; and finally, the strengths and weaknesses identified. A brief synopsis of each handbook or guide being reviewed can be found in Appendix 35, page 257. The synthesis of this review informed the development of PMPET.

Reference Number/ Title of Document	1) First Steps in Measuring Performance	2) Developments in Performance Measurement and Financial Management: Ideas for Use in the Public Service	3) Best Practices in Performance Measurement	4) Meeting the Challenge
Organisation/Author(s)	Jackson, P & Palmer, R	Jackson, MC, Beeton, D et al	The National Performance Review, USA.	The Public Service Productivity Panel (closed 2006) [PSPPI]
Year	1989	1991	1997	2000
Intended audience(s)	British central government departments	British public service organisations	US government agencies	British public bodies
Intended purpose(s)	To guide the development and use of performance measures.	List of questions to help managers and auditors help decide upon the introduction of a performance measurement system, or to help assess whether a system is efficient.	Support agencies respond to the Government Performance and Results Act 1993, the Government Reform Act 1994 and the Information Technology Act 1996.	Proposed a performance management framework consisting 5 components to help develop existing system and processes.
Focus/Foci	Design of measures; Data collection process; and Unintended consequences.	Organisation's readiness; Strategy and objectives; Design of measures; Data collection; Presentation of performance information; and Integration of measures into budgeting, review and pay scheme.	Establishing and updating measures; Establishing accountability; Gathering and analysing data; Reporting and using performance information.	The Framework: (1) Organisation's strategic directions; (2) A coherent set of measures; (3) Ownership of targets; (4) Performance review; (5) Reinforcements for delivering targets; Also emphasises on leadership, culture and value to support the delivery of high performance.
Strength(s)	Provides good practices on design of measures and data collection process.	Prompts emphasising on integrating performance measurement system with budgetary and other systems to drive improvement. Prompts to encourage the use of performance information for budgeting, annual review and performance related pay.	Highlights the key concerns of performance measurement.	Provides clear links between organisational strategic directions with measures and performance review. Attempts to integrate performance measurement into strategic management processes.

<p>Limitation(s)</p>	<p>No clear mechanisms linking expectations or judgements of users of performance information to design of measures. Not focus on performance improvement. No clear mechanisms to develop measures within a systematic performance management and reporting framework.</p>	<p>A checklist lack of suggested approaches on 'how-to' for each prompt. No clear mechanisms on how to integrate performance measurement system with budgetary and other systems to drive improvement. No clear mechanism on how to use of performance information for budgeting, annual review and performance related pay. No suggestions to overcome short-termism of measures or unintended outputs.</p>	<p>No clear mechanisms on how to design measures or how to tie measures to corporate strategy. No linkage between design of measures and uses of performance information (as identified in the report). No clear mechanisms to link performance assessment criteria to design of measures, data collection and analysis, and performance reporting. No discussion on unintended consequences of measuring and monitoring performance.</p>	<p>No suggestions of how to implement each of the 5 foci. No mechanisms to link performance information to decision making, budgeting or performance improvement. No caution about unintended consequences of setting targets and reinforcing targets with incentives. No suggestions on how to embed organisational culture and values.</p>
-----------------------------	--	--	---	--

Table 16 Review of Handbooks-Part A

Reference Number/ Title of Document	5) Principles of Performance Management	6) Good Practice in Performance Reporting in Agencies and Non- Departmental Public Bodies	7) Choosing the Right FABRIC	8) Performance-based Management Handbook
Organisation/Author(s)	The Audit Commission, UK	The National Audit Office, UK	The HM Treasury The National Audit Office The Audit Commission The National Office of Statistics	The Performance-based Management Special Interest Group, The US Department of Energy.
Year	2000	2000	2001	2001
Intended audience(s)	British Local Authorities	British agencies and non- departmental public bodies	British public sector	US government departments
Intended purpose(s)	Framework to help develop and using performance measurement as a component of their overall strategic and operational management	Guidance for collecting and reporting performance information.	Proposed a framework to set out key concepts underpinning performance information practices across government and sets as a foundation for greater co-ordination and joined up working within all levels of the public sector.	A formalised framework for the implementation, conduct and maintenance of a performance- based management approach the business operations.
Focus/Foci	The 4-key aspect framework as a cyclical process: (1) determining objectives, (2) choosing measures, (3) setting targets, and (4) collecting, publishing, & interpreting data, and reviewing system.	Quality of performance data Quality of results presentation Case studies demonstrating performance measurement approaches used in agencies and public bodies	Performance information as an integral part of business planning (based on the Framework of 5 components proposed by PSPP). Use the input-outputs and outcomes model to describe government activities for measurement purposes. A good performance information system ought to be focused (F), appropriate (A), balanced (B), robust (R), integrated (I) and cost effective (C) [FABRIC]. Criteria for good measure Components of performance measurement as a cyclical process	A 6-volume compilation of techniques and tools for implementing the Government Performance and Results Act of 1993 (GPRA). Performance-based management approach: (Vol. 1) establish strategic business objectives, (Vol. 2) establish an integrated performance measurement system, (Vol. 3) establish performance accountability, (Vol. 4) set up system for data collection (Vol. 5) analyse, review and report performance, and (Vol. 6) using performance information to drive

<p>improvement The handbook is structured based on the National Productivity Review (NPR) Performance Measurement Process Model.</p>	<p>starting with strategy, measures, targets, results, verification, monitoring and evaluation (which feedback to strategy).</p>			
<p>Provides a holistic view of integrating performance measurement as part of strategic management process. Provides information for each key component, suggestions and step- by-step approaches for each of the 6 components. It provides a mechanism for linking performance and budget expenditures. Provides a framework for accountability.</p>	<p>Provides definitions for different aspects of performance measurement which serves as a good common starting point.</p>	<p>Checklists supplemented with "things for consideration"; Each case study highlights some specific challenges and the approaches taken to overcome them.</p>		<p>Strength(s)</p> <p>Provides clear mechanisms on linking objective and measures.</p>
<p>A framework developed from NPR model may not be generically applicable to public sectors in other countries.</p>	<p>No prompts for embedding performance measurement as part of management processes. No prompts to plan with the potential uses of performance information when developing a system. No prompts for linking performance with budgeting. Information on each component of the proposed framework is thin, e.g. no suggestions on the uses of 'results' obtained; or the uses of monitoring' performance.</p>	<p>No prompts for setting reporting templates based on structures of funding agreement and corporate plan. No prompts for presenting evidence that the organisation is managing performance and improvement with measures.</p>	<p>Provides very limited information on the other 2 key aspects of performance measurement. No prompts or suggestions on use of performance information besides giving feedback on staff performance. No attempt to embed or integrate performance measurement as part of (strategic) management process, i.e. using performance information to enable decision making, linking to budgetary process, or drive for performance improve.</p>	<p>Limitation(s)</p>

Table 17 Review of Handbooks – Part B

Reference Number/ Title of Document	9) Getting to Know Your Services	10) Guidebook for Performance Management	11) Setting Key Targets for Executive Agencies	12) Target Setting: A Practical Guide
Organisation/Author(s)	The Accounts Commission, UK.	The Turning Point National Program Office, US (now closed).	The HM Treasury The Cabinet Office The National Audit Office	The Audit Commission The Performance Management, Measurement and Use of Information (PMMI) Project, Improvement and Development Agency for Local Government (IDEA).
Year	2001	2001-2004	2003	2005
Intended audience(s)	Senior and middle managers in council services, British local authorities	US public health practitioners	Agencies and the Sponsoring Departments	British local authorities
Intended purpose(s)	A step-by-step guide for developing and using performance information portfolios to monitor and report performance.	Provide fundamental performance measurement components for development.	Help align agency targets with the sponsor department PSA.	Assist setting challenging and robust targets.
Focus/Foci	What a performance portfolio ought to have for effective service management and performance reporting. Aims to help managers link performance information to public reporting in accordance to the Best Value requirement.	Discusses the unique attributes of public health. Key components in developing an effective performance measurement process. Guides on performance reporting. Provides resources of worksheets for some key steps.	Explains target setting process Highlights what needs considering when deciding what to target. Identifies some tools for targeting performance improvement.	Provides 6 main parts to target setting supported by a checklist for each part.
Strength(s)	Emphasises on performance information on strategic objectives, operational objectives and expectations of stakeholders. Stresses on the process of eliciting the judgements of key stakeholder groups to be included in assessing	Developed based on public health context, taking specific issues into consideration. Prompts to assess existing organisational capabilities, consider possible collaboration across departments or agencies, assign	Describes the link between the sponsoring department's Public Service Agreement (PSA) and the agency's Framework Document, Corporate and Business Plans. Prompts consideration for potential risks and risk management.	Clearly set out the differences between statutory and voluntary targets. As some targets are set locally and/or voluntarily, the guide clearly states when targets should be used. Focuses on performance

	<p>performance. Takes budget expenditure and performance accountability into consideration.</p>	<p>accountability and improve performance. Provides clear linkage between design of measures and information demands.</p>		<p>Improvement. Prompts consideration on organisational capabilities when considering meeting of targets. Discusses unintended consequences of using targets.</p>
<p>Limitation(s)</p>	<p>Focuses on individual service performance information and scorecard. No prompts or plans for aggregating individual scorecards into a corporate scorecard.</p>	<p>Designed specifically for public health, application to other context may require adaptation. No clear links between assessment criteria and design of performance reporting, and no mechanisms to develop that link.</p>	<p>When considering achievement of targets, the guide omitted 'organisational capabilities to deliver'. No clear mechanism to support setting of outcomes-focused targets. It is suggested to represent quality-based targets by turnaround or waiting times (quantitative) rather than qualitative measures, and no support on setting softer targets. Did not deal with setting targets in partnership. Did not discuss unintended consequences of using target.</p>	<p>No clear mechanism to support setting of outcomes-focused targets. No discussions on how to use softer targets, or how to deal with unquantifiable results.</p>

Table 18 Review of Handbooks – Part C

6.2.1 Summary on the Review of Guides and Handbooks

Previous research has produced various types of guidebook for performance measurement based on different frameworks or perspectives or context. The handbooks and guides discussed here have some strengths and weaknesses relative to each other.

Some authors focused on detached aspects rather than a holistic view of performance measurement, e.g. the design of measures and the intended consequences of ill-designed measures.(Jackson and Palmer 1989); the quality of data and the presentation of performance information (The National Audit Office 2000); and the development and the use of information portfolios (The Accounts Commission 2001); and finally, target setting (HM Treasury 2003; The PMMI Project 2005). The main strength of these works was their attempt to provide in-depth understanding of the aspects being discussed, along with suggestions on the approaches to deal with each process. However, very often such disconnected good practices do not attempt to identify with context in which the issues arise and do not provide any mechanisms of integrating or embedding performance measurement into the wider management processes as a system.

The works which viewed performance measurement as a system of multiple processes rather than separate or disconnected process of design of measures or setting of targets attempted to address the weaknesses of detached good practices. Despite the differing approaches, most guides focus on 3 main steps to become more result-orientated: (1) define clear missions and desired outcomes, (2) measure and monitor performance, and (3) use performance information as a basis for decision making. The main strength of these guides was their attempt to encourage the idea that planning for performance measurement starts with asking what is the intended use of performance information, i.e. planning with an end in mind. E.g. 'Can the system be properly integrated with budgetary and other systems so as to gear the institution towards efficiency and effectiveness, rather than narrow financial constraints?' (Jackson, Beeton et al. 1991); or an understanding of how and why performance information will be used (Audit Commission 2000). However, many do not provide mechanisms for such an integration (see PSPP 2000; HM Treasury, Cabinet Office et al. 2001) or an awareness of the possible uses or benefits of performance information (The Accounts Commission 2001; Turning Point 2001-2004).

It was concluded from the review that the Performance-based Management Handbook 2001 as one of the most comprehensive. The strength of this handbook was that it aimed to engage the design of performance measurement as a coherent system. The framework

highlights the iterative process of updating of plans and performance measures and it channelled managers' attention towards the possible uses of performance information for tasks such as driving improvement, public reporting, celebration of successes, benchmarking, and resources planning. The handbook was lacking as it did not attempt to link performance information to the budgeting process. In addition, the tool was developed for implementing the Government Performance and Results Act of 1993 (GPRA) in the US and it would require some adaptations for application in contexts of other countries.

In summary, the previous works on tool for performance measurement were found to have the following limitations:

- Some focused on one or more detached and disconnected aspects of performance measurement rather than a coherent whole. Thus such works do not explicitly provide a framework to guide design of performance measurement as an integrated system;
- Many do not provide any mechanisms for integrating performance measurement and budgeting;
- They, bar the NPR Performance Measurement Process Model and Jackson and Beeton (1991), do not look ahead to using performance information to drive improvement;
- They, bar the NPR Performance Measurement Process Model, do not provide any mechanisms to allow feedback and updating of the system to accommodate changes in the internal and external environment;
- Some of the guides were developed for a specific sector or a specific country; e.g. Performance-based Management Handbook was created for US government departments; or the Principles of Performance Management for British local authorities. Such guides would certainly need some adaptation for use in the contexts of British agencies and public bodies; and
- Two of the handbooks were customized for British central government agencies and public bodies, namely Good Practice in Performance Reporting 2000 and Setting Targets for Executive Agencies 2003. The former was found to be limited as it did not prompt for setting reporting templates based on funding agreement (a requirement highlighted by Phase II respondents), while the latter was limited in the sense that it had omitted 'organisational capabilities to deliver' (one of the main

concerns of agencies and public bodies when preparing the proposals for key target plans) as a consideration when setting targets. There was obvious opportunity for the development of some sort of performance measurement guide this group of public bodies.

Performance measurement is not quite a straightforward process, this is evident from the availability of handbooks and guides to support design and implementation and the existence of various special interest groups established to share experiences and good practices. The existing handbooks and reports provide examples of good practice focusing on certain detached and disconnected aspects of performance measurement while paying limited attention to a whole coherent system. These publications suffer from a variety of limitations.

Based on the review, it was apparent that there were opportunities to develop a tool for performance measurement for British agencies and public bodies with the following characteristics:

- The tool ought to derive from a framework that was tailored for British agencies and public bodies but aims to be enhanced to be generically applicable to the wider sections of public sector;
- The tool ought to inform the design and implementation of performance measurement as a coherent and integrated part of management process;
- The tool ought to prompt the linking of performance and budgeting;
- The tool ought to stress on the role of performance information as an improvement tool rather than just a monitoring and controlling tool;
- The tool ought to place an emphasis on system flexibility to enable reviews and updating of measuring and monitoring activities to reflect internal and external demands.
- The tool ought to work as a checklist and diagnostics for system development and improvement through providing examples of good practice and recommendations by public managers in addition to those found in the wider literature.

6.3 Tool Design & Development

One of the outputs of this research consisted of a PMPET that was made up of two documents: the Guidebook and the Self Assessment Checklist (hereafter 'Checklist'). The design and development of the tool was informed by findings from Phase II and by the wider published literature. The tool was structured based on the framework conceptualised from Phase II findings. It was a compilation of fundamental issues describing each of the ten²⁷ key elements of performance measurement. It was different from the many published guidebooks and literature as it did not offer step-by-step instructions but rather a description of key elements and an insertion of examples of good practices or approaches.

6.4 Main Objectives

The main objectives of the PMPET include:

- To describe the key elements of performance measurement for British agencies and public bodies;
- To inform the design and implementation of performance as a coherent and integrated practice that emphasised on engaging with key stakeholders' perspectives, linking performance and budgeting, clarifying and embracing the role of performance information as an improvement tool rather than just monitoring and controlling, and system flexibility to reflect internal and external demands;
- To provide a structured diagnosis for evaluating performance measurement practice;
- To provide an opportunity for organisations to learn from the experiences of others, which could reduce both the time required to climb the learning curve and the cost of improvement; and
- To be a generic tool for public sector.

²⁷ At the design and development stage of this Guidebook and Checklist, it was derived from the analysis of Phase II data that there are ten key elements of performance measurement, labelled as Version 1 for reference purposes. Upon the reporting of the findings of Phase II, it was then finalised that 'Internal Communication' was a means (a HOW) to enable Key Element 7 Influence Performance Behaviour. Hence, these two key elements were merged as Key Element 6 Influence Performance Behaviour as reported in Phase II findings and presented in the framework, Figure 17 on page 113. Details on the derivation of key elements, please refer to Section 5.4.4, page 91; and exploration of key elements, please refer, starting from Section 5.6, page 106. The framework presented in the Guidebook and Checklist was based on ten key elements rather than nine key elements.

6.4.1 Target Users and Proposed Use

The prototype PMPET was tailored for British executive agencies and non-departmental public bodies, while there is a potential to extend its applicability to other contexts in future research.

The Guidebook aimed to serve as a guide for setting-up a new system, or improving existing up-and running systems. A Self-Assessment Checklist was designed to be used alongside this Guidebook, summarising the fundamental issues in the form of a questionnaire. Neither the Guidebook nor the Self-Assessment Checklist aimed to provide 'THE model' for performance measurement. Users were advised to use judgement on what may be applicable to or deemed useful for their organisation or the extent they wish to implement performance measurement as it may not be cost effective for some as compared with other organisations. The tool was informed by current thinking of public managers and published literature, aimed to be comprehensive and thorough but still 'live' for review and improvement.

A copy of the prototype PMPET is presented in Appendix 36, page 258.

6.4.2 Structure of Guidebook and Checklist

The Guidebook and the Checklist began with a prompt for organisational readiness for performance measurement, and then continue with sections dedicated to each key element. The prototype tool structured to correspond with the numbers associated with key elements as depicted in Figure 32, page 214.

Figure 32 illustrates the iterative process of performance measurement [the numbers in brackets correspond to the numbers for each key element]. The process starts with (1) setting of organisational goals and objectives and identification of key areas for monitoring, which enables the (2) measuring and monitoring of activities for (3) project management & evaluation, and (4) the preparation of evidence for performance verification. The availability of this evidence enables (5) a process of performance review and decision making. This review highlights performance issues which managers can use strategically in (6) staff communication to (7) influence performance behaviour to (8) drive improvements, and also help pull together evidence generated from measurement activities (9) to demonstrate success and external reporting. Through the demonstration of successes and external reporting, organisations (10) negotiate for target plans and funding. New target plans, budget plans or policy changes would almost always require some revision to existing set of goals and objectives (1) and so the cycle re-commences.

6.5 Tool Testing and Feedback

For the purpose of this thesis, the prototype PMPET was subjected to a series of review with several agencies and public agencies for preliminary feedbacks on their usability and completeness.

6.5.1 Candidates for the Review

Numerous participants in Phase II indicated their interests in reviewing the then 'proposed' tool for performance measurement. A list of names of agencies and public bodies' performance managers was drawn up. For logistic convenience, it was decided to approach those located in Scotland except for one participant located in London. Six performance managers were invited to review the Guidebook and the Checklist and all were happy to participate. Another performance manager with a Scottish agency, who was not involved in this study at all, expressed interest in reviewing the tool. Therefore, a total of seven performance managers partook in this review.

6.5.2 Documents for the Review

Each candidate was sent a set of documents to provide preliminary feedback which consisted of (1) the Guidebook and the Checklist; (2) a set of Feedback Forms; and (3) a Consent Form.

The set of Feedback Forms was a 3-page document which aims to elicit feedback on (i) the ease of use and overall completeness of the Checklist, (ii) the ease of use and overall completeness of the Guidebook, and (iii) on the overall utility of the Guidebook and the Checklist for performance measurement in general, for developing and designing a new system and for reviewing and updating an existing system. A copy of the Feedback Forms is presented in Appendix 34, page256.

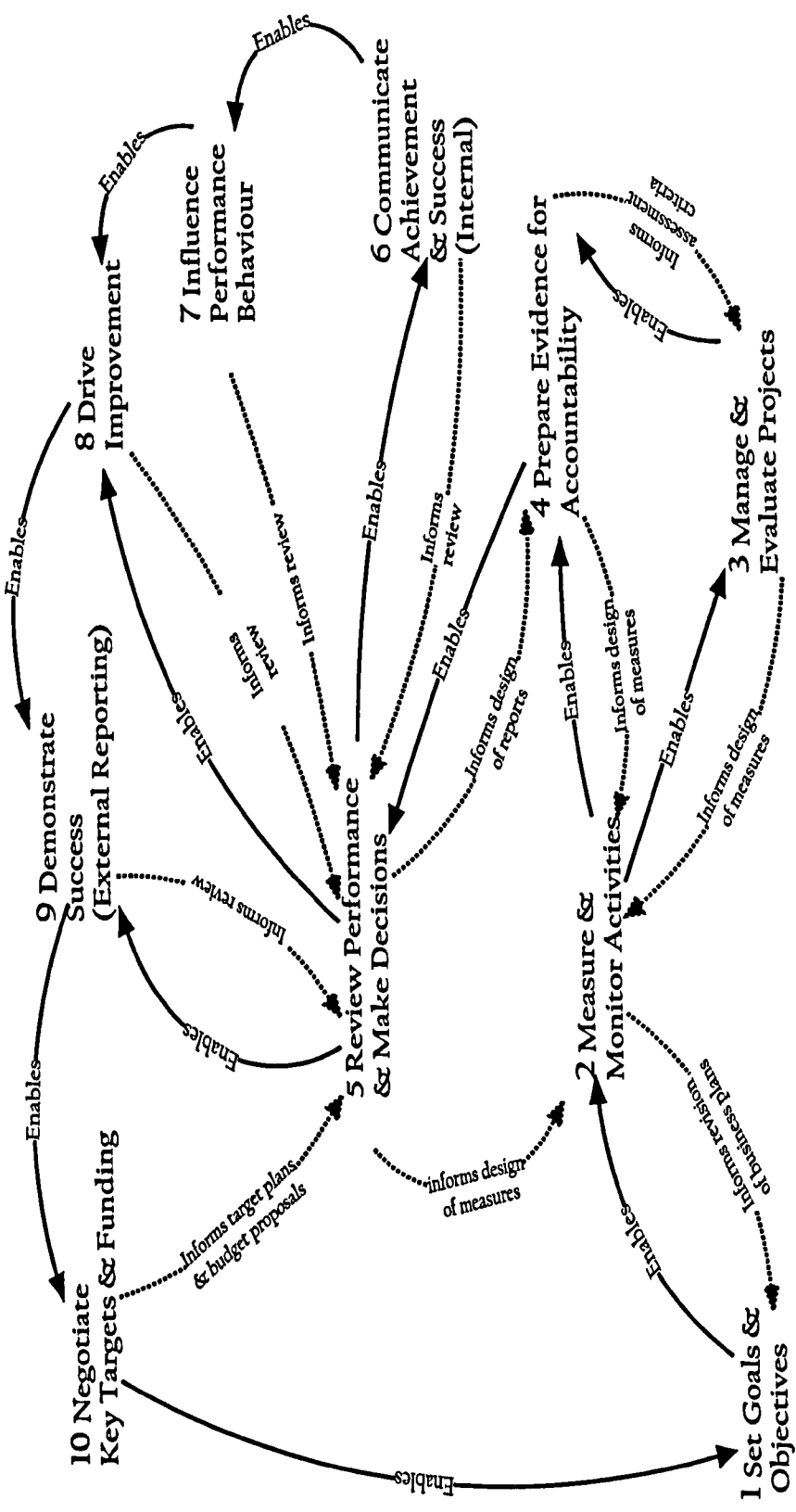


Figure 32 Framework for Performance Measurement (Version 1)

On top of seeking the participants' consent to partake in reviewing the Guidebook and the Checklist and an interview to collect feedback, the Consent Form also aims to explain the objective of the review process, it also details the ethical issues associated with the study, such as assurance of confidentiality of responses, anonymity of participants and data storage security. A copy of the Consent Form is also presented in Appendix 33, page254.

6.5.3 The Review Process

A date for the face-to-face interview was arranged with each participant. The objective of this interview was two-fold: to go through any issues the participants might have with the tool and clarify those issues with a view to making improvement; and to seek opinions about issues that have been raised by the other participants.

Each interview was scheduled for approximately 60 minutes and was conducted at the participant's office. The feedback was audio-recorded for analysis and reference purposes.

6.5.4 Data Analysis

The analysis is made up of two sections: (1) to record and review the ratings of the usability and completeness of the tool, and (2) to identify the main issues participants have with the usability and completeness of the tool. No extensive coding exercise was conducted on data collected from interviews for this Phase due to the number of interviews and the objective for the conduct of those interviews, which was mainly to clarify written feedbacks received. In reviewing the tool, participants were also validating the proposed framework for public sector performance measurement.

The next section in this chapter presents the preliminary feedbacks extracted from this review process.

6.6 Preliminary Feedback

The feedback on the ease of use and completeness of both the Guidebook and the Checklist were dealt with in two ways: (a) a 5-point rating scale, namely: 1 (poor), 2 (adequate), 3 (good), 4 (very good) and 5 (excellent); and (b) narrative feedback on limitations encountered and recommendations, if any. The feedback was extracted from the feedback forms and the interviews, and is presented below:

6.6.1 The Self Assessment Checklist

6.6.1.1 Ease of Use

Organisation	K	M	J	N	V	P	KB
Ratings	4	4	4	3	4	4	5

Six out of seven reviewers rated the ease of use between very good and excellent. None indicated the ease of use to be poor or adequate.

Narrative feedbacks:

Whilst 1 person indicated a preference for one document instead of 2 (being the Guidebook and the Checklist), the others were happy to have the Checklist as a separate document.

"I would have preferred the Checklist to be included at the end of the Guidebook, making it one document rather than two." N

Whilst 1 person indicated a preference for a 4-point instead of a 3-point rating scale as used in the Checklist, the others had no complaints about it, or found "the scoring clear and straight forward".

"Could a 1 to 4 score work? For several questions, I would want to answer somewhere between 1 (Not at all) and 2 (doing well)." K

Whilst 1 person felt that the Checklist was more suited to "the more experienced performance manager and mentioned that learners may have to supplement the Checklist with other reading", the others felt it worked well and indicated that a person acting as a performance manager ought to have a good grasp of the terminology and basic concepts. It was also highlighted that the tool provided a bibliography of other sources of information which could be a good starting point for a beginner.

All reviewers found the Checklist simple to follow and easy to use. Two respondents described usability in terms of “having useful prompts” and “highlights weaknesses (of the system) in a useful way”.

6.6.1.2 Completeness

Organisation	K	M	J	N	V	P	KB
Ratings	4	4	3	5	3	4	4

Four out of seven reviewers rated the level of completeness from ‘very good’ to ‘excellent’. None indicated the completeness to be ‘poor’ or ‘adequate’.

Narrative feedbacks

Most reviewers were satisfied with the level of completeness. Whilst two persons found the list of questions being too long, the same managers realised the length was necessary to cover most issues. Another manager used the long list of questions to his advantage by tailoring the questionnaire to suit his organisation’s needs. One manager suggested listing the core questions first for each key element though he realised the task of ordering the questions would require further discussions.

Two managers rated the completeness of the Checklist as 3 of which was equivalent to Good; and gave the following comments when asked during the interview:

J: “the tool would benefit from drawing on Jake Chapman’s ‘engagement with stakeholders’ Systems Thinking Approach.”

V: “..the issues emerging from the application of the Checklist would inevitably lead to conflict since ‘consensus’ is not an obvious results of the Checklist process. There should be an Action Document at the end of the Checklist process. The whole idea around ‘managing’ such change needs to be understood, captured and illuminated by a champion approach.”

6.6.2 The Guidebook

6.6.2.1 Ease of Use

Organisation	K	M	J	N	V	P	KB
Ratings	4	4	4	4	4	4	4

All reviewers rated the ease of use as ‘very good’.

Narrative Feedbacks

Whilst two managers commented on the complexity of the diagram representing the framework for public sector performance measurement and suggested the need for simplification, they were able to assimilate the concept with the help of the accompanying explanatory texts. Other respondents felt that the diagram was beneficial and clear to them. All judge the framework to be representative of their opinion on performance measurement practice.

In general, most find the Guidebook useful, easy to use with simple prompts highlighting issue. One respondent “had little trouble finding the relevant information highlighted in the Checklist” and found it valuable as it was “not prescriptive”.

6.6.2.2 Completeness

Organisation	K	M	J	N	V	P	KB
Ratings	4	4	3	4	4	4	4

Six out of seven reviewers rated the completeness of the Guidebook as ‘very good’.

Narrative Feedbacks

Most reviewers found the Guidebook to be sufficiently comprehensive. One suggested having more in-depth discussions on goals and objectives as separate issues rather than a single element as they found defining their organisational objectives quite a challenge. The same respondent also highlighted the need for more suggestions or approaches on “how conflicting measures might be handled”. This and another respondent indicated that they would like to see more examples on various aspects to be included in the Guidebook. The latter stressed however, there is a need to keep the guidebook at a reasonable length.

Again, J rated the completeness of the Guidebook as good (3). He stressed on the need to incorporate Systems Thinking approach. This comment was discussed during the interview, where the researcher indicated how key stakeholders’ concerns were taken into account in Key Element 1 during the establishment of key business areas for measurement and monitoring by showing the relevant sections in the Checklist and the Guidebook.

6.6.3 Descriptions of Overall Utility

6.6.3.1 Expectations

All reviewers expressed the view that the tool met their expectations in terms of usefulness, completeness, and being non-prescriptive. Whilst two managers expressed concern with the length of the document, others did not find that to be an issue.

6.6.3.2 Useful Information for Performance Measurement in General

All respondents have found the tool to be useful and helpful for performance measurement in general. Below are some comments relating to this:

"The starting point for consideration of Public Service Agreement and Service Delivery Agreement is most sound as it is the perspective construed from the work of the National Audit Office." V

"It is helpful in thinking through why and what we measure and also the impact and consequences of measures." KB

6.6.3.3 Useful Information for Developing a New System

All reviewers were positive about the potential of the tool in providing useful information for developing a new system.

6.6.3.4 Useful Information for Reviewing an Existing System

Again, all indicated the potential of the tool to provide useful information for reviewing an existing system. Below are some quotes to illustrate this:

"Seeing the checklist has prompted me to have another look at some of our approaches." M

"It gives a good opportunity to sit back and assess weaknesses in our organisation performance system." KB

"I think there would be value for me in returning to the checklist in a year's time and on a yearly basis to review the organisation's approach to planning and performance management. I also think that the results of the checklist could be used to develop an improvement plan." KB

"The real value in this process is in reviewing an existing approach. It is simple, fairly easily understood with no great demands on budget. The key point must be in 'actioning' the review results." V

"The tool was helpful for me as we are going through the process of reviewing our system at present. The tool reassured me that we are broadly approaching this the right way." J

6.7 Special Interest Group (SIG)

The participants of Phase III voiced their interests to meet as a group to share good practices and to discuss and find approaches to meet with the challenges or concerns faced. One organisation took the role to organise the first meeting. The first meeting was held on November 18 in Edinburgh attended by seven representatives from four organisations. The first meeting was more of a 'round-table' discussion of how each organisation dealt performance measurement. Each organisation took the opportunity to showcase the output of their performance measurement approaches. Each organisation has published materials on their website that were available for public access. The key concerns raised from the conversations include:

1. Outcomes-based performance measurement: How to extend 'aims, activities & outputs' to include outcomes? (This is linked to no:6)
2. Using performance information for decision making;
3. Who best to set targets; the sponsoring department or each respective organisation? Do we need targets? How do we deal with government requirements on setting targets?

K raised the concerns with the sponsoring department setting targets for performance- "the government does not know how best to do things and what capabilities are required to deliver them".

And where targets are increased year on year to a point where further increases would put more strain on existing capabilities or in some cases, with reduced capabilities when some vacant senior positions are not filled.

4. Corporate strategy: Why some organisations have corporate strategy while others do not?
5. Role of external auditors: Organisations ought to look into how the auditors can add value to business improvements rather than just playing the traditional scrutiny role.
6. Linking key performance indicators to the National Performance Framework, see Section 6.7.1. How should we approach it?

The meeting agreed to invite other performance managers (from agencies and public bodies) to attend future meetings. The next meeting was scheduled to be held sometime in February 2009.

6.7.1 National Performance Framework

The Scottish Budget Spending Review 2007 sets out the new National Performance Framework which aims to provide a unified vision and quantifiable benchmarks against which future progress can be assessed. The National Performance Framework (Figure 33) is based on the outcome-based model of the Commonwealth of Virginia, USA.

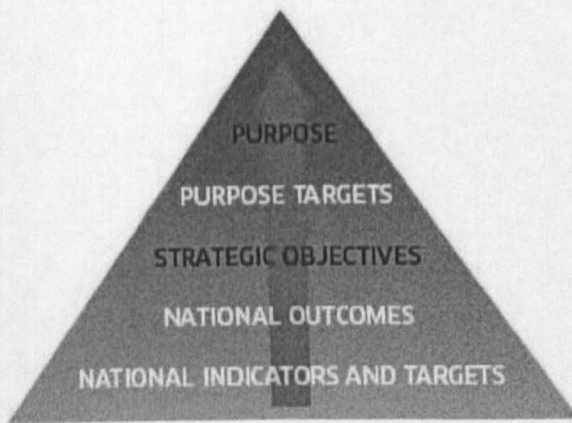


Figure 33 National Performance Framework

Source: *Scottish Budget Spending Review 2007*. Accessed on September 2008.
<http://www.scotland.gov.uk/Publications/2007/11/13092240/9>

The government aims to achieve an outcome-focused approach to performance and public organisations would be judged on results and achievements. The government expects public organisations to contribute to one overarching Purpose: “To focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing economic sustainable growth” and calls for all performance management systems to be aligned to a single, clear and consistent set of priorities. Figure 34 lists the National Outcomes and Figure 35 states the National Indicators and Targets.

The National Performance Framework was one of the main topics of discussion for the SIG meeting. Each member was making plans for at least one of these two things: for a more outcome-based performance measurement, and to establish which national outcomes they were contributing or aiming to contribute towards. This topic would be the main agenda for the next meeting in February 2009, where members indicated that they intend to share good

practices in their attempt to comply to the National Framework requirements. The Scottish environmental Protection Agency (SEPA) was the first in the group to publish their performance information based on the National Performance Framework. A copy of SEPA Performs 2009-2011 is presented in Appendix 18, page 259.

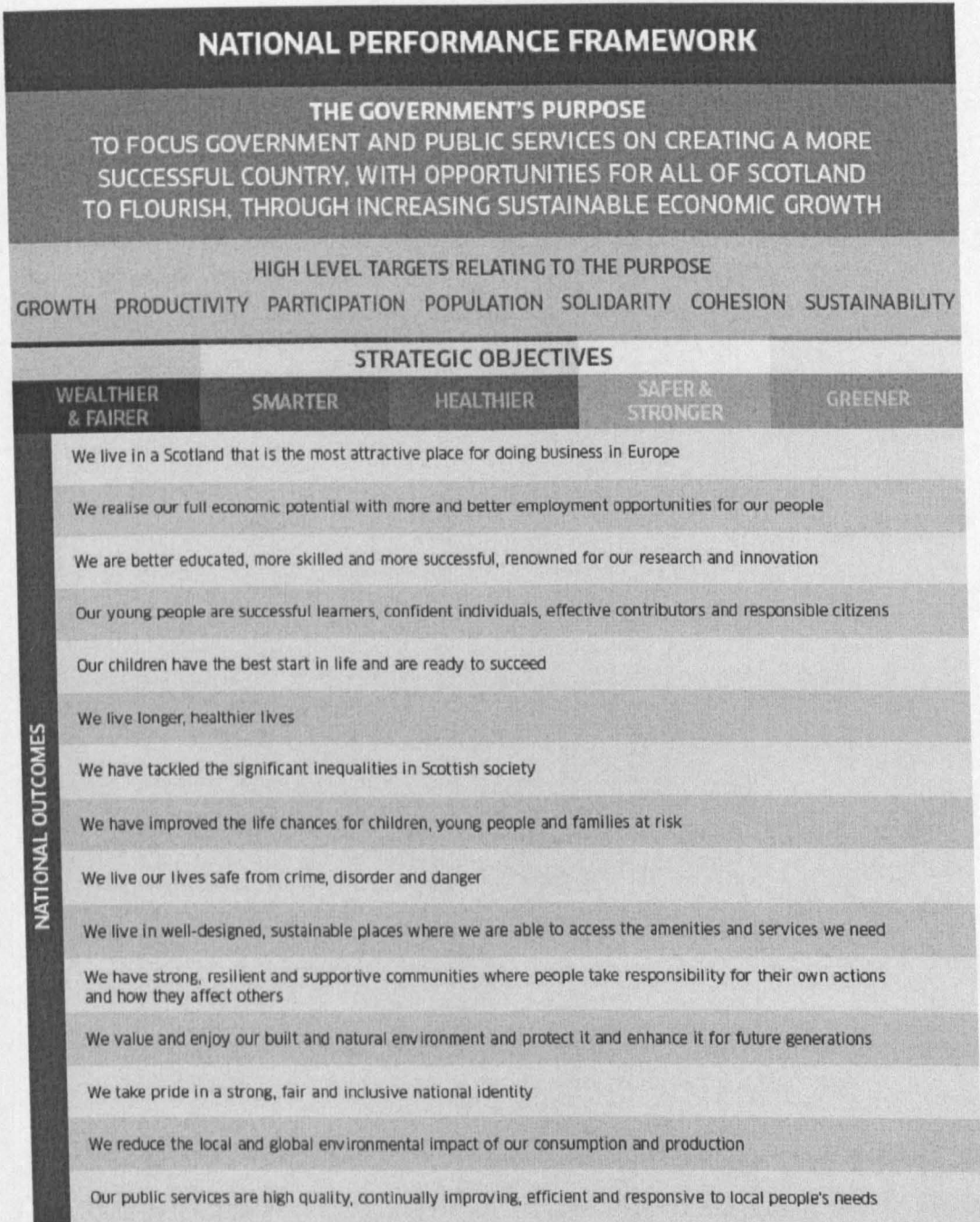


Figure 34 National Outcomes Framework

NATIONAL INDICATORS AND TARGETS	
At least halve the gap in total research and development spending compared with EU average by 2011	Achieve annual milestones for reducing inpatient or day case waiting times culminating in delivery of an 18 week referral to treatment time from December 2011
Increase the business start-up rate	Reduce the proportion of people aged 65 and over admitted as emergency inpatients two or more times in a single year
Grow exports at a faster average rate than GDP	Reduce mortality from coronary heart disease among the under 75s in deprived areas
Improve public sector efficiency through the generation of 2% cash releasing efficiency savings per annum	Increase the percentage of people aged 65 and over with high levels of care needs who are cared for at home
Improve people's perceptions of the quality of public services delivered	All unintentionally homeless households will be entitled to settled accommodation by 2012
Reduce the number of Scottish public bodies by 25% by 2011	Reduce overall reconviction rates by 2 percentage points by 2011
Reduce the proportion of driver journeys delayed due to traffic congestion	Reduce overall crime victimisation rates by 2 percentage points by 2011
Increase the percentage of Scottish domiciled graduates from Scottish Higher Education Institutions in positive destinations	Increase the percentage of criminal cases dealt with within 26 weeks by 3 percentage points by 2011
Improve knowledge transfer from research activity in universities	Increase the rate of new house building
Increase the proportion of school leavers (from Scottish publicly funded schools) in positive and sustained destinations (FE, HE, employment or training)	Increase the percentage of adults who rate their neighbourhood as a good place to live
Increase the proportion of schools receiving positive inspection reports	Decrease the estimated number of problem drug users in Scotland by 2011
Reduce number of working age people with severe literacy and numeracy problems	Increase positive public perception of the general crime rate in the local area
Increase the overall proportion of area child protection committees receiving positive inspection reports	Reduce overall ecological footprint
Decrease the proportion of individuals living in poverty	Increase to 95% the proportion of protected nature sites in favourable condition
60% of school children in primary 1 will have no signs of dental disease by 2010	Improve the state of Scotland's Historic Buildings, monuments and environment
Improve the quality of healthcare experience	Biodiversity: Increase the Index of abundance of terrestrial breeding birds
Increase the proportion of pre-school centres receiving positive inspection reports	Increase the proportion of journeys to work made by public or active transport
Increase the social economy turnover	Increase the proportion of adults making one or more visits to the outdoors per week
Reduce the rate of increase in the proportion of children with their Body Mass Index outwith a healthy range by 2018	50% of electricity generated in Scotland to come from renewable sources by 2020 (interim target of 31% by 2011)
Increase the average score of adults on the Warwick-Edinburgh Mental Wellbeing Scale by 2011	Reduce to 1.32 million tonnes of waste sent to landfill by 2010
Increase healthy life expectancy at birth in the most deprived areas	Increase to 70% key commercial fish stocks at full reproductive capacity and harvested sustainably by 2015
Reduce the percentage of the adult population who smoke to 22% by 2010	Improve people's perceptions, attitudes and awareness of Scotland's reputation
Reduce alcohol related hospital admissions by 2011	
DELIVERY, ACCOUNTABILITY: PARTNERS' CONTRIBUTIONS ACROSS THE PURPOSE AND ALL STRATEGIC OBJECTIVES - MEASURED BY PERFORMANCE MANAGEMENT REGIMES	

Figure 35 National Indicators and Targets

Source: Figure 29 & 30: National Performance Framework, Scottish Spending Review 2007.

Accessed: September 2008. <http://www.scotland.gov.uk/Publications/2007/11/13092240/9>

6.8 Conclusions

A review of previous works on guides and handbooks highlighted the feasibility for the development of a tool to support British agencies and public bodies' performance measurement.

This chapter presents the design and development of a performance measurement practice and evaluation tool (PMPET): the Guidebook and the Self Assessment Checklist. Based on the framework conceptualised from Phase II findings, the prototype tool was tailored for agencies and public bodies. The PMPET aimed to describe the elements that were key for effective practice, to provide a structured diagnosis for information and evaluation; and in doing so, it could provide an opportunity for organisations to learn from the experiences of others.

Essentially, Phase III was initiated by managers' desire for some kind of tool to inform and evaluate performance measurement practice. Having reviewed previous works, the tool aims to ameliorate some of the observed limitations (see Section 6.2 , page 200). While the tool was tailored for agencies and public bodies, it aimed to be generically applicable to the wider sections of public sector. The main objective of the tool was to inform performance measurement as an iterative process which links performance and budgeting, and stressed on the role of performance information as an improvement tool rather than just for monitoring and controlling purposes. The tool aimed to prompt managers to plan with an end in mind, i.e. to think of the purpose of measuring performance and how they intend to use performance information. The tool was also design to act as a checklist and diagnostics for system improvement and provides examples of good practice and recommendations provided by managers in addition to those found in published literature.

For the purpose of this thesis, the prototype PMPET was subjected to a review to obtain some preliminary feedback from managers of agencies and public bodies. Overall, the feedback has been positive, i.e. in general ratings were never below 'good' for both usability and completeness.

All respondents found the framework to be representative of their perception of an effective performance measurement practice. In general, the feedback from the reviewers was positive; none rated the tool to be less than 'Good' in terms of Ease of Use and Completeness. None indicated the framework conceptualised from this study was in any

way contradict existing performance measurement practice. This preliminary feedback validated the framework developed based on the findings of this research.

Suggestions for improvements and enhancements included:

- Simplification of the diagrammatic representation of the framework for performance measurement;
- More examples for defining objectives from goals and of how conflicting measures might be handled;
- Re-ordering of questions in the Checklist to reflect more emphasis on the core issues;
- To include an Action Document as an output of the application of the Checklist to facilitate the management of the necessary change and improvement; and
- Shortening of the length of the documents.

Based on the discussions at the SIG meeting, the tool could be further enhanced to help Scottish agencies and public bodies link key performance indicators to the National Performance Framework.

The observations from the tool testing and the SIG meeting underlined the possibilities for a future research to further enhance and improve the tool.

The resulting tool could serve two main purposes, namely, as a source of useful model of practice, and as an initiative for further research with a view towards helping organisation develop and/or improve performance measurement. There is also potential for future research on the applicability of the framework and the tool on contexts different from that of the agencies and public bodies or that of a different country.

With the advancement of technology and the accessibility of the internet, there is a potential for the tool to be presented on an online forum and be truly 'live'. Public managers, members of the public, or members of SIG can contribute using a 'wiki' concept, by adding their experiences, share good practices or give comments or feedback on the tool. In this sense, all contributions are subjected to peer-reviews.

Phase III concludes this study. This is followed by Chapter 7 which presents the conclusions drawn from the research as a whole and discusses the opportunities for future research.

Chapter 7 Conclusions and Future Research

This research examined performance measurement in British executive agencies and non-departmental public bodies, a section of central government that has so far been the least examined or understood in terms of performance measurement.

The following section (section 1) reiterates the gaps in the literature; section 2 re-state the research objective and design and section 3 highlights the theoretical, methodological and practical contributions of this research to the existing body of literature. The limitations of the research are discussed in section 4 and opportunities for further research identified in section 5.

7.1 Reiterating the Gaps in the Literature

The review of the literature in Chapter 2 raised several issues on public sector performance measurement. More specifically, the review synthesised the following conclusions:

- i. Previous works focused on the more ‘mainstream public interest’ sections such as Health, Education or Police Services and overlooked agencies and public bodies. Whilst the police services, the National Health Service and the local authorities have specific schemes to guide performance measurement, the agencies and public bodies do not. How do agencies and public bodies approach performance measurement? What works well for them?
- ii. Whilst the literature indicates that performance measurement models or tools originally designed for private sector have penetrated the public sector, there is no empirical evidence of the examination of this phenomenon on the part of British agencies and public bodies. What do agencies and public bodies use for performance measurement?
- iii. There are various definitions for performance measurement and numerous views on public sector performance measurement. This variation implied there is no one best way to conceptualise performance measurement for different contexts. What is performance measurement for British agencies and public bodies?

- iv. It is also timely for an examination on the progression of performance measurement since the Modernisation, Reforms and Accountability 1999-2002 and the Next Step Initiatives 1988.

7.2 Research Objective and Design

This research was initiated to bridge the gaps as presented earlier. Using a three-phase exploratory study, the research was set out to explore issues of performance measurement in the context of British agencies and public bodies with a view towards improvement and development.

The study was informed by the social constructionism epistemology and it employed both quantitative and qualitative methods of data collection as tools to achieve a constructivist's aims. The strategy for data analysis was directed towards an exploratory intent, where numbers generated from the questionnaire survey of Phase I was used for directional orientation and pattern identification rather than verification or falsification; a data-driven inductive approach was adopted to deal with data collected from Phase II in-depth interviews to identify and examine elements of performance measurement; and numbers generated from the use of a 5-point Likert scale for the prototype tool testing in Phase III was to inform the ease of use and completeness.

7.3 Contributions of the Research

Phase I documented, in a broad sense, performance measurement practices within agencies and public bodies. The findings recorded the nature and reasons for measuring performance, the tools used, the perceived level of effectiveness, and the factors influencing design, implementation and use. The findings of Phase II uncovered nine key elements which formed an iterative process. Based on this, a framework for performance measurement practice was developed. Although the framework was customised for British agencies and public bodies, it aimed to be generically applicable to the wider sections of public sector. The study therefore has achieved Research Objective 1 and Research Objective 2. Out of the framework, a performance measurement practice and evaluation tool (PMPET) has been created and tested in Phase III, thereby achieving Research Objective 3.

This section discusses the contribution this research makes to the general body of literature on public sector performance measurement.

7.3.1 Informing Performance Measurement Practice

On a broader perspective, the findings of Phase I have shown that performance measurement practice and knowledge was evident across all participating organisations. Whilst managers rated system effectiveness on a continuum from limited to excellent, most perceive there was room for improvement. However in many cases efforts to improve were not immediately apparent. Although some appeared to be using adapted versions of frameworks and/or tools originally designed for the private sector in their performance measurement efforts, the number of organisations that were using better-known frameworks such as the Balanced Scorecard was small in comparison to that of the private sector and many were using simpler structure being a set of loosely connected set of key performance indicators. The details of Phase I was presented in Chapter 4.

Based on Phase I findings a matrix was created to categorise performance measurement system based on two dimensions: structure of approach and length of time system had been in use. This categorisation was useful for a more structured examination of performance measurement approaches in Phase II, (see Inter-Systems Comparative Analysis in Chapter 5). The study also unveiled a high level of interest amongst the participants for some sort of tool to inform and evaluate performance measurement practice.

Extending the efforts of Phase I, the study employed more in-depth enquiries in Phase II to tease out the elements of effective performance measurement practice (see Chapter 5 for more details). The identification of and the examination into the nine key elements informed the iterative nature of performance measurement process. The framework aimed to be generic for public sector and tailored with good practices and approaches for agencies and public bodies. This finding informs the development of a performance measurement scheme for agencies and public bodies, bridging the gap that was highlighted by Smith and Goddard (2002).

By documenting the performance measurement issues in the context of agencies and public bodies, the findings illustrate and inform about the state of progression of performance measurement since the Modernisation, Reforms and Accountability 1999-2002 and the Next Step Initiatives 1988.

7.3.2 Identification of Key Elements

Previous works present various performance measurement frameworks. Many were focused on the 'high profile' part of public sector such as Health, Education, Police Services or local authorities. This research contributes to the wider literature by providing insights into performance measurement of a section of central government, and out of which a framework has been created (see Phase II, Chapter 5 for details).

The framework, as depicted in Figure 17, page 113 was formed by nine inter-connected key elements, advocates for the iterative and learning nature of performance measurement. .

Most participants have indicated that for performance measurement to work well; firstly, they need to identify the key business objectives for measuring and monitoring through the setting of organisational goals and objectives with reference to the sponsoring department's Spending Review or Public Service Agreement²⁸. The identification of key business objectives would enable plans to be devised as to on how operations should be carried out and who should carry them out and the identification of indicators (targets and measures) against which progress can be measured and monitored. An effective performance measurement ought to provide information to enable the review of performance and making of decisions which then enables four possible routes of action: (i)the influence of performance behaviour with an aim towards driving improvement, (ii)the drive for improvement, (iii)the demonstration of success and external reporting, and (iv)the negotiation of key targets and budgets. Newly negotiated targets and budgets would almost always require some revision to the existing set of goals and objectives, hence the cycle recommences.

According to the framework, central to performance measurement is Review Performance and Make Decisions, referred to as Key Element 5. This draws managers' attention to the need to plan with an end in mind, by asking the question: 'What is the purpose of performance measurement?' The framework emphasises on the relevance of performance information, prompting managers to engage with stakeholders to establish what needs

²⁸"In order for the activities of agencies or public bodies to reflect Government priorities, the setting of organisational goals and objectives should take account of, and follow from, the Spending Review or Public Service Agreement (PSA) setting process. The agencies or public bodies delivery plan should be aligned with PSA and sponsor's delivery plan" Setting Targets for Executive Agencies: A Guide, 2003. HM Treasury, London.

measuring and monitoring. The framework also underlines the use of feedbacks to inform the design of measures and the design of performance reports. The framework aids the setting up and implementation of more integrated and coherent measuring and monitoring activities. Thus, the research contributes to theoretical and practical contributions.

7.3.3 Development of Tool

Finally, the research has developed a prototype performance measurement practice and evaluation tool (PMPET) consisting of two documents: the Guidebook and the Self Assessment Checklist for agencies and public bodies. The development of the PMPET was informed by a review of 12 existing handbooks or guides in Chapter 6. The tool, presented as Appendix 17, page 258.

For the purpose of this thesis, the tool was subjected to a series of review for preliminary feedback. The ratings on tool usability and completeness were never below 'good'. The tool was created with a view towards development and improvement. Based on the preliminary test results, the prototype tool to some extent has successfully provided a structured diagnosis on the existing systems, provided useful prompts on areas for improvement and shared good practice and approaches, see Section 6.5 , page 213. Through the preliminary test, the reviewers have provided suggestions for tool enhancements. The positive feedbacks from the preliminary test suggested the potential for a future research agenda for tool enhancements and expansions.

Whilst the PMPET was tailored with good practices and approaches for British agencies and public bodies, it was developed based on a framework generic for the wider sections of public sector.

At the end of this preliminary test, the participants of Phase III formed a special interest group (SIG) for sharing and learning good practices.

7.4 Limitations of the Research

Certain limitations should be taken into account when considering the contributions of this research. They are described as below:

7.4.1 Research Population

It could be argued that the participating organisations might not be representative of the entire listing of agencies and public bodies. By participating in this research, they were already 'eager about performance measurement', hence the documented evidence of a widespread practice and knowledge of performance measurement. There could be a possibility for different research outputs if more of the remaining 60% of non-respondents were being examined. However, on reflection, how would the percentage of organisations that were not doing much about performance measurement contribute towards good practice?

There could be some level of bias when only one person from an organisation was being interviewed. More participants could potentially provide more insights into how each organisation dealt with performance measurement. However, the person in-charge of performance measurement would be in the best position to describe the details of every process involved and challenges faced.

7.4.2 Scale and Scope of the Study

The scale of the study could potentially be bigger with more participating organisations. There were quite a number of organisations that indicated their interest in participating but were unable to do so as they were busy preparing their annual accounts and reports at the time Phase II was being conducted. It would have been ideal to conduct more than just interviews for the in-depth examinations of performance measurement in participating organisations, for example, to include field work such as observations through attendance at meetings. And it would also be ideal to conduct focus groups to review and obtain feedback on the tools developed. A broader range of data collection points may have provided richer descriptions and broader perspectives to the phenomena under study. This could potentially reinforce the findings and the outcomes. However, due to time, financial and manpower constraints of a post graduate research project, the scale and scope of the study had to be strictly managed.

7.5 Future Research

The research can be expanded to address the limitations discussed above.

Firstly, the study could be replicated to the other least understood public sectors such as the Third Sector organisations or other categories of public sector organisations; or be applied to agencies and public bodies in other countries, such as Malaysia, where public sector performance measurement is very much at its infancy stage. Further research could be conducted at two levels: (i) to replicate this three-phase exploratory study in another context and compare and contrast those findings with the results obtained by this research; or (ii) to test the application of the framework developed from this research on some public organisations in different contexts and/or different countries to enhance its genericness.

Secondly, the scale and scope of the study could be broadened, i.e. to include observations and attendance at meetings and the conduct of focus groups for feedback on the Guidebook and the Self Assessment Checklist. This could enhance the empirical framework and expand the usability and applicability of the tools.

With the advancement of IT, there is a possibility for making the performance measurement practice and evaluation tool (PMPET) 'live'. The proposal is to use a 'wiki' approach to enable a shared knowledge approach to enhance and further develop the tool. This Wiki-PMPET could support the 'socialisation of measurement' (Spitzer²⁹, IBM Almaden Services Research Group) within special interest groups to learn, share good practices and improve.

²⁹ Spitzer, Dean 2007, Transforming Performance Measurement: Rethinking the way we measure and drive organisational success.

Reference

Allen, D., M. Harley, et al. (1987). "Performance indicators in the National Health Service." Social Policy and Administration 21(1): 70-84.

Atkinson, A. A. (1998). "Strategic performance measurement and incentive compensation." European Management Journal 16(5): 552-561.

Atkinson, A. A. and J. Q. McCrindell (1997). Strategic performance measurement in government. CMA Magazine: 20-23. In Kloot and Martin, 2000.

Atkinson, A. A., J. H. Waterhouse, et al. (1997). "A stakeholder approach to strategic performance measurement." Sloan Management Review 38(3): 25.

Audit Commission (2000). The Principles of Performance Measurement. Management Paper, Audit Commission.

Ball, R. and A. Beckett (1991). "Performance Evaluation in a Local Government: The case of a Social Work Department meals-on-wheels service " European Journal of Operational Research 51: 35-41.

Behn, R. D. (1999). "The new public -management paradigm and the search for democratic accountability." International Public Management Journal 1(2): 131-165.

Behn, R. D. (2003). "Rethinking accountability in education." International Public Management Journal 6(1): 43-74.

Behn, R. D. (2003). "Why measure performance?

Different purposes require different measures." Public Administration Review 63(5): 586-606.

Behn, R. D. (2004). Performance Leadership: 11 Best Practices that can Ratchet Up Performance. Managing for Performance and Results Cambridge, USA, IBM Centre for the Business of Government.

Benchmarking Study Report (1997). Serving the American Public: Best Practices in Performance Measurement. Wahington DC, National Performance Review: 68.

Berger, P. L. and T. Luckman (1966). The social construction of reality. London, Penguin.

Bititci, U. S., A. S. Carrie, et al. (1997). "Integrated performance measurement systems: an audit and development guide." The TOM magazine 9(1): 46-53.

Bititci, U. S., K. Mendibil, et al. (2006). "Dynamics of performance measurement and organisational culture." International Journal of Operations & Production Management 26(12): 1325-1350.

Boland, T. and A. Fowler (2000). "A systems perspective of performance management in public sector organisations." The International Journal of Public Sector Management 13(5): 417-434.

Bolton, M. (2003). "Public sector performance measurement delivering greater accountability." Work Study 52(1): 20-24.

Bouckaert, G. (1995). Improving Performance Measurement. The Enduring Challenges in Public Management: Surviving and Excelling in a Changing World. A. Halachmi and G. Bouckaert. San Francisco, Jossey Bass: 379-412.

Bouckaert, G. (2004). Institutionalising monitoring and measurement systems in the public sector. Institutionenwandel in Regierung and Verwaltung. A. Benz, H. Siedentopf and K. P. Sommermann. Berlin, Duncker & Humblot: 455-466.

- Bourne, M., J. Mills, et al. (2000). "Designing, implementing and updating performance measurement systems." International Journal of Operations & Production Management 20(7): 754-771.
- Bourne, M., A. Neely, et al. (2003). "Implementing performance measurement systems: a literature review." International Journal of Business Performance Management 5(1): 1-24.
- Boyatzis, R. E. (1998). Transforming qualitative information: Thematic Analysis and code development. CA, Sage Publications.
- Boyne, G., J. Gould-Williams, et al. (2002). "Plans, Performance Information and Accountability: The case of Best Value." Public Administration 80(4): 691-710.
- Bredrup, H. (1995). Performance measurement. Performance management. A. Rolstadas. London, Chapman and Hall: 169-198.
- Brignall, S. and J. Ballantine (1996). "Performance measurement in service businesses revisited." International Journal of Service Industry Management 7(1): 6-20.
- Brignall, S. and S. Modell (2000). "An institutional perspective on performance measurement and management in the 'new public sector'." Management Accounting Research 11: 281-306.
- Broad, M., A. Goddard, et al. (2007). "Performance, strategy and accounting in local government and higher education in the UK." Public Money & Management(April): 119-126.
- Bryson, J. M. (2004). Strategic Planning for Public and Non-profit Organisations. San Francisco, Jossey Bass.
- Bryson, J. M. (2004). "What to do when stakeholders matter. Stakeholder identification and analysis technique." Public Management Review 6(1): 21-53.
- Bullen, C. V. and J. F. Rockhart (1981). A primer on critical success factors, Center for Information System Research, Sloan School of Business, MIT.
- Burgess, R. G. (1982). Field research: A source book and a field manual. London, Allen and Unwin.
- Cabinet Office (1998). Next Step Agencies: Guidance on Annual Reports. London.
- Cabinet Office. (2002). "Reforming Our Public Services." Retrieved April, 2006, from <http://archive.cabinetoffice.gov.uk/opsr/documents/pdf/principles.pdf>.
- Carter, N., R. Klein, et al. (1992). How organisations measure success: The use of indicators in government. London, Routledge.
- Cross, K. F. and R. L. Lynch (1988/89). "The SMART way to define and sustain success." National Productivity Review 8(1): 23-33.
- Curristine, T. (2007). Performance Budgeting in OECD Countries. Seminario Fortalezas y Desafios Del sisteman de Evaluacion y Control de Gestion en Chile, Chile.
- de Bruijn, H. (2002a). Managing Performance in Public Sector. London, Routledge.
- de Bruijn, H. (2002b). "Performance measurement in the public sector: strategies to cope with the risks of performance measurement." International Journal of Public Sector Management 15(7): 578-594.
- De Lancer Julnes, P. (2001). "Promoting the utilization of performance measures in public organizaations: An empirical study of factors affecting adoption and implementation." Public Administration Review Nov/Dec: 61(6): 693-708.
- Decrop, A. (2004). Trustworthiness in qualitative tourism research. Qualitative research in tourism. Onotologies, epistemologies and methodologies. L. Goodson and J. Phillimore. London, Routledge: 156-169.

- Deming, W. E. (1986). Out of the Crisis, MIT Center for Advanced Engineering Study.
- Dillman, D. A. (1978). Mail and telephone surveys: The total design method. New York, John Wiley & Sons.
- Dixon, J. R., A. J. Nanni, et al. (1990). The new performance challenge: Measuring operations for world class competition, Business One Irwin.
- Drewry, G. (2005). "Citizen's Charters: Service Quality Chameleons." Public Management Review 7(3): 321-340.
- Easterby-Smith, M., R. Thorpe, et al. (2002). Management Research: An introduction. London, Sage Publications.
- Eccles, R. G. (1991). "The performance measurement manifesto." Harvard Business Review Jan/Feb: 131-137.
- Eccles, R. G. and P. J. Pyburn (1992). "Creating a comprehensive system to measure performance." Management Accounting: 41-58. In Olve, Roy and Wetter, 1999. Performance Drivers.
- Elg, M. (2007). "The process of constructing performance measurement." The TOM Magazine 19(3): 217-228.
- Ferlie, E., J. Hartley, et al. (2003). "Changing Public Service Organisations: Current perspective and future prospects." British Journal of Management 14: S1.
- Ferlie, E., A. M. Pettigrew, et al. (1996). The New Public Management in Action. Oxford, Oxford University Press.
- Fletcher, A., J. Guthrie, et al. (2003). "Mapping stakeholder perceptions for a third sector organisation." Journal of Intellectual Capital 4(4): 505-527.
- Flynn, N. (1986). "Performance measurement in public sector services." Policy and Politics 14(3): 389-404.
- Fountain, J. R., T. K. Patton, et al. (2004). "Improving performance reporting for government, new guidance and resources." Journal of Government Financial Management 53(1): 60-66.
- Franco-Santos, M., B. Marr, et al. (2004). Towards a definition of a business performance measurement system. PMA 2004, Edinburgh, Scotland, Cranfield School of Management.
- Franco, M. and M. Bourne (2003). "Factors that play a role in 'managing through measures'." Management Decision 41(8): 698-710.
- Freeman, R. E. (1984). Strategic Management: A stakeholder approach. Boston, Pitman.
- Gates, S. (1999). Aligning strategic performance measures and results, In Franco-Santos et al (2004) Towards a definition of a business performance measurement system, p398.
- Ghalayini, A. M. and J. S. Noble (1996). "The changing basis of performance measurement." International Journal of Operations & Production Management 16(8): 63-80.
- Ghobadian, A. and J. Ashworth (1994). "Performance in local government-concept and practice." International Journal of Operations & Production Management 14(5): In Kloot and Martin, 2001.
- Gianakis, G. A. (1996). Integrating Performance Measurement and Budgeting. Organisational Performance and Measurement in the Public Sector. A. Halachmi and G. Bouckaert. London, Quorum Books: 127-143.
- Globerson, S. (1985). "Issues in developing a performance criteria systems for an organisation." International Journal of Production Research 23(4): 639-646.

Goodson, L. and J. Phillimore, Eds. (2004). Qualitative research in tourism. Ontologies, epistemologies and methodologies. London, Routledge.

Gray, A. and B. Jenkins (1995). Implementing the Next Steps: A choreography of management change. Next Steps: Improving management in Government? B. J. O'Toole and G. Jordan. Aldershot, Dartmouth Publishing Company: 37-52.

Gray, A. and W. Jenkins (1993). "Codes of accountability in the new public sector." Accounting Auditing and Accountability 6(3): 52-67.

Gregory, M. J. (1993). "Integrated performance measurement: A review of current practice and emerging trends." International Journal of Production Economics 30-31: 281-296.

Greiling, D. (2005). "Performance measurement in the public sector: the German experience " International Journal of Productivity and Performance Management 54(7): 2005.

Greiner, J. M. (1996). Positioning performance for the twenty first century. Organisational performance and measurement in the public sector. A. Halachmi and G. Bouckaert. Westport, Quorum Books: 11-50.

Grizzle, G. A. (2002). "Performance Measurement and Dysfunction. The dark side of quantifying work." Public Performance & Management Review 25(4): 363-369.

Guba, E. G. and Y. S. Lincoln (1994). Competing paradigms in qualitative research. Handbook of Qualitative Research. N. K. Denzin and Y. S. Lincoln. CA, Sage.

Gupta, P. P., M. W. Dirsmith, et al. (1994). "Coordination and control in government agency: Contingency and institutional perspectives on GAO audits." Administrative Science Quarterly 39(2): 264-284.

Hacker, M. E. and P. A. Brotherton (1997). "Designing and installing effective performance measurement systems." IIE Solutions 30(8): 18-23.

Halachmi, A. (2002). "Performance Measurement: A look at some possible dysfunctions." Work Study 51(1): 230-239.

Halachmi, A. (2005). "Performance Measurement is only one way of managing performance." International Journal of Productivity and Performance Management 54(7): 502-516.

Hales, C. (1986). "What do managers do? A Critical review of the Evidence." Journal of Management Studies 23(1): 88-113.

Hammersley, M. (1992). What's Wrong with Ethnography: Methodological Explorations. London, Routledge.

Hatry, H. P. (2002). "Performance Measurement: Fashions and Fallacies." Public Performance & Management Review 25(4): 352-358.

Healey, M. and J. Porter (1987). Making Performance Measurement Work for Consumer. Performance Measurement and the Consumer. London, National Consumer Council.

HM Treasury (2003). Setting Key Targets For Executive Agencies: A Guide. London, HM Treasury.

HM Treasury (2004). Devolving decision making: delivering better public services: refining targets and performance management. London, HM Treasury and Cabinet Office: 55.

HM Treasury, Cabinet Office, et al. (2001). Choosing the right fabric. London, HM Treasury, Cabinet Office, National Audit Office, Audit Commission, Office for National Statistics: 1-35.

Hogwood, B. W. (1995). "Whitehall families: core departments and agency forms in Britain." International Review of Administrative Sciences 61: 511-530.

o

Hollinshead, K. (2004). A primer in ontological craft: the creative capture of people and place through qualitative research. Qualitative research in tourism. Ontologies, epistemologies and methodologies. J. Phillimore and L. Goodson. CA, Routledge: 63-82.

Hood, C. (1991). "A Public management for all seasons?" Public Administration 69(1): 3-19.

Hood, C. (1995). "The new public management in the 1980's: Variations on a theme." Accounting, Organisations and Society 20(2/3): 93-110. In Kloot and Martin, 2000. Strategic performance management: A balanced approach to performance management issues in local government.

Hyndman, N. S. and R. Anderson (1995). "The use of performance information for external reporting: An empirical study of UK Executive Agencies." Financial Accountability and Management 11(1).

Hyndman, N. S. and R. Eden (2001). "Rational management, performance targets and executive agencies: Views from agency chief executives in Northern Ireland." Public Administration 79(3): 579-598.

IBM, G. B. S. (2007) Rethinking measurement: More than evaluating performance. Volume, 13 DOI:

Ittner, C. D., D. F. Larcker, et al. (2003). "Performance implications of strategic performance measurement in financial services firms." Accounting, Organizations and Society 28(7-8): 715-741.

Jackson, A. (2005). "Falling from a Great Height: Principles of Good Practice in Performance Measurement and the perils of Top Down Determination of Performance Indicators." Local Government Studies 31(1): 21-38.

Jackson, M. C. (1993). "Public service performance evaluation: a strategic perspective." Public Money & Management 13(4): 19-26.

Jackson, P., Ed. (1995). Reflections on performance measurement in public service organisations. Public Finance Foundation Reader: Measures for Success in the Public Sector. London, Chartered Institute of Public Finance and Accountancy.

Jackson, P., D. Beeton, et al. (1991). Developments in performance measurement and financial management: Ideas for use in the public service. London, CIPFA and the Federation des Experts Comptables Europeens (FEE).

Jackson, P. and R. Palmer (1989). First steps in measuring performance in the public sector. London, Public Finance Foundation.

Jackson, P. M. (1989). "The management of performance in the public sector." Public Money & Management 9(3): 27-32.

Johnson, H. T. and R. S. Kaplan (1987). "Relevance lost: The rise and fall of management accounting." In Kaplan and Norton, 2001.

Kanter, R. S. and D. V. Summers (1987). Doing well while doing good: Dilemmas of performance measurement in nonprofit organisation and the need for multiple-constituency approach. The Nonprofit Sector: A research handbook. W. W. Powell. New Haven, Conn, Yale University Press: In Kaplan, 2001. Strategic performance measurement and management in nonprofit organisations.

Kaplan, R. S. and D. P. Norton (1992). "The Balanced Scorecard: Measures that drive performance." Harvard Business Review 70(1): 71-80.

Kaplan, R. S. and D. P. Norton (1996(a)). Translating strategy into action: The Balanced Scorecard. Boston, Harvard Business School Press.

- Kaplan, R. S. and D. P. Norton (2001(a)). The Strategy-Focused Organisation. Boston, Massachusetts, Harvard Business Review.
- Katz, J., Ed. (1983). A theory of qualitative methodology: The social system of analytic fieldwork. Contemporary field research. Boston, Brown Little.
- Keegan, D. P., R. G. Eiler, et al. (1989). "Are your performance measures obsolete?" Management Accounting June: 45-50.
- Keehley, P., S. Medlin, et al. (1997). Benchmarking for Best Practices in the Public Sector. San Francisco, Jossey-Bass.
- Kerr, S. (1995). "On the folly of rewarding A, while hoping for B." Academy of Management Executive 9(1): 7-14.
- Kirk, J. and M. L. Miller (1986). Reliability and validity in qualitative research. California, Sage Publications.
- Kreklow, S. R. (2006). "Five Critical Factors: Preparing for success in implementing performance management." Government Finance Review 22(4): 54-56.
- Kvale, S. (1996). InterViews: An introduction to Qualitative Research Interviewing. London, Thousand Oaks.
- Lawton, A., D. McKevitt, et al. (2000). "Coping with ambiguity: reconciling external legitimacy and organisational implementation in performance measurement." Public Money & Management 20(3): 13-19.
- Lebas, M. J. (1995). "Performance measurement and performance management." International Journal of Production Economics 41: 23-35.
- Leininger, M. (1994). Evaluation Criteria and Critique of Qualitative Research Critical Issues in Qualitative Research Methods. J. M. Morse. London, Sage Publications: 95-115.
- Lewin, K. (1956). Field Theory in Social Sciences. New York, Harper & Row.
- Lewis, S. and J. Jones (1990). The use of output and performance measures in government departments. Output and performance measurement in government: The state of the art. M. Cave, M. Kogan and R. Smith. London, Jessica Kingsley Publishers: 39-55.
- Likierman, A. (1993). "Performance Indicators: 20 Early Lessons from Managerial use." Public Money and Management: 15-22.
- Lincoln, Y. S. and E. G. Guba (1985). Naturalistic Inquiry. London, Sage Publications.
- Lynch, R. L. and K. F. Cross (1991). Measure Up- The essential guide to measuring business performance. London, Mandarin.
- Maskell, B. (1989). "Performance measures of world class manufacturing." Management Accounting May: 32-33.
- Mason, J. (2002). Qualitative researching. London, Sage Publications.
- Massey, A. (1995). After Next Steps: An examination of the implications for policy making of the developments in Executive Agencies. Report to the Office of Public Service and Science: In Hogwood (1995) Whitehall Families: core departments and agency forms in Britain.
- Maxwell, J. A. (2005). Qualitative research design: an interactive approach. London, Sage Publications.
- McAdam, R., S. A. Hazlett, et al. (2005). "Performance management in the UK public sector." International Journal of Public Sector Management 18(3): 256-273.

- McGee, J. V. (1992). "What is Strategic Performance Measurement ?" Ernst & Young Center for Business Innovations: In Franco-Santos et al (2004) Towards a definition of a business performance measurement system.
- McLaughlin, J. A. and G. B. Jordan (1999). "Logic models: A tool for telling your programs performance story." Evaluation and Program Planning 22(1): 65-72.
- Medori, D. and D. Steeple (2000). "A framework for auditing and enhancing performance measurement systems." International Journal of Operations & Production Management 20(5): 520-533.
- Meekings, A. (1995). "Unlocking the potential of performance measurement : A practical implementation guide." Public Money & Management: 5-12.
- Meyer, C. (1994). "How the right measures help teams excel." Harvard Business Review 72(3): 99-122.
- Meyer, M. W. and V. Gupta (1994). The performance paradox. Research in Organizational Behavior. B. M. Staw and L. L. Cummings. London, England, Jai Press Inc. 16: 309-369.
- Micheli, P., M. Franco, et al. (2004). Business performance measurement- an organisational theory perspective. PMA 2004, Edinburgh, Scotland, Cranfield School of Management.
- Miles, M. B. and A. M. Huberman (1994). An expanded sourcebook: qualitative data analysis, Sage Publication.
- Miller, D. (2003). "The virtual moment." Royal Anthropological Institute 9(1): 57-75.
- Neely, A. (1998). Measuring Business Performance: Why, what, and how? London, The Economist Books.
- Neely, A., C. Adams, et al. (2002). The performance prism: The scorecard for measuring and managing business success. London, Prentice Hall.
- Neely, A., H. Richards, et al. (1997). "Designing performance measures: a structured approach." International Journal of Operations & Production Management 17(11): 1131-1144.
- Newcomer, K. E. (1997). Using performance measurement to improve programs. Using performance measurement to improve public and nonprofit programs. K. E. Newcomer. San Francisco, Jossey-Bass Inc. 75: 5-16.
- O'Brien, J. A. (1993). Management Information Systems: A Managerial End-user Perspective. Homewood, IL, Irwin.
- Otley, D. (1999). "Performance management: A framework for management control systems research." Management Accounting Research 10: 636-382.
- Palmer, A. J. (1993). "Performance measurement in local government: an empirical survey." Public Money & Management 13(4).
- Parker, L. D. and J. Guthrie (1993). "The Australian public sector in the 1990s: new accountability regimes in motion." Journal of International Accounting Auditing and Taxation 21(1): 59-81.
- Pervin, L. A. (1984). Personality. New York, John Wiley.
- Pidd, M. (2004). Perversity in public service performance measurement, PMA 2004 Conference, Edinburgh, UK, Centre for Business Performance , Cranfield University.
- Poister, T. H. (2003). Measuring Performance in Public and Nonprofit Organisations. San Francisco, Jossey Bass.
- Poister, T. H. and G. Streib (1999). "Performance Measurement in Municipal Government, assessing the state of the practice." Public Administrative Review 59(4): 325-335.

Pollanen, R. M. (2005). "Performance measurement in municipalities: empirical evidence in Canadian context." International Journal of Public Sector Management 18(1): 4-24.

Pollitt, C. (1988). "Bringing consumers into performance measurement concepts: consequences and constraints." Policy and Politics 16(2): 77-87.

Poole, D. L., J. Nelson, et al. (2000). "Evaluating performance measurement systems in nonprofit agencies: The Program Accountability Quality Scale (PAQS)." American Journal of Evaluation 21(1): 15-26.

PSPP (2000). Meeting the Challenge. London, The Public Services Productivity Panel.

Ridgway, V. F. (1956). "Dysfunctional consequences of performance measurement." Administrative Science Quarterly 1(2): 240-247.

Rivenbark, W. C. and J. M. Kelly (2000). "Performance measurement: A local government response." Journal of Public Budgeting, Accounting & Financial Management 12(1): 74.

Ryan, C. and P. Walsh (2004). "Collaboration of public sector agencies: Reporting and accountability challenges." The International Journal of Public Sector Management 17(7): 621-631.

Sa', P. M. e. and G. K. Kanji (2004). Performance measurement and business excellence: the reinforcing link for the public sector. PMA 2004, Edinburgh, Scotland, Cranfield School of Management.

Sanderson, I. (2001). "Performance management, evaluation and learning in 'modern local government'." Public Administration 79(2): 297-313.

Schein, E. (1992). Organisational Culture and Leadership: A dynamic view. San Francisco, CA, Jossey Bass.

Simon, H. A. (1998). "Information 101: It's not what you know, it's how you know it." The Journal of Quality and Participation(July/August): 30-33.

Smith, P. (1995). "On the unintended consequences of publishing performance data in the public sector." International Journal of Public Administration 18(2 & 3): 277-310.

Smith, P. C. (1993). "Outcome-related performance indicators and organisational control in the public sector." British Journal of Management 4: 135-151.

Smith, P. C. and M. Goddard (2002). "Performance management and operational research: a marriage made in heaven?" Journal of Operational Research Society 53: 247-255.

Sorber, B. (1996). Experiences with performance measurement in the central government: The case of the Netherlands. Organizational performance and measurement in the public sector. A. Halachmi and G. Bouckaert. Westport, Connecticut, Quorum Books.

Stake, R. E. (1995). The Art of Case Study Research. London, Sage Publications.

Stewart, J. and M. O'Donnell (2007). "Implementing change in a public agency." International Journal of Public Sector Management 20(3): 239-251.

Strauss, A. L. and J. M. Corbin (1998). Basics of Qualitative Research: Techniques and Procedures for Developing Grounded Theory London, Sage Publications.

The National Audit Office (2000). Good practice in performance reporting in Executive Agencies and Non-Departmental Public Bodies, HM Treasury: HC 272.

The Accounts Commission (2001). Getting to Know Your Services. Scotland, The Accounts Commission Scotland.

The Comptroller and Auditor General (2001). Measuring the performance of government departments. London, National Audit Office: HC 301.

The Comptroller and Auditor General of the National Audit Office (2000). Good practice in performance reporting in Executive Agencies and Non-Departmental Public Bodies, HM Treasury: HC 272.

The National Audit Office (2001). Measuring the performance of government departments. London, National Audit Office: HC 301.

The PMMI Project (2005). Target Setting: A Practical Guide. London, Improvement and Development Agency (IDEA).

Turning Point (2001-2004). Guidebook for Performance Measurement. Washington, Turning Point National Program Office, University of Washington.

Van Aken, E. M., G. Letens, et al. (2004). "Assessing maturity and effectiveness of enterprise performance measurement systems." International Journal of Productivity and Performance Management 54(5/6): 400-418.

Vitale, M. R. and S. C. Mavrinac (1995). "How effective is your performance measurement system?" Management Science August: 43-47.

Wettstein, T. and P. Kueng (2002). A maturity model for performance measurement system. Management Information System. C. A. Prebbia and P. Pascola. Southampton, WIT Press: 133-122.

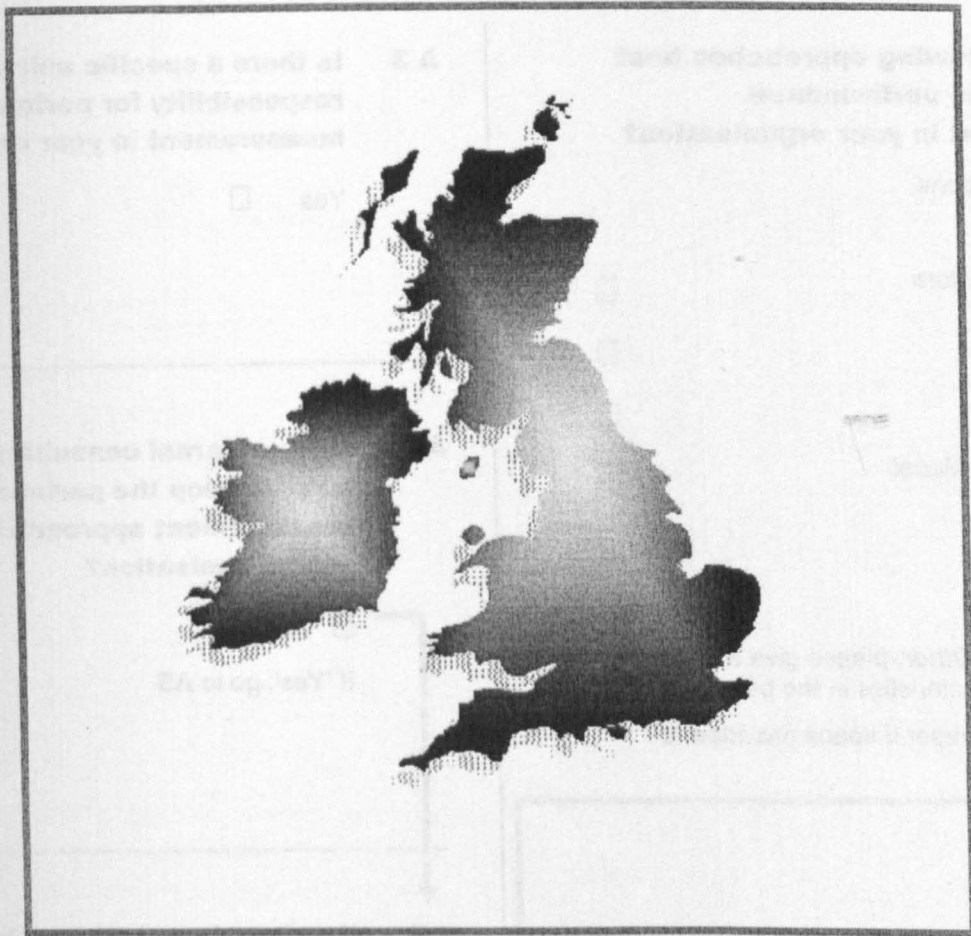
Wholey, J. S. and H. Hatry (1992). "The case for performance monitoring." Public Administration Review 52(6): 504-610.

Wholey, J. S. and K. E. Newcomer (1997). Clarifying goals, reporting results. Using performance measurement to improve public and non-profit programs, New directions for evaluation 75. K. Newcomer, Jossey Bass: 95-105.

Wisniewski, M. and D. Stewart (2004). "Performance measurement for stakeholders." International Journal of Public Sector Management 17(3): 222-233.

Zeppou, M. and T. Sotirakou (2003). "The STAIR model: A comprehensive approach for managing and measuring government performance in the post-modern era." The International Journal of Public Sector Management 16(4): 320-332.

Appendix 1 Phase I Survey Questionnaire



Performance Measurement in the British Central Government

A survey of approaches to performance
measurement in Executive Agencies and
Non-Departmental Public Bodies



THE
**UNIVERSITY OF
STRATHCLYDE**
IN GLASGOW

A 9 To what extent did the following factors influenced the design of the performance measurement approach in your organisation?

Continuation A9:

For each statement, tick (✓) only one box:

	Not at all	To Some Extent	To A Great Extent	Not Relevant
Organisational strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need to match with organisational culture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need to address multiple goals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need to integrate with employee appraisal scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need to integrate with employee reward scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need to integrate with budgetary systems	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need to address accountability to sponsoring department and other external stakeholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need to demonstrate achievements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need to focus on improvement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need to provide fast feedback	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Level of IT investment required	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Level of employee training anticipated	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Anticipated cost of performance measurement initiatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Awareness of alternative approaches to performance measurement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Views of staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Not at all	To Some Extent	To A Great Extent	Not Relevant.
Need for relevancy of measures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need for clearly defined measures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need for practicality of measures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need for measures that are timely	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need for measures to be simple to understand	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need for measures that are based on reliable data	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need for measures to be based on explicitly defined source of data	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need for measures that are internally comparable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need for measures that are externally comparable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need for measures that are verifiable with supporting documents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need for measures that do not conflict with one another	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need to show how results are a function of activities undertaken	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need for measures to have a clear purposes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need for measures to be related to specific, stretching but achievable targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Need for measures to be transparent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, please state	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part A: Performance Measurement

Please tell us about the approaches to performance measurement in your organisation.

A 1 Which of following approaches best describes the performance measurement in your organisation?

Tick (✓) all relevant options.

- Key performance indicators
- Activity-based costing
- Balanced Scorecard
- The EFQM Excellence Model
- An informal system
- Other

If *Informal System* or *Other*, please give a brief description of key characteristics in the box below:

(Please use additional paper if space provided is insufficient.)

A 2 How long has the current performance measurement approach been in use in your organisation?

- | | | | |
|--------------------|--------------------------|-------------|--------------------------|
| Less than 1 year | <input type="checkbox"/> | 1-5 years | <input type="checkbox"/> |
| 6-10 years | <input type="checkbox"/> | 11-15 years | <input type="checkbox"/> |
| More than 15 years | <input type="checkbox"/> | Unsure | <input type="checkbox"/> |

If 'Unsure' please indicate to your best knowledge the length of time: _____

A 3 Is there a specific unit or group with responsibility for performance measurement in your organisation?

- Yes No

A 4 Were external consultants engaged to help develop the performance measurement approach in use in the your organisation?

- Yes No

If 'Yes', go to A5

If No, go to A6

A 5 If external consultants were involved, whom did they work with in the (a) design and (b) implementation of the approach?

For each group, tick (✓) all relevant options.

	(a) Design	(b) Implementation
Senior management team	<input type="checkbox"/>	<input type="checkbox"/>
Designated group of people with responsibility for performance measurement	<input type="checkbox"/>	<input type="checkbox"/>
Other managers	<input type="checkbox"/>	<input type="checkbox"/>
Employees	<input type="checkbox"/>	<input type="checkbox"/>
Other, please state:	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>



Please proceed to A7

Part B: Performance Measurement: Its functions and purposes

The following questions relate to the reasons for and effectiveness of performance measurement in your organisation.

- 1 (a) What are the main reasons for measuring performance in your organisation?
 (b) In your opinion, is the current performance measurement approach effective in enabling you to do this?

Please respond for each listed factor.

List of Factors	(a) Is the listed factor a reason for measuring performance?				(b) If YES , is the current performance measurement approach effective in enabling you to do this?		
	NO Not at all	YES To Some Extent To A Great Extent			Not effective	Somewhat Effective	Very Effective
Monitoring and controlling day-to-day activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	⇒	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Longer term planning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	⇒	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Organising resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	⇒	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Evaluating the performance of specific initiatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	⇒	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Identifying which aspects of performance need improvement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	⇒	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Supporting organisational learning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	⇒	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Communicating the organisation's values and priorities to members of the organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	⇒	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Communicating expected performance to members of the organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	⇒	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
External reporting purposes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	⇒	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Revealing to what extent individual stakeholders' requirements are met	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	⇒	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Allowing all members of the organisation to understand how their actions affect the entire organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	⇒	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Identifying Best Practice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	⇒	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, please state	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	⇒	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	⇒	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

B 2 For each of the following purposes, how often is performance being measured and how often is this information being reviewed for decision-making?

Please write the appropriate number in the relevant columns. Fill in both columns.

- 1 = Annually 2 = Bi-annually 3 = Quarterly
 4 = Monthly 5 = Fortnightly 6 = Weekly
 7 = More than once a week

Note: F/M* = Frequency of Measurement
 P/R* = Performance Review

	F/M*	P/R*
Monitoring and controlling day-to-day activities		
Longer term planning		
Coordinating and organising resources		
Evaluating the performance of specific initiatives		
Identifying which aspects of performance need improvement		
Communicating organisation's priorities and values to members of the organisation		
Communicating expected performance standards to members of the organisation		
External reporting purposes		
Other purposes as stated in B1 above:		
Other 1# _____		
Other 2# _____		
Other 3# _____		

B 3 In your opinion, to what extent does the current performance measurement approach effectively monitor developments and changes in the:

	Not at all	To Some Extent	To A Great Extent
External environment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internal environment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If 'Not at all', please state why?

For External environment _____

For Internal environment _____

B 4 Overall, how would you rate the effectiveness of the current performance measurement approach?

Not at all	Limited	Adequate	Good	Excellent
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part C: Additional Comments and Follow-up Interviews

1 In your opinion, what, if any, are the key improvements you would like to see made to the existing performance measurement approach?

2 Are there any comments you would like to make?

3 Are you are interested to see the summary results of this survey? Yes No

4 We will be conducting a small number of follow-up interviews when this survey is completed. Would you be willing to participate? Yes No

Kindly provide us with your details if you have ticked YES for either of the above.

Name: _____

Designated position in organisation: _____

Name of Organisation: _____

Address: _____

Telephone numbers: _____ Email: _____

Thank you very much for completing this survey. Please return your response using the enclosed envelope by 4 July 2005 to:
Department of Management Science, c/o Nur Anisah Abdullah, University of Strathclyde, 40 Graham Hills Building, George
Street, G1 1QE Scotland, United Kingdom; or fax to 0141 552 6686

[Our Ref: EA 0]

Appendix 2 Phase II Interview Protocol

Performance Measurement in British Central Government

In-Depth Interviews

Introduction

This interview forms part of a wider research project undertaken to learn about the use of performance measurement amongst Executive Agencies and Executive Non-Departmental Public Bodies.

The main objectives of this interview are to gain in-depth understanding of how and why practices differ from one organisation to another, and to identify the critical success factors for an effective performance measurement system.

Critical Success Factors & Phases of Performance Measurement System development

For a performance measurement system to yield results, there are some critical factors must be considered and acted upon through the phases of development.

Phases of development:

- Design- an understanding of what should be measured and defining how it should be measured.
- Implementation- the phase in which systems and procedures are put in place to collect and process data to ensure the measurement to be made regularly.
- Use- the process of managing through measures the actual use for strategic planning, resource management, internal/external reporting.
- Review- an inspection or examination for the purpose of evaluating system effectiveness and this information is used to update the system.

Scope of Interview

The interview is designed explore the processes involved in the development of performance measurement systems: design, implementation, use and review to uncover critical factors.

The interview should take no more than 60 minutes. However, a follow-up interview may be sought to clarify emerging issues.

With your permission, interviews will be recorded for transcription purposes. If you have problems about the recording, please inform me before the interview begins.

Confidentiality

Please be assured that all information gathered from this interview will be treated with full confidentiality.

- Verbatim comments from interviewees will be systematically coded for analysis and reporting purposes, with all personal identifiers removed to maintain anonymity;
- access to raw data is restricted as it will only be made available to vetted and 'bona fide' researchers only; and
- with your permission, count of responses as well as verbatim (unattributed) quotes will be used to illustrate findings in a PhD dissertation and other published journals or materials.

Profile of Interviewer



Name: *Nur Anisah Abdullah*
Department of Management
Science, Strathclyde Business
School
Tel: 01415482662 & 07709228607.
nur.a.abdullah@strath.ac.uk

<http://www.managementscience.org/phd.asp>

Appendix 3 Phase II Interview Prompts

PHASE II Interview Template

Name:
Organisation:
Date of interview:
System been in use:
Types of approach:

1. Tell me what you do in relation to performance measurement for this organisation?
2. Could you please describe from your experience with existing PM, **what works well**?
 - a. Would you try and say more about <____>? How would you know that?
 - b. What are some of the **key factors** that contribute to system working well?
 - c. Was there a **person** or a particular group of persons instrumental for this?
 - d. Was there any particular **period of time** this is important?
3. **Could you also describe to me things that DIDN'T work well?**
 - a. Would you try and say more about <____>? (How did you know it wasn't working well?)
 - b. What are some of the **key factors** that contribute to system working well?
 - c. Was there a **person** or a particular group of persons instrumental for this?
 - d. Was there any particular **period of time** this is important?
 - e. What would you have **done differently**?
4. **Survey: Overall system effectiveness rated <GOOD>, you've mentioned for further improvements: "even more customer focused":**
 - a. Would 'being more customer focused' contribute to system working well?
 - b. How would you know if that is achieved?
 - c. What are some of the **challenges** you would expect?
 - d. How would you suggest that can be overcome?
5. **PAST PMS experiences: What works well?**
 - a. Could you share with me some experiences of what **works well**?
 - b. How did you know that works well?
 - c. What are some of the **key factors** that contribute to system working well?
 - d. Was there a **person** or a particular group of persons instrumental for this?
 - e. Was there any particular **period of time** this is important?
6. **PAST PMS experiences: What did not work well?**
 - a. Could you share with me some experiences of **what works well**?
 - b. How did you know that works well?

- c. What are some of the **key factors** that contribute to system working well?
- d. Was there a **person** or a particular group of persons instrumental for this?
- e. Was there any particular **period of time** this is important?
- f. How would you have **done differently**?

7. Diagnostic tool

- a. -Would it be **helpful** to have something you can use to **assess** system effectiveness?
- b. If there is something you can use, what would be your **expectation**?

8. Models of Best Practice

1. -Would a **guide** to development and improvement of PMS be useful?
2. If there is one, what would be your expectations?

1. Forward thinking:

Based on your experience to date, if you were to be responsible for the design and implementation of a system, what are the **3-6 key factors** you would bear in mind?

Phase II Interview Prompts

This is a list of prompts to guide the interview, particularly for part 3 & 4 above.

Question	Expected answers
1. Tell me what you do in relation to performance measurement for this organisation?	Orientalion/Warm-up.
2. Could you please describe from your experience with existing PM, what works well? (Interviewer to note the 'whats')	Main elements of PM.
3. For each 'what', to probe: You've mentioned something about _____, would you please say by and say more about that? if for eg. 'It is vital that top management show their continued support' a. How should that contribute to success or failure? b. Who/What was instrumental for the process? c. (When) Was there any particular period of time that process was instrumental?	Good practice Approaches in use. Diagnostic tool.
4. You rated your PMS to be '<adequate>' '<limited>' would you like to see further improvements? If yes, • What? • How would that contribute to success? • How could that be possibly be carried out?	Good practice
5. What were some challenges faced?	List of what not to do Implementation issues=best practices
6. How would you suggest overcoming them?	
7. Diagnostic tool For systems that are of '<limited>' effectiveness -Would it have been helpful to have something you can use to assess system effectiveness? For systems that are of '<adequate>' or '<good>' or '<excellent>': -Would it be helpful to have something you can use to assess system effectiveness? For both: If there is something you can use, what would you expect from it?	Diagnostic tool Desirability and feasibility
8. Models of Best Practice: -Would a guide to development of PMS be useful? -If there is one, what would you expect from it?	The objectives of the tool. Models of best practice. The objectives of the models.
9. Can you please briefly describe some successful or unsuccessful PM initiatives from your past working experience? • Why was that? • How would you have done differently?	List of best practices and critical factors. List of what not to do-Diagnostic tool
10. Based on your experience to date, if you were to be responsible for the design and implementation of a system, what are the 3-6 key factors you would bear in mind?	List of critical factors.

Generic Key Issues		
Design Stakeholder needs	Implementation Communication	Review
What to measure	Follow through process Top mgmt support Resources	Commitment to support effort to learn from poor results; and how to improve? Measuring the right things Measured the right way
Select & design measure How to measure	Measures established position, communicate direction, influence behaviour, stimulate action, and facilitate learning.	How info is reported? How info is used?
Data capture infrastructure When to measure	Training Performance analyst who is not a member from the Board Ease of data accessibility	Ave data collected and analysed Ave data acted upon
Good measures		Monitoring internal environment- changes to organisational objectives or strategies due to change of political interest
Involve right people	Consequences of measurement	
Resources	Distribution of info	

Questions specific for ABC users	To explore how it is used:
From the survey, of those who used ABC, like yourself, reported their system to be good, whereas EFQM or BSC users were not as satisfied. From your experience, why is ABC a more effective PMS? What was instrumental to success?	1.Diagnostic application to provide snapshot cost information at widely spaced intervals for ? 2. to support reengineering by examining how proposed changes will not only affect process costs but also cycle time, quality, and flexibility. A significant amount of non-financial information is captured in determining activity volumes and consumption. Integrated Cost Management System-the most mature forms of activity-based management (costing). They differ from diagnostic or reengineering models because they are: updated frequently, fully relational, flexible to changes, have automated feeds from other systems, and have on-line reporting and query capabilities.

Questions specific for EFQM users
Implementation issues-graduated approach Linking performance indicators to individual EFQM criterion Using outputs to drive continuous improvement.

Questions specific for BSC users
Selection of measures Adapting the framework for organisation- how many perspective-4 or more or less? BSC needs refreshing overtime.

Appendix 4: Phase II Data Analysis: A Priori codes

A-Priori Codes (before revision)

Code	Name & Description	Notes
DES	DESIGN: refers to the stage (or process) of understanding what should be measured and defining how it should be measured There are 3 key sub categories Reason for measuring Define measures	
DES REA	REASON for measuring: captures issues on the reasons for measuring and what needs to be measured. There is 1 key sub category: Who is involved in deciding the reasons for measuring and what needs measuring?	
DES REA INV	Who is INVolved: captures issues on who should be involved in deciding the reasons for measuring and what needs measuring.	
DES-OWN	OWN the measure: captures issues on who acts on measure once data become available & what they do with this knowledge?	
DES DEF	DEFINE: captures issues on defining how measures should be measured; where to get data, who to collect, how often to collect and how often to review data; and who owns the data (act on measure upon data become available Best Practice-captures best practices for designing measures	
DES BP	Best Practice-captures best practices for designing measures	
IMP	IMPLEMENTATION: refers to the stage in which systems and procedures are put in place to collect and analyse data to ensure the measurement to be made regularly. There are 3 key sub categories Behavioural issues IT support systems Communication plan	
IMP BEH	BEHAVIOURAL issues: captures issues relating to employees behaviour towards implementation of measures	
IMP IT	Information Technology support systems: captures issues relating to IT support systems for data collection, collating and analysing data.	
IMP COMM	COMMUNICATION plan: captures issues on the reporting system Types of report to be published; presentation of report; distribution of reports; users of reports, usage of report; feedback on report and the likely impacts of using performance information.	
IMP BP	Best Practice: captures best practices for implementation	

Code	Name & Description	Notes
USE	USE: refers to the stage (process) of managing through measures, of which is the actual use of performance information for strategic planning, resource management, internal/external reporting purposes. There are 3 key sub categories: Behavioural Reasons for using performance report/information The actual impacts of using performance information.	
USE BEH	BEHAVIOURAL: captures issues arising from how staff react to performance information	
USE REA	REASONS: captures issues arising from the reasons for use of performance data.	
USE IMPT	IMPAcTs: captures issues arising from the use of performance information	
USE BP	Best Practice captures best practices for use of performance information	
REV	REVIEW of measures: refers to the stage where inspection or examination for the purpose of evaluating system effectiveness and this information is used to update the system. There are 3 key sub categories: Need to review Frequency of review Groups involved in reviewing measures NEED captures issues arising from the need to review measures	
REV NED	NEED captures issues arising from the need to review measures	
REV FRQ	FRQUENCY: captures issues arising from how often measures should be reviewed.	
REV INV	INVOLVEMENT: captures issues arising from groups being involved in reviewing measures	
REV BP	Best Practice: captures best practices for review of measures	

Appendix 5 Phase II Data Analysis: Descriptions of Key Theme

List of Revised Codes

Notes

Code	Description	Notes
KE1: SET GOALS AND OBJECTIVES	An effective performance measurement approach would require the identification of what needs measuring.	
KE1: WHY	Why is this necessary	
KE1: WHAT	What are the fundamental issues for this key theme?	
KE1:- HOW	What actions necessary or taken for the occurrence of this key theme?	
KE2: MEASURE & MONITOR	An effective performance measurement approach would require the setting up of mechanisms put in place to track changes in performance or progress of activities.	
KE1: WHY	Why is this necessary	
KE1: WHAT	What are the fundamental issues for this key theme?	
KE1:- HOW	What actions necessary or taken for the occurrence of this key theme?	
KE3: PREPARE EVIDENCE OF PERFORMANCE	An effective performance measurement approach would require the setting up of a process of analysing data gathered from measuring and monitoring activities, and the production of various types of reports.	
KE1: WHY	Why is this necessary	
KE1: WHAT	What are the fundamental issues for this key theme?	
KE1:- HOW	What actions necessary or taken for the occurrence of this key theme?	

Notes

Code	Name & Description	Notes
KE4: EVALUATE PROJECTS	An effective performance measurement approach would generate sufficient performance information to enable the assessment and evaluation project performance.	
KE1: WHY	Why is this necessary	
KE1: WHAT	What are the fundamental issues for this key theme?	
KE1:- HOW	What actions necessary or taken for the occurrence of this key theme?	
KE5: REVIEW AND MAKE DECISIONS	An effective performance measurement would generate useful performance information for the assessment of progress which enable decision making.	
KE1: WHY	Why is this necessary	
KE1: WHAT	What are the fundamental issues for this key theme?	
KE1:- HOW	What actions necessary or taken for the occurrence of this key theme?	
KE6: INFLUENCE PERFORMANCE BEHAVIOUR	An effective performance measurement approach would generate useful performance information to enable the efforts to stimulate productivity and boost work morale.	
KE1: WHY	Why is this necessary	
KE1: WHAT	What are the fundamental issues for this key theme?	
KE1:- HOW	What actions necessary or taken for the occurrence of this key theme?	

Code Name & Description

Notes

KEY: DRIVE IMPROVEMENT
An effective performance measurement approach would generate useful performance information to enable learning from past performance and to develop and improve.

KEI: WHY Why is this necessary

KEI: WHAT What are the fundamental issues for this key theme?

KEI: HOW What actions necessary or taken for the occurrence of this key theme?

KEY: DEMONSTRATE SUCCESS
An effective performance measurement approach would provide useful performance information for the demonstration of achievements, success, transparency and public accountability

KEI: WHY Why is this necessary

KEI: WHAT What are the fundamental issues for this key theme?

KEI: HOW What actions necessary or taken for the occurrence of this key theme?

KEY: NEGOTIATE KEY TARGETS & FUNDING
An effective performance measurement would generate useful performance information for proposals for key targets and funding.

KEI: WHY Why is this necessary

KEI: WHAT What are the fundamental issues for this key theme?

KEI: HOW What actions necessary or taken for the occurrence of this key theme?

Appendix 6: Phase II Snapshots of Interview Data

Category: New, Unstructured and Small

Organisation: A

Approach & Effectiveness: KPIs & Good,

What works well?

Demonstrate improved performance to maintain existence of this organisation.

Summary of transcript:

- Set stretching targets to improve performance to work towards achieving organisation objectives.
 - Obtain staff buy-into performance measurement by making sure that measures reflect the work being done, select measures based on what is actually involved in carrying out the work. Clarify the role staff play towards organisation objectives, so that they know what success. Discuss how individual objectives, dept plans & operational plans fits together rather than imposing decisions on them.
 - Use performance information to evaluate to ensure that things are going according to operational plans and corporate plan. Identify areas not on track, look for explanation from HOD, take mitigation actions, shift resources if necessary to ensure delivery of services.
 - Increase credibility through data accuracy and consistency in data collection in generating performance information to demonstrate improved performance.
 - Use exception reporting to avoid reporting things that people already know it is going on track; reducing the level of details on report hence making more user-friendly to encourage managers to use reports for discussions.
-

Organisation: B

Approach: KPIs, Good

What works well?

Increase understanding in what is happening in the organisation to help people understand how the performance measurement system can help in relating their everyday work to the bigger picture of performance.
Allow us to communicate our success

Summary of transcript:

Communicates performance against organisation's values and priorities

- Embed performance measurement in management process.
- Look at how film can relate to other department's agenda in terms of social cultural aspects, this helps establish a framework of measurement that mirrors our relationship with the government, these actions brings about changes in the way the organisation approaches it funding issues.
- Revise strategic plans and identify the impacts we are trying to achieve.
- Develop priorities for objectives that are measureable and set the right measure (good practices for measures).
- Develop a system to collect performance information, where partners have a core set of data measures that are not negotiable (because they are aware that partners are not buying into taking responsibilities for measuring performance).
- Evaluate performance information to highlight problems rather than waiting for reports then prepare a series of reports for Directors.
- Obtain feedback from Directors on contents, style, structure and format or reports because the reports have to be relevant for users.

Change mindsets of people working in the organisation

- The establish framework of measurement provides where we want to go in the future, and instil 'trying to improve what we are doing as an issue rather than targets and league tables'
 - Develop a system to collect performance information.
-

Organisation: C

Approach: KPIs, Limited

What works well?

- ◇ Measure what we do for improvements rather than measuring for funding purposes.
- ◇ Demonstrate how are we matching the expectations of the government

Summary of transcript:

Measure what we do for improvements rather than measuring for funding purposes.

Transform performance measurement to be more customer focus

- Show the links between the need to achieve aims through plans and activities (what we do).
- Top management be aware of users concern by engaging different group of audiences to get a feel of how the community feel about things.
- Managers need to be thinking in the wider framework i.e. improving visitor experiences rather than reporting on straight forward/easy to measure statistics.
- Design measures that describe achievements, measure what we do rather than measure all sort of thing all over the place.
- Design measures that are useful to achieve staff buy-in and commitment towards measuring performance towards achieving aims in order for people want to use the measures to help them do the job; people to use the measures properly and people see the value or usefulness of having the right measures.
- There is a need to transform performance measurement to be more customer focus. This can be achieved through understanding how stakeholders feel about things would help in designing measures for the tricky (quality) bits.
- Setting relatively ad hoc KPIs does not help

Achieve staff buy-in and commitment towards measuring performance towards achieving aims

- Change views about the information we gather
- Let staff feel that they do have a chance to contribute towards thinking about how to collect performance data. This can be achieved through regularly consulting staff opinions and listen to them, and provide feedback mechanisms for staff to improve data collection methods.
- This practice would improve the quality of relationship with staff. This relationship is important for the process of explaining what 'the thought process with regard to the change in mindset about the data we are collecting' is.
- This provide an opportunity in getting the people on the ground involved in deciding what type of performance information is required rather than ideas coming from the top. Get staff buy-into the idea of measuring performance and hence get the correct staff attitude towards changing the mindsets of managers from 'increasing resources within my team' to 'negotiating appropriate resources to achieve the wider purpose'
- This would lead to gaining awareness of the different ways of getting quality performance information much needed to improve quality of performance data- in terms of data reliability and validity.
- Encourage managers to engage in managerial thinking rather than just being a nature lover because a better manager can help delivery of service.

Use performance information to improve performance rather than to penalise failures.

- There should be a level of trust on the quality of managers working in the organisation because senior management usually work closely with them and they (senior management) see examples of performance information being used- however, having said that, it is difficult to trace cases where performance information is not being used until it is too late.
- Trusting managers to use performance information rather than using any kind of bureaucratic procedures to ensure if that happens.
- Staff buy-into the idea of performance measurement at every level is vital because they need to think 'how I am doing to make the organisation more effective rather than how do I do what I am doing more effectively'; this would then influence how failures should be reported.
- There should also be some kind of build-in features in performance appraisal system to question the use of performance information by managers.
- Performance information is vital to staff because they need to know what is happening around them.
- Managers should ask 'are we using performance information to the best effects'?

Category: New, Unstructured and Medium

Organisation: D

Approach: KPIs, Good

What works well?

- ◇ Monitor performance against ministerial targets
- ◇ Use performance information to help directors make decisions on resource planning
- ◇ Demonstrate successes
- ◇ Provide a broader picture of what we do
- ◇ Reflect the amount of work done behind the scene.

Summary of transcript:

Encourage directors to use performance reports for discussions.

- Owner of work to provide comments on performance report.
- Finalise monthly report for directors meetings
- Present performance information using more graphics to facilitate and ease of understanding.
- Obtain feedback from directors on the types of information required or not- positive feedbacks motivate staff, letting them know that their work (collecting, collecting analysing information) is appreciated. This would also enhance staff understanding of what they are doing and query trends and information generated rather than just copy and paste information to prepare reports. Use feedback to revise reports based on those feedback to enhance usefulness.
- When staff understand what they are doing, they would also help enhance the validity and accuracy of data.

Enhance data validity and accuracy.

- Use business intelligent system to manage performance data.
- Commission/design robust software to capture necessary data.
- System design to provide timely information rather than data working through the system till middle of the month.
- The challenge of collating data arises when case work (loose systems are not connected to the main Business Information System) send their data to be fed into the main system and this is a time consuming process.
- Staff should have the knowledge to identify 'things that are not right' from looking at trends. If they (the trends) went completely the wrong way they would then look for underlying causes, they would then do some analysis and investigation, then put in an explanation as to why the trend is as such; find the source of error. It is important to have human elements to look at data and query it even when there is a IT system to support data collection.
- However automated system would reduce some human errors.

Prepare report early enough to allow time for comments.

- Use business intelligent system to manage performance data.
- Performance data needs to be timely to enable performance team to add some brief commentary on graphs and allowing owners of work to provide comments on performance report.
- More links with free standing systems to reduce the amount of time spent on collating and monitoring the case work that are sent in for reports. So that you can pull out information rather than having to wait for someone to send them in.
- Report on other/additional KPIs rather than just ministerial KPIs..

Good practice for designing measures

- Use subjective measures to measure quality of work rather than just quantity or timeliness.
- Because quality is difficult to assess or to quantify- a separate section is set up to monitor those measures.
- Measures are clearly defined/worded – exactly how each of them should be measured and there should only be only 1 way to measure them.

Organisation: E

Approach: KPIs looking into BSC, adequate

What works well?

Tell the story about the organisation and demonstrate we are cost effective as an organisation and achievements in making a difference to consumers.

Summary of transcript:

Consider stakeholders requirements.

- Conduct stakeholder survey every 2 years to understand their perception on our impact and our reputation; scope ideas generated from the survey to identify the key things we should focus on.
- Identify impacts we are trying to achieve before embarking a project.
- Map the impacts that we want to achieve and the actions necessary to achieve them. Plan a series of projects for each objective to put consumer issues in public domain with an aim to raise awareness amongst ministers.
- After mapping impacts and actions, identify measures to indicate whether we have made a difference to consumers with a certain amount of funding.

Evaluate impacts we want to achieve and evaluate how long we take to do a particular type of work.

- Identify relevant measures to indicate achievement of impacts.
- Use BSC as a framework for performance measurement.
- Produce performance reports to demonstrate our achievements to sponsors; demonstrate we are making efficient use of resources; share performance information with people within the organisation so that staff gain a sense of achievement, feel proud to be a part of the organisation and staff understand what it is that we do; and aid the understanding of what works well in the organisation to facilitate more efficient planning.
- Avoid having people concentrate on producing report rather than focusing on achieving impacts.
- Use work plan management (Impact Measurement system software) to help identify the impacts we are trying to achieve and to aid planning and identifying who are trying to influence to decide on the best methods/ approach to accomplish plans, allocate resources, and map milestones to track progress.
- Because work takes time to realise results, measures are of short term impacts rather than ultimate impacts.
- Use simple, straightforward and process orientated measures, but avoid making monitoring too process orientated.
- Use IT to support a good data collection system to ensure facts are 100% correct to provide evidence on our performance, reduce laborious data collection tasks to ensure efficient use of resources and making data collection more cost effective.

Engage directors in using performance information to manage

- Prepare exception report rather than reporting in total because directors have little time to ponder over long reports. The trick is to strike a balance between keeping report brief but sufficient coverage across the board and on all projects every quarter.
- Develop a better way to help management team better understand data by using summaries to explain why some projects didn't work out as planned.
- Directors use performance information to identify if projects are on course and to decide on resource allocation to facilitate work planning and decide if we should stay on a project.

Obtain staff buy-into moving towards impact driven

- Involve staff in project teams which deal with publications, and conduct research.
- Commission consultants to meet and work with staff in project teams so that staff understand their role contributing towards what the organisation do, value the work we are doing and recognising what the organisation do.
- With better understanding, the introduction of change towards how things are being done can be better and then work towards improving how we project manage to move towards impact driven.

Review system regularly

- Make incremental changes to existing system rather than dealing with everything at a go.
- Test new approaches and make reference to benchmarks and best practices.
- Strike a balance in trying to make system excellent and engaging resources in delivering services.

Organisation: F

Approach: BSC & EFQM , adequate

What works well?

To have an oversight on organisational performance

Summary of transcript:

Embed PMS in mgt system to avoid extra overhead incurred in collecting data and reporting performance.

- Make performance measurement part of the job right from the start rather than adding extra bit staffs need to do later
- Develop a PMS that staff would use by consulting different groups on their requirements.
- Measurement approach design must take into account of allowing people to recover from mistakes without risking their jobs. Reward good performance. Motivate staff through celebration of successes

- Measure the right things to encourage staff focus their effort on work.

Measure impacts rather than just outputs and processes

- Some impacts are difficult to quantify, consult different groups of stakeholders to understand their expectations
- Measures design to reflect impacts rather than concentrating on work that are easily measurable.
- Make reference to good practice for designing measures. Be aware of creative reporting or gaming.
- Set clear targets- consult with stakeholders to gain an understanding about the context of service delivery; include a wide range of targets to avoid distortion; and avoid setting targets for parts of job people are happy to report, avoid setting comfortable targets rather than challenging ones.
- Make reference to good practice for designing measures: design measures that are difficult to fiddle with; have objective measures that are verifiable-make documentation for every change made to measures; have clear definitions for each measure; ensure transparent and clear data collection methods; ensure transparency in methods of calculation for each measure; design simple measures.

Performance review

- Use root cause analysis to explore something that has gone wrong- explore what can be done to stop what is going wrong immediately, and explore what can be done to stop it from happening in the future.
- Prepare performance report promptly for prompt corrective actions.
- Use traffic lights systems to show progress
- Format of reports should be summarised to give the direction about performance.

Organisation: G

Approach: BSC, Adequate

What works well?

Demonstrate success. Have evidence of we achieved what we said we aimed to achieve.

Summary of Transcript:

Be aware of the broader impact we are trying to make. Set out aims in the Corporate Plan

- Use Corporate Plan to prepare Business Plan and set strategies.
- Cascade the Business Plan to operating plans and the KPIs flow from the Business Plan so that they are not 'airy-fairy' but specific.
- Use both quantitative and qualitative measures.
- Use team operating plans which stemmed from business plan to select and define key measures. Set personal objectives.
- Directors to conduct quarterly review on progress against business plans. Assess if more work areas needed to be covered. Review individual targets and/or individual targets when necessary.
- Conduct stakeholders survey to understand their wants and get their feedback in terms of their perception of our activities and how we do what we do. We deliver the requirements of the industry but that may not be what they want. We must make sure the stakeholders understand that we may be delivering things that they need rather than what they want.
- Data Collection: timely, relevant to users and targeted audience, how much to include in publication; 'It is important for us to provide relevant and appropriate data to the intended audience.
- Directors ought to use performance information to educate their team in terms of how the organisation is doing. Produce monthly reports to communicate how the organisation is operating and communicate the key things we have done.
- Performance report highlight issues at an early stage, acts like an early warning system.
- Use benchmark for quality assessment.
- Challenges: How to establish our value and how to communicate to our stakeholders? How to establish value before and after project?
- Directors communicate regularly- to ensure we meet our deadlines and targets.
- Have dialogue and maintain a good relationship with our sponsor- keeps us focus on delivery: timely and the right things

Organisation: H

Approach: ABC, Excellent

What works well?

Demonstrate success

Summary of transcript:

1. Obtain staff buy-into performance measurement system.
2. Measure the right things
3. Be responsive to sponsor department and different stakeholder groups' requirements

Obtain staff buy-into performance measurement system.

- Hold meetings with staff to give opportunity to report on happenings.
- Consult staff as one of the stakeholder groups in terms (i) what is useful to help them work better and how measures can be used to help them in terms of performance; and (ii) whether targets are unreasonable.
- When staff buy-in to the idea of measuring performance, they would understand the importance of having some sort of performance measurement system and would use performance information to aid decision making to improve performance and ultimately, the agency would achieve its objectives.
- Prepare monthly report for monthly meetings on what each area (in the organisation) is doing and progress they are making towards targets to raise awareness of problem areas so that (i) staff aware of things that are slipping, and (ii) help make staff aware of what they are meant to achieve and the level they need to achieve, to step up performance to help agency meet targets.
- Get people involve in preparing monthly report.
- Set local measures to measures the right things (useful to staff) and relevant to staff work to ensure staff understand the reason for measuring performance.
- Have internal scrutiny on performance – set up a Strategy Board and they meet 3 times a year.
- Have external independent audit of what we do.

Measure the right things.

- Measuring the right things is important: (i) staff could relate the measures to their personal work objectives hence understand the reason for measurement performance; (ii) collect relevant data that reflect agency's performance so that decisions can be taken to step up performance if things are slipping.
- Consult different stakeholder groups because changing priorities within the industry affect how things are being done at the agency, this in turn affect resource allocation.
- Consult staff on setting reasonable but challenging targets by holding staff meetings.

Regular review of measures for relevance

- Senior management meets monthly to review progress.
- Conducted in an informal manner.
- Regular review of measures is necessary due to changing priorities with the agency affects how things are being done, and the organisation needs to be flexible to respond to changes and be responsive to sponsor department requirements

Organisation: I

Approach: ABC, Excellent

What works well?

Know we are achieving what we said we were going to achieve

Summary of transcript:

1. Link management plan, corporate plan and targets.
2. Mgt buy-into performance measurement to ensure cooperation in working towards what we said we were going to achieve

Include in mgt plan are corporate mission, responsibilities, objectives, values and key targets.

Mgt plan are set and review yearly by performance manager and directors, which involved (i) review targets based on last year's performance, (ii) review the risks against; (iii) set new targets for activities engaged for the year(s) ahead, (iv) design measures to

capture a broad range of our activities, these measures derived from organisational strategies, and directors own measures relating to their department while the Board jointly own the set of measures.

Data collection and production of performance information: Once all these are in place:

Mgt team is responsible for targets related to their department.

To ensure that people provide sound data, consistent information, provide appropriate data on time, so that any performance reporting is based on valid and reliable data. This can be audited by asking for paper trails.

Performance manager establish good relationship with people who provide data to ensure they know what information (data) is required. Performance manager defines what information is needed.

Performance report relates to management plan so mgt board is regularly informed about performance against targets and can monitor performance regularly, meet every fortnight to assess performance.

Good reporting practices:

- Cross function because department are related.
- Prepare report in a consistent format for familiarity to help directors spot trend early to highlight things that could be improved or highlight problems. While regular changes should be made on areas needed more emphasis, this is achieved by getting feedback from report users. A balance need to be struck to reporting consistent set of measures for trend spotting purposes and regularly review the relevance of measures.
- Report should tell the story without drowning people with too much information, highlight issues and problems to help directors see what can be improved, and how we did things, allowing them to get the bigger picture of organisational performance.
- Performance manager provides interpretation by analysing data and gives insight into activities of the museum to help directors focus on issues.
- Reports cover information for external reporting as well as for internal mgt purposes.
- Reports provide a history of performance for reference.
- Use traffic light system to highlight problem areas.

Use of performance reports:

- Directors use them to inform their own department about what is happening and how they are contributing towards organisational performance.
- Use reports to make specific decisions.
- Use reports to make corrective actions.

Use BSC as a framework to performance measurement:

- ◊ As a system to communicate early warning.
 - Useful to organise our thoughts in balancing our activities towards achieving what we said we were going to achieve.
 - Useful as a communication tool for staff to be aware of what is the museum is doing, and reassure the Board about our achievements.

Organisation: J

Approach: BSC, Good

What works well?

PM to guide working towards for continuous improvement.

Summary of transcript:

Instil continuous improvement culture.

Focus our efforts towards continuous improvement. Change the mindset of fixed annual performance review towards regular performance review and review strategy/planning.

PMS facilitate the differentiation between what we are trying to achieve and what we actually do.

- Plan for projects that contribute towards changes rather than be responsible for all activities. Top management meet quarterly for review to think about what our strategy is and if we are align with external factors such as the global economy.
- Use BSC approach to facilitate discussion on what we are trying to achieve before worrying about what we do:
- Use strategy mapping to help map actions contributing to strategic intent onto the big picture (overall organisational performance)
- Decide on the right set of measures for those actions planned.

Regular review is useful to ensure we have the projects to deliver the necessary outputs contributing to our strategic intent.

This review is supported by the use of performance measurement where it helps you to understand the progress made towards the big picture.

Avoid/Kill the perception 'performance measurement is about feeding the beast'.

- People need to understand that performance measurement is not an end by itself but a means to an end.
- Data collection is about what you want to find out rather than being a chore. People need to understand why they are collecting the data, and that they would give data much more care to ensure data accuracy and discourage gaming.
- People need to understand that they are generating performance information that is useful for management rather than feeding the beast. Being involved in preparing the report gives people the sense of genuine ownership on the content and issues. This would then stimulate discussions in meetings on how people responsible for delivering something should be doing it better. This links back to focusing effort on continuous improvements.

Organisation: K

Approach: KPIs, NEW

What works well?

Inform your progress towards the objectives you want to achieve

Summary of transcript:

Use performance measurement to manage rather than as an end itself

- People need to understand what performance measurement is all about by changing their mindset to collect useful data for monitoring purposes rather than collection data about what people are doing. This ensures collection of relevant data rather than collect data on whatever you do.
- Use KPIs to give indication on how much we are on track with meeting organisational goals. Identify measures which will indicate to what extent objectives are being met.

Staff understand their role in achieving organisational objectives through meeting personal objectives.

- Drill down performance measurement culture so that staff understand what performance measurement is about. This is achieved by keeping performance measurement simple to encourage more use and ease of understanding; conduct management development programme and seek accreditation with Investors in People.
- Manage staff to make a difference to performance through (1) develop a consistent way of how people identify their objectives - using a workplan; (2) linking staff performance appraisals to performance measurement.

Manage information towards achieving performance

- Use IT and corporate spreadsheet to create a central pool of data supporting the collection of relevant data. This ensures accessibility of data which provides the opportunity to manipulate data to produce relevant reports to support performance evaluating against targets to help mgt see if strategy is being implemented successfully.
- Evaluate performance to identify good and bad performance to relocate resources ensuring efficiency. This feeds into a feedback loop on reviewing targets, negotiate new key targets with sponsor department which then inform the preparation of an annual corporate plan and setting of objectives against aims and goals.
- Set up a strategy group taking the ownership of each strategy and analyse data collected.

Identify measures which will indicate to what extent objectives are being met

- Use a mix of quantitative and qualitative measures.
- Define measures consistently to facilitate data collection

Organisation: L

Approach: KPIs, Good

What works well?

Demonstrate organisation success and improve our reputation from a failing organisation to being successful.

Summary of transcript:

Getting the whole organisation behind delivery

Establish the linkage between the overall objectives of the organisation and the day-to-day targets that you expect people to achieve.

Embed performance measurement into day-to-day operations rather than something additional.

Keep the number of measures down to a very manageable number to maintain focus along with other performance indicators to describe the scene.

- Conduct workshops with top managers: break into small groups to discuss what to measure and how to measure things then present the agreed measures to the whole group for further discussions, not agreed then go back to smaller group for discussions-iterative process.
- Each exec team sponsor 2-3 targets and project managers manage the delivery of the targets- buy into and home-in to the importance of delivery and people are in no doubt about what is important.
- Exec team meets fortnightly.
- Produce a compass report every quarter for senior mgt team meeting.
- Focus on about 10 high level performance measures that link closely to organisation vision and what the central government wants us to achieve.
- Set national targets for the organisation rather than regional offices setting their own- ensure organisation success as a whole.

Organisation: M

Approach: EFQM, BSC, Good

What works well?

Understand the big picture of organisational performance

Summary of transcript:

Promote one collective culture of SEPA

- Format performance reporting focused on organisational performance rather than functional areas performances. Generate interest amongst senior staff in the overall organisational performance rather than sticking to functional responsibilities.
- Structure measures to reflect organisational objectives rather than functional objectives
- Make performance reports available on intranet to be accessible by all staff so that staff are aware of how the organisation is doing.

Measure the right things rather than measuring what happened to be easily assessed. Use measures to prove what we did what we said we would do.

- Directors to suggest what to measure by thinking about what worries them most about performance.
- Be aware that directors might want to avoid important performance information.
- Performance measures derived from the Corporate Plan.
- Use a broad range of measures to ensure appropriate coverage of what the organisation does.
- Use a combination of performance measurement approaches rather than trying to fit the organisation needs into single model.
- Performance measurement manager have autonomy to decide which mix of techniques are suitable because she understands the culture and has full support and commitment from senior mgt.
- Use independent audit bodies to assess performance reporting to guide in ensuring proper disclosure; transparency in data management and whether the report illustrate what benefits there are for the public. (Use Mercatus Centre Assessment)
- Introduce PART (Office of Management & Budget, USA) to assess how effective our programmes were.
- The use of these assessment questions/filling forms made people think about how we compared with other organisations.

Obtain views of users of performance measurement early and develop a system to meet those needs and flexible enough to change when those needs change.

- Talk to directors and ask them what worries them most about performance.
- Develop system flexible enough to change because users do not exactly know what they want right from the beginning, trial and error, it will be an iterative process to tailor the system to users needs.

Making performance information real time, valid and correct.

- Invest in IT, software and programming to reduce human involvement when it comes to data collection; to ease collation of data making data available from one point, produce real time data but not too sophisticated up to a point where the software/programme reduces the flexibility in meeting changing user needs in terms of what performance information is useful.
- Ensure transparency in data management by drilling down performance reporting to hierarchy to enable tracing pieces of information contributed by each individual.
- Defines how data is collected, who collects the data so that staff know what they needed to contribute and defines who act on data when it becomes available.

Encourage management to use performance information for management

- Ensure report is based on valid and reliable data to encourage directors using reports to affect performance.
- Formatting reports focus on organisational performance rather than functional areas to encourage directors assess progress on what we did what we said we what to do, and understand what the organisation is doing rather than being interested in individual areas.
- Ensure ease of understanding of reports by using different types of graphical presentation, avoid the use jargons, use traffic light approach to highlight problems areas and to provide a balance coverage of good and bad news.
- Ask directors feedback on usefulness and coverage of report after every meeting to revise the content of reports or change report presentation as and when necessary. Content needs revising to include useful information, either suggested by performance manager about what should be included to avoid people getting away from including some information.
- Prompt directors and encourage them to ask questions about performance. This is done by (i) performance team prepare a set of questions people would ask in meetings; (ii) directors to prepare some descriptive comments on low performance areas for each meeting. These activities would lead to improvements in the way we manage performance.

Organisation: N

Approach: BSC & Good

What works well?

To be able to say we have accomplished the actions leading to the outcomes we aimed to achieve.

Summary of transcript:

Monitor performance based on Corporate Plan; & Monitor our progress towards achieving outcomes

- Involve expertise to discuss the combination of the work that we do in the organisation that made up the 4 themes in the Corporate Plan.
- Decide on the outcomes for every theme
- Decide on the actions for every outcome
- Define measures for each action planned to accomplish outcomes stated in the Corporate Plan.
- Use BSC framework as an approach to PM because it facilitate communication of performance info to mgt team by highlighting problem areas for discussions & take actions required.

System flexible to change in line with external and internal forces

- Corporate Plan evolve according to changes due to external (policy change) and internal changes (recruitment of new staff due to relocation brought about new perspective on how we do things)- these factors created change to the environment the organisation operates in.
- Change default old management system which is based on experience and know-how to a more structured and systematic management system.
- Introduce scorecard at management units to help structure discussion within each unit particularly when the unit has many staff
- Provide new staff with information on how to manage tasks within each unit
- PMS has to evolved, streamlined with external and internal forces of change.
- Use an adapted version of the BSC to encourage buy-in by management team at the point of time- adaptation to provide familiarity rather than a radical change.

Communicate organisation performance to staff for them to understand where their particular bit of work fits to the overall organisational performance.

- Put scorecards on intranet for general staff and accessible at any point of time.

Category: Mature, Unstructured, Large

Organisation: O

Approach: KPIs , Good

What works well?

Evaluation is focused on 'as a result of spending, what are the outcomes?' rather than 'what did you spend on and how much'?

Summary of transcript:

Use an integrated framework –a structured frame work for understanding how do you do the evaluation to get to the outcomes and impacts.

- Commission external consultants to undertake evaluation of major projects, while owners of smaller project conduct self assessment. This is due to limited resources to evaluate every project. Lack of consistency in project brief & contracts management limit the effectiveness of these evaluations. An agreement on a programme for implementation of proper evaluation across all activities over the next 3 years.
- The advantage of smaller project owners to conduct self-assessment is that they understand the nature and context of each projects.
- At the beginning of each year, senior management identify organisation's critical success factors- those things we need to get right. Report on progress on every board meeting.

Set up internal audit to assess performance

- Audit different parts of the organisation on a 3-yr cycle.
- Re-review amber & red performance more regularly than the 3 yr cycle.
- Conduct monthly meetings to review progress where directors answer questions about performance.
- Use traffic light to highlight performance.
- Directors to explain amber/red areas to the meeting.

Commission external consultants to undertake the evaluation major programmes

- They analyse performance data.
- Assess the impact we are making by talking to partners, and applying economics matrix and modelling. They are the experts and they have the resources to assess qualitative elements. We need to find out the 'so what' for the money spent.
- Usefulness is patchy because there is a lack of consistency in the way we brief and manage contracts.
- Consultancy reports will feed into internal audit committee and corporate management team. The report will inform management if they want to take it forward, and identify and share Best Practice on project management to project managers to see what works and what did not.
- Directors were encouraged to ask questions to explore why the level of performance was as such rather than defending bad performance.
- Encourage directors to do self assessment. People have to honest to do this, and they need to have self awareness on our weaknesses. Self assessment has to be supported by external pressure (such as external audit) to avoid gaming. If self assessment is shared external there is a bigger picture to really use performance information to do something.

Directors are encourage to do self assessment on performance

- Encourage directors to do self assessment. People have to honest to do this, and they need to have self awareness on our weaknesses. Self assessment has to be supported by external pressure (such as external audit) to avoid gaming. If self assessment is shared external there is a bigger picture to really use performance information to do something because Directors will reflect and learn and understand progress towards targets.
- Directors were encouraged to ask questions to explore why the level of performance was as such rather than defending bad performance.

Prepare reports for internal management rather than just meant for external reporting

- Be selective in what is being reported to highlight the need to do something for improvement.
- Present report aimed at ease of understanding
- Keep reporting problem areas
- Seek a balance between simple presentation and enough sophistication to tell the story.

Review measures to reflect what information is required to evaluate outcomes

- Measures need to evolve to ensure comprehensiveness of assessment
- Review measures to keep in alignment with changes (elements of project or external partners)
- Design SMART measures that are attributable to the outcomes of activities that were carried out rather than just having KPIS on processes.

Design SMART measures that are attributable to the outcomes of activities that were carried out rather than just having KPIS on processes.

- Develop additional KPIs & targets rather than having targets required by statute. This can be achieved by developing Plan to guide key things that the Agency intends to accomplish.
 - The challenge is that the Agency depends on external partners to report on project progress against targets. They usually delay feedback and this is due to lack of understanding of what outcomes they are trying to achieve. Project managers are appointed to help coordinate everything to provide performance information on a consistent basis for preparation of reports.
-

Organisation: P

Approach: KPIs, Good

What works well?

Measure performance for improvement and change for the better, continuous improvement i.e. more customer focus

Summary of transcript:

Relate key performance targets in the Corporate Plan

- Link key targets to each aim set in the framework document (Corporate Plan) by having key performance targets cover the main areas of our work.
- Develop key measures for every main areas of our activity. Have a range of important measures we want to monitor. Crude numerical targets that treasury like to see are not helpful in providing the story of how we are managing.
- Try to keep targets consistent to allow comparisons of performance over the years. Strike a balance between changing measures/targets and the desirability of building up trend data.

Use measures to confirm what you are doing is right.

- Conduct stakeholder research- (i) to get a better grip of our stakeholder base, (ii) to understand their perceptions about what we did; use those information to guide us to change our approach in doing things. This inform our preparation and annual review of our Corporate Plan.
- The appointment of new CEO affect the way things are being done, trigger change in organisational culture that changes the approach towards the way we do things.
- This change brought about restructuring the organisation to work in teams, cross functional to reduce bureaucracy in order to improve quality of services delivered. HOD attended management training and conduct staff appraisals to identify training needs.
- Design measures for softer issues, measures that capture the impacts of new approaches undertaken by the organisation, measures that measure impact and outcomes rather than just processes.
- Measures must be meaningful in order for staff to understand the importance of key targets, which would lead to a consensus of what measures should be. A director is identified as contact point for targets. Directors buy-in in using performance information is absolutely vital.
- SMART measures can not be applied to everything we want to measure. Quantitative targets often do not reflect the quality of decisions made. Make reference to best practices, learning from others for better way of measuring performance.
- Performance information generated by these measures support management review on performance level, confirm what we are doing is right and assess if we have done any improvements and change for the better- continuous improvement.

- Use IT to manage information for sharing of core data with various group of people, getting a better grip of information to prepare reports to support management team meetings. Report work as a diagnostic tool whether we are on schedule with work.

Obtain Directors buy-into using performance information to aid decision making

Organisation: R

Approach: KPI & Adequate

What works well?

Monitor performance towards achieving targets; working towards improvements.

Summary of transcript

Measure how well we do what stakeholders want us to do. Use performance measurement to explore/examine good and bad performance

- Identify who the stakeholders are, hold discussions with them, work through the conflicts between what key requirements are.
- Debate and research to set indicators for internal management alongside with targets set by parent department. These indicators help understand why we are achieving or not achieving some things. Are we measuring the right things?
- Start discussion early to avoid rushing towards the end of the financial year, allowing more time to think about what measures are relevant.
- Produce monthly performance report for management discussions. Include the right level of information for the right level of management.
- Review measures/targets to reflect what is important to the business this year.

Staff understand their role in achieving targets

- Produce and publish shorter versions of performance reports on notice boards.
- Communicate performance level to staff.
- Communicate to staff what measures are and create an understanding of their contribution towards the bigger picture of performance of the organisation
- Ensure staff understands what is important for performance and what they should work on improving.

Obtain buy-into performance measurement

- Need to know how to use performance measures, they are not the end but a means to an end so that staff collect valid and reliable data.

Organisation: R

Approach: KPI, adequate

What works well?

Agency's performance is based on achievements of key targets, verifiable performance rather than stories of claiming to have achieved targets.

Summary of transcript:

1. Verify that targets were achieved rather than claimed to be achieved.
2. Link personal objectives to organisational objectives so that staff see their work recognised as an official target.

In order that **performance can be verified,**

-each Div prepares their business plan and set targets. This is because they understand their work better. Before setting targets each Div reviews last year's targets to ensure the targets they have are relevant (i) modify them if necessary (ii) create new ones to follow-up on the existing set of targets or (iii) use existing ones if they are still relevant. This process ensures continuity allowing year

on year comparison and tracking of performance. Each Div then put forward a summary to be included in the Agency's target set. Identify a clear division of responsibility of targets. This set of targets will be reviewed by the CE and the Business Planning Mgr.

Conduct stakeholders survey to find out what their requirements and values are rather than guessing what they are. (lacking of /limited resources can be a problem). Directors take this into consideration when preparing the business plan for their divisions.

Audit process was introduced to verify that targets were achieved rather than claimed to be achieved.

Target setting:

A lot of things we monitor cannot be quantified, so targets can be quite woolly, talk to Div Directors asking them to be more specific with targets by using words to represent as precise a picture as possible.

By doing this, Directors will buy-into the idea of performance measurement and (i) would use performance information for decision making, and those performance information can be used to conduct crude risk analysis every 2nd qtr whether targets are at risk of not being met; (ii) get a consensus on things we need to keep our eyes on and develop outcome measures rather than input/output measures for them, and (iii) the process would also develop a sense of responsibility over the performance towards achieving those targets also allowing them to see their work recognised as official targets.

Identify a clear division responsibility of targets by including key targets in directors' personal objectives so that every director is responsible for certain targets.

Ideally there should be 10 targets for each high level targets; and because targets are monitored every quarter, the number has to be reduced to something manageable. Qtrly review is a time consuming process for the BOD.

Data Collection

IT system set up to support monitoring of performance. The system collates data to prepare coherent information for timely reporting. However the use of qualitative measures could pose a problem for collecting data. People could take too long to provide the data needed although deadline is given. Action – name and shame during BOD meetings.

Good Reporting practices: Brief and Well displayed reports allow directors to focus by helping them identify quickly if things are OK. Reports need to communicate well to busy people.

Category: Mature, Structured, Large

Organisation: S

Approach: ABC, good

What works well?

Demonstrate success: we deliver benefits to school; and cost effectiveness as an organisation

Summary of transcript:

Ensure genuine effort to create reports that represent reality

- Map projects and outcomes onto high level objectives and KPIs to make connections between the work of individual project and the actual performance and organisation.
- Ensure Corporate objectives reflect how we create benefits for school.
- Develop KPIs based on each area of benefits for evaluation of performance against targets. Programme Board to review performance continuously and prepare reports for BOD to assess if we are making progress towards our strategic intent and hence demonstrate that we deliver benefits to school.
- Set stretching targets, and review targets based on feedback from stakeholders.
- Use benchmarks rather than targets for work that are relatively new.
- Align ourselves with changes in the environment we operate in to ensure our Corporate Plan reflect those changes. Conduct impact assessment and stakeholder surveys to review projects (to determine if they are of value for money) and update PMS to reflect the changes made. In order to conduct successful impact assessment, people need to behave 'corporate and collegiate' when directors were felt to refuse close scrutiny because they feel they need to defend their projects.

Inculcate performance orientated culture

- To increase staff understanding for the need for performance measurement.

- To encourage the willingness to change and be flexible.
- To change the mindset of directors to embrace performance measurement and performance monitoring
- Design training and development focusing on improving educational environment.
- Recruit people who want to make a difference to school.

Assess if outputs are what we expect them to be and identify early warnings on problems arising

- Use project management to manage most work.
- Each project have clear outputs & outcomes, map projects outcomes on high level KPIs to create a link between projects and organisational performance.
- IT system is used to support the preparation of programme and project report for Programme Board meetings for project evaluation; and finalisation of reports for BOD's meetings.

Organisation: T (Medium)

Approach: EFQM, Good.

What works well?

Good monitoring system to provide assurance to BOD that we are doing what we wanted to do.

Summary of transcript:

Embedding monitoring process into what staff are already doing rather than being a separate task

- Obtain ownership for performance measurement rather than something that is imposed on them.
- Use EFQM as a framework to facilitate embedding monitoring into mgt process.
- Use EFQM as a tool for continuous improvement by helping us think about what we do. This can be achieved by structuring strategic plan around EFQM model.
- Criteria for a good monitoring system: flexible to change with changing circumstances; should not be a control mechanism; should not encourage people to hide things; a system that based on good relationships and good communication.
- Encourage staff participation through preparation of own area operating plans, deciding what & how they want to monitor their activities.
- System should flexible to change with changing circumstances.
- System should not be seen as a control system, because when performance measurement is perceived to be used as a control system, it would encourage people to 'hide' things.
- Use IT system to take care of things in monitoring would complicate things because it can become over-prescriptive and possibly impose burdensome monitoring; and take away responsibilities from human hence demoralising staff. Reduce bureaucracy in monitoring because over regulating procedures and activities would stifle creativities. Seek feedback from stakeholders on monitoring procedures.
- Role of performance measurement management: Performance manager should ask people what is happening rather than pushing a button on the computer for answers. Performance manager has to establish a good working relationship with staff and also good communication.
- Chief executive officer meet group every week to discuss about how the spending review is developing and provide advice and inputs for some projects rather than for all.

Strike a balance between centralised process and individual teams taking monitoring responsibilities

- Each team decides how they monitor their activities. This is be monitored by having regular discussions with directors regarding their activities. This is important because performance measurement system or monitoring should be flexible to change with changing circumstances.
- Use project management to help team decide how to operate their plans and write their own strategic plans.
- Get people involved from the beginning on what they are doing. This would create responsibility from the start.
- Teams need to gain assurance of what they are doing in order to deliver that is stated in their plans.

Monitor performance using operating plans

- Divide organisation into 4 main aims, set objectives, set key performance targets and set strategic key risks. Link all activities using operating plans.
- Use traffic light system to highlight problems.

- Ask directors to comment on actions being taken to make things right.
- Produce 3 exception reports in a year and a detail report every year. Ask directors if we need the level of detail in the reports every month- keep revising content of report and find a way that works for you and the directors.

Organisation: U

Approach: BSC, Good

What works well?

Assess how we are doing against what we are seeking to achieve with an increased recognition on organisational learning.

Summary of transcript:

Develop performance culture so people recognise the importance of performance measurement.

Embed performance measurement into mgt processes.

- Leaders committed to support performance culture
- Appoint senior staff with good skills to support performance measurement initiatives within each region
- Role of Performance Mgr to convince people that performance measurement is not too difficult. People need to recognise performance measurement is within their job.
- Strike a balance on cost of measurement and returns; staff should focussed on delivery rather than spending too much time on performance reporting

Achieve greater cohesion among offices overseas on the purpose of the organisation.

- Use strategy map to clarify and restate organisational purpose, corporate outputs & outcomes.
- Reorganise and restructure to respond to external environmental demands.
- Communicate standard of delivery expected.

Organisation: V

Approach: EFQM, BSC, Adequate.

What works well?

Demonstrate we add value to the process (delivery of services)

Taking a balanced view about all strategic direction and the basis of its capability rather than just about target setting.

Summary of transcript:

Understand what the organisation is here to do.

- Think about how you would manage your outcome to get to your client.
- Think about how you would manage your processes to get to your outcome.
- Think about the business across the organisation rather than in silos.
- ◊ Report performance for each area- prepare scorecard for each area; summary of directions people are working towards; describe what people learn from operations and targeting; identify the drivers of performance; and appoint a person to interpret the values for the organisation over time.
- ◊ Create the link between key processes and strategy- achieved by writing local business plans in EFQM format. Staff are trained to understand how to link EFQM and corporate planning by external consultants.
- ◊ EFQM framework and scorecards for each area of business are used as an infrastructure for success by structuring key process for each strategy. This can be achieved by using pin-board technique allow stakeholders to vote on each propositions anonymously. This technique is beneficial to get stakeholders involvement without managers imposing their will on subordinates; also allowing them to see where they fit and how their bit of bss is a contribution.

- ◇ After structuring key processes for each strategy, standard operating procedures are established- how things got to be done? And what's got to be done? The establishment of standard operating procedure is important to maintain consistency on how people deal with things to enhance accessibility of procedures on the intranet by posting procedures on intranet.
- ◇ After establishing the standards, identify the capability you need to achieving what you need to do (management of human resources) to determine what can be effectively delivered.
- ◇ The establishment of standards also enhance the understanding of key processes. Training regimes are designed for process improvements. Scorecards are then developed for each area.
- ◇ Link individual area scorecards to the main strategic scorecard (organisational level).
- ◇ Use a strategic scorecard- an adapted version of the BSC to map out the 4 perspectives (government direction of aims for the agency)
 - Plan to cover all bits of businesses.
 - Use it as a tool to predict the next qtr's performance (EFQM can not be used to predict)
 - Identify key stakeholders to better understand the key drivers for the business; to understand the real effort of the business direction; ask stakeholders "how do you use our product?" rather than "how much do you use it?"- to better understand their perception about how well this organisation is accomplishing its aims and to test the perception of external partners of how our products have improved- *continuous* improvement rather than *continuing* improvement.
 - This understanding can help the organisation work towards a quality model rather than a bean counting model.
 - Identify key outcomes in respect of each bits of strategy

Build a mindset and culture to want to improve.

- Managers to come into the office each day to move something forward
- Managers are owners of productivity, efficiency & effectiveness.
- People in organisation need to understand strategic direction of the organisation (have a focus about organisation strategy) by keeping them aware of their roles towards organisational strategies and that people can identify how their job contribute to organisational strategies for change and development.
- Need performance measurement specialists to steer efforts of performance management and capture the hearts and minds of users.
- Use a Leadership Charter to construct the culture of the organisation
- Create a reference point of developments overtime which is important for working in partnership with 4 other organisation and to establish a sound risk management portfolio for delivery
- Create a quality matrix to guide actions working towards delivery and gain agreement between people from different organisations.

Make every report an 'impact' document.

- Performance manager responsible for checking contents, summarising and put different emphasis on the way it should be presented. However, it is bad for Directors to rely too much on performance manager.
 - Appoint an analyst to look at data and interpret them to fit strategic nuance and position of the organisation.
 - Performance reporting need to strike a balance between historic reporting, impact reporting and prediction by putting scorecard summaries upfront and include commentaries of what people learned from operations and target setting; to give a balance with useful content and sheer boredom.
 - People need to see it is in their remit to collect performance data as part of their job rather than a special job to ensure data is right which is necessary to validate why the organisation is here.
-

Appendix 7: Phase II Data Reduction

Open Coding and evidence for links between elements

DATA REDUCTION: OPEN CODING

What Works Well?

Data collected during face-to-face interviews.

The first series of open coding was conducted on the snapshots of transcripts to get an overview of what the data is saying. A list of codes emerged from this exercise providing a good starting point to start coding using NVivo.

Second series of open coding was conducted on the actual transcripts that were uploaded on NVivo as project documents.

Each document was scanned through and paragraphs were coded using the list of codes developed from the first series of open coding. The coding of paragraphs was conducted on all documents using NVivo. A few other codes emerged from this second exercise.

The paragraphs for each code was retrieved from all documents using a function supported by NVivo, and is summarised and presented here.

EMERGING THEME: KE1 Setting Organisational Goals and Objectives

- Have a clear idea of the impact that we want to have and how to measure it; and the method for directly observing that change and recording the progress towards that.
- Getting to be the organisation we aim to be.
- Responding to what the sponsoring wants us to be.
- Reflect what the agency does.
- Demonstrate how we are matching the expectations of the government.
- Getting staff see how they contribute to the common purposes of the organisation.
- Performance reporting is about the actual business of the organisation rather than a bureaucratic exercise.
- Seek to clarify and restate our purpose, outputs and outcomes that we are seeking to deliver.
- The need to track how much resources we put into something and what impact we have with those and whether we have the impacts on consumers that we intended.
- Trying to establish the value and benefit to stakeholders about what we do.
- Setting out our plans yearly is a very good opportunity to think about what we are doing and whether we are looking at the right things.
- At the beginning of every year, we identify and agree with the Board (of Directors) on what our critical success factors are and the things we need to get right.
- We are trying to get a grip of how we gauge the impacts we have on the community of that £30million of public money spent or being spent.
- Help us get an agreement on what is important and get a consensus of what we must keep our eyes on, to measure outcomes.
- We need a set of national targets or corporate priorities rather than geographical functional priorities
- We need to understand what we are trying to achieve and what we actually do to achieve the expected outcomes rather than driven by the mentality that we need to do lots of projects and things; i.e. the more we do the better we are!
- We are establishing a National Plan to set out what we plan to do to achieve the key targets, and then how do we measure those activities. The Plan would help us demonstrate how we are matching the expectations of the government.
- The top management has to agree on a strategic plan, they start with a real understanding of what we are trying to do and why we are doing what we are planning to achieve.
- We set out what we will need to do in the coming year based on the expectations of the sponsoring department, what measurement could support and demonstrate what have done.
- We align our strategic directions towards the things that are important for our key stakeholders, put in place measurement system to track our progress and if there are issues, we ought to put them right in the next corporate planning.
- We identify the priorities and the key targets we are being measured against and then establish a framework of measurement that mirrors our relationship with the sponsoring department.
- We ought to set out in the corporate plan what we aim to achieve.
- We need to set out the strategic direction of the organisation in order that everyone in the organisation understand what we are trying to achieve, and how their progress contribute towards the organisation as a whole and have awareness of their roles.
- There ought to be a clear link between key targets and the organisational objectives.
- The way we now look in measurement, it ceases to be the narrow focus on 'look how shiny we are' to a wider focus on 'look up there, the purposes of the wider organisation, are we achieving those?'

The very fact that we are responsive to changes in the agency and the department policies, is a strength within the system, the only way to improve it, is to make sure that the targets are actually reflect what the organisation is doing, which we are doing, regular and ad hoc, that's important, we can't stand still, we need to keep the dialogue going with the Department, we have to be prepared to be flexible as we do.

Coding:
KE9: Negotiate key targets
KE1: Setting organisational goals and objectives

Evidence for links:
KE9 enables KE1
KE9 informs KE5

We need to identify the key activities we were being measured (as being successful by the government) and were critical to our stakeholders.

Coding:
KE1 Setting organisation goals and objectives
KE8 Demonstrate Success

Evidence for link:
KE8 informs KE5 Review Performance and Decision Making

It's incredibly important that we know why we are here and what we are seeking to achieve, then we are putting in a measurement regime to assess how we are doing against those objectives.

Coding:
KE1 Setting organisation goals and objectives
KE2: Measure and monitor activities
KE5: Review Performance

Evidence for link:
KE1 enables KE2

You need to know what you are measuring and why, what are organisational strategies, what we are trying to achieve, start to measure what the key things are, what our main business is, and measuring how we are doing; not measuring for the sake of measuring and the results is meaningless.

Coding:
KE1 Setting Organisational Goals and Objectives
KE2 Measure and Monitor Activities

Evidence for link:
KE1 enables KE2

Help us establish why our organisation exist, if we are to deliver these aims what activities do we need to engage in and then how do we measure them?

Coding:
KE1 Setting Organisational Goals and Objectives
KE2 Measure and Monitor Performance

Evidence for link:
KE1 enables KE2

We have a corporate plan in place, the most important way of measuring performance, you've got your broad corporate plan and within that in terms of performance against your targets you've got your business plan.

Coding:
KE1 Setting Organisational Goals and Objectives
KE2 Measure and Monitor Activities

It sets out what we will need to do in the coming year. That will have certain that can derive and negotiate a set of requirements, from that we then know what we have to do, and what measurement could support and demonstrate that we have done that effectively, then we construct the measures.

Coding:
KE1 Setting Organisational Goals and Objectives
KE2 Measure and Monitor Activities

Evidence for link:
KE1 enables KE2

I think what works well it all start with an end point, why is the government giving us money? By setting out in our funding agreement (contract) we identify the priorities and the main measurement we are going to be measured against. Once that have been established all our internal units and we use the past data we can actually establish a framework of measurement that mirrors our relationship with government.

Coding:
KE1 Setting Organisational Goals and Objectives
KE2 Measure and Monitor Activities

Evidence for link:
KE1 enables KE2

EMERGING THEME: KE2 Measure and Monitor Activities

- Are we achieving what we want to achieve?
- It's incredibly important that we know why we are here and what we are seeking to achieve, then we are putting in a measurement regime to assess how we doing against those objectives.
- The senior management team are obviously the people to ensure performance are delivered on a monthly basis, and identifying any areas where things are going on track, we've got a traffic light system to monitor that.
- We know have a range of measures and KPIs that pretty much describe all the key aspects of our business and the importance in the way we do it.
- Design meaningful measures in order that you have measures that say that when you get to a point you know you have succeeded.
- It (second level measures) gives people (who works in the area), help makes them aware of what they meant to achieve, the level they need to achieve, it's a good discipline to help people in day-to-day work that they are aware that things are slipping, they ought to step up to help the agency meet the targets.
- We have 4 measures to look on the development of collections, and we've got 6 widening access. They are devised to track high level things that would help our management to see if the strategy is being implemented.
- The key thing is people collected hundreds of statistics, they were counting about what they are doing, that's quite different kind of mind set, rather than keeping data about what you do, that's a different mind set to monitor performance to measure your progress towards objective, that means you have to be more selective at what data you are collecting, not just collecting the thing that you do , but it's related to objective defining what we're here to do, and then to help work out if we are successful in doing this, then what sort of information that would indicated that.
- What I would like to see is that, throughout the organisation there should be a consistent way of how people identify their objectives and then identify measures which will indicate to what extent they've met their objective.
- What you'll need is strip it down to what it is that you are trying to achieve, how do we know if we are doing that, those are the fundamental questions that should be driving it rather than following textbook approach which you may not fully understand why.
- We have kind of business drivers, business performance measures, what we are looking at the moment is what are the things we need to report at the corporate level, because they impact on our overall corporate achievement and purpose. What are business specific measures that are about health of that particular business within the overall organisation?
- We have a identified a consumer need, it would affect a certain number of consumers we know we need to influence this policy environment in order to get to this type of consumers. We can track our work, we know we are not the only people in that field, so we are moving towards a situation where are able to be quite sophisticated to be able to say that we are the only the players in the bill, or we're in a partnership with XYZ, so we can track how much resources we put into something and what impact we have with those, whether we have the impact for consumers we aimed, difficult but interesting.
- Reading the main indicators (KPIs) will tell you whether you are passing or failing the target, but it wouldn't necessary tell you why, you'll need to have 2nd level indicators to answer the why questions.
- You need to know what you are measuring and why, what are organisational strategies, what we are trying to achieve, start to measure what the key things are, what our main business is, and measuring how we are doing; not measuring for the sake of measuring and the results is meaningless.
- What we are trying to get a grip of is how we can measure the impact on community or society of that £30million, it is hugely difficult to get qualitative measurement.
- Although key performance indicators are flawed but nevertheless it's a measurement. It keeps us on our toes. We deal with decisions within the target time, we suppose in someway, we measure customer satisfaction which is easier: we do by survey and speak to people, we get quantitative and qualitative information feedback. We can end up with a score in terms of customer satisfaction and grant scenario or in terms with dealing with applications that [for a service that we do], we can measure speed of turnaround time of application fairly easily, what you can't do is measure the quality of that decision-our target is 97% of application within 4 weeks, we can easily meet a target of 100% if we didn't bothered about quality. It's the impact that we are trying to get a grip on.
- Design measures to reflect successful production of public benefit.
- Can you proof that you've achieved something? It's not necessary a number, and you can see that a great number of our targets are more qualitative.
- We work with senior management team (20 people) to work into a set of broad measures, that them to the senior leadership group (top 50 mgrs in the group) and test them by saying 'would this really work for you? Is this something you would use it day in day out?' So that by the start of the year, we've got what are to be our measures for this year ahead.
- The understanding of people as to what we are trying to achieve through measuring is an issue as well. I think it is important that people don't simply capture data because that's what we have to do, but they have to understand their purpose of why we want to know these things.

- How do you measure the involvement of the community with the [Organisation], how do you measure the quality of experience that people have with this place? These are quite soft areas; there are other quite straightforward measures like: how many people visited this place this month?
- The best performance measures are ones that fall out of the work that are being done, and are indicators for the way the work that's being done, the targets are being achieved, milestones are being achieved, and from that you can get the index of progress.
- The big issue about what are we measuring, are we measuring output or activities or outcomes or impacts? Because of the time lag between putting the money into something, measuring that, and then activities deliver something, for the first couple of years, we concentrated outputs, we should have identified at the upfront about the impacts, but now we are trying to do that. That was probably what didn't work well. But we are playing catch up, and developing a framework for it.
- What it (performance measurement) does is that how we well are performing against the values and priorities. Performance measures communicate performance against organisations values and priorities.
- The measures are actually things that we can say things 'yeah we've done that within the year and they all add up to make that action. We can say we've accomplished the action so we should achieve the outcomes.
- They (KPMs) are monitored throughout the year but it would be yearly job to look at those so that every year in the business plan we would look at what we are trying to achieve and are they where they should be, we tend, we part of an organisation that actually set those targets at the beginning of the year, and deliver those targets, we would also do additional things throughout the year but essentially we would revisit those targets, probably on a review those targets 4 times a year. It is important because it gives us knowledge of how we are doing against what we said we would do, it highlight areas of under performance.

Is (Performance measurement works) when we have a very clear idea of the impact that you want to have and how to measure it, and the method for directly observing that change/ recording the progress towards that. You need to have an explicit goal, you measure the degree your progress towards the goal. Measure needs to be design to reflect the impact that the organisation is funded to do. It is pointless to measure mere activity; you have to measure the successful production of public benefit.

Coding:

KE1 Set goals then devise measures to monitor progress
KE2 Measure and Monitor Activities

Evidence for the links:

KE1 enables KE2

If the system is measuring impact, then you'll have objective measures relating to that impact that anybody would be able to consult to see that that change has happened. It has to be verifiable.

Coding:

KE2 Measures and Monitor
KE3 Prepare evidence of performance

Evidence for links:

KE2 enables KE3

In a sense of virtual circle, they are setting targets, they are setting action plans for how they are going to achieve the targets, and they are reviewing their results to see how well they are doing and feeding that into the future years planning.

Coding:

KE1 Setting Organisational Goals and Objectives
KE2: Measure and Monitor Activities
KE5: Review Performance and Make Decisions

Evidence for links:

KE1 enables KE2
KE5 informs KE2

Reporting on them (key business areas) regularly really to focus the organisation and prompted us to shift quite a considerable amount of resource and to address that, ultimately if we were to continue to operate as we had been and we hadn't take that action, I think that it is quite probable that we might have been closed.

Coding:
KE2: Measure and Monitor Activities
KE3: Prepare Evidence of Performance
KE5: Review Performance and Make Decisions
KE7: Drive Improvements

Evidence for links:
KE2 enables KE3
KE3 enables KE5
KE5 enables KE7
KE5 informs KE2
KE7 informs KE5

We will produce details of how we perform against those targets, that performance is subjected to external independent audit, who will come and check all the records, completely independent scrutiny of what we do, and we will publish our performance in an annual report.

Coding:
KE2 Measure and Monitor Activities
KE3: Prepare Evidence of Performance
KE8 Demonstrate Success (external reporting)

Evidence for link:
KE2 enables KE3

It (Performance measurement) raises awareness and highlights, if one area is saying that they are falling way down, then we have to look at what is happening, and what we can do; it's always recognise that there could be factors that is affecting our performance.

Coding:
KE2 Measure and Monitor Activities
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions

Evidence for links:
KE2 enables KE3
KE3 enables KE5

We've introduced since last year, KPIs which 2005/6 is the 1st year we've introduced it. So we have ¼ of that year reported, and they do seem to be useful for our senior management team, we adopted a new strategy in 2004 and the KPIs really gave the senior management quite a good feeling of how much we are on track with meeting goals in that sort of high level strategy. With that we can demonstrate how successful we have been.

Coding:
KE2 Measure and Monitor Activities
KE3 Prepare Evidence for Performance
KE5 Review Performance and Make Decision

Evidence for link:
KE2 enables KE3
KE3 enables KE5

For some areas where performance is not as good as we expect, might lead into developing new targets for our next corporate plan, perhaps putting more resources underperforming or indeed investing more resources in areas that are not performing well. These are not seen in isolation, there are other things we have such as divisional and departmental plans.

Coding:
KE5: Review Performance and Make Decisions
KE2 Measure and Monitor Performance

Evidence for link:
KE5 informs KE2

Basically, we do corporate planning and we have measures to see how we are performing and to make sure we are making targets and we need to be able to show that we are successful in doing what we do. We also look into data to see how we can improve on year on year.

Coding:
KE2 Measure and Monitor Activities
KE3 Evidence of Performance
KE5 Review Performance and Make Decisions
KE7 Drive Improvement
KE8 Demonstrate Success

Evidence for links:
KE2 enables KE3
KE3 enables KE5
KE5 enables KE7

We relate our performance measurement back to understanding our contribution in the strategic document, there are certain headings in here, which may not be required the government, we thought it's important to us. So our monitoring progress is saying well, we got this number of strategy, and how are we performing is by money spent outputs, other activities, the other thing which is important to us, is how much money from others have we brought in to these process. We have a target in our corporate plan that we will influence and change the way, in which £5million of others spent over the years.

Coding:
 KE1 Setting Organisational Goals and Objectives
 KE2: Measure and Monitor Activities
 KE3 Prepare Evidence of Performance
 KE5 Review Performance and Make Decisions

Evidence of links:
 KE1 enables KE2
 KE2 enables KE3
 KE3 enables KE5

We are trying to change our approach to be more customer-aware; from this we might want to change our measure.

Coding:
 KE7 Drive improvement
 KE5 Review Performance and Make Decisions
 KE2 Measure and Monitor Activities

Evidence for links:
 KE7 informs KE5
 KE5 informs KE2

Here is the strategy and here is what we thought we're going to achieve, this is all we've achieved. Is that good or bad, what can be improved?

Coding:
 KE2 Measure and Monitor Activities
 KE3 Prepare Evidence of Performance
 KE5 Review Performance and Make Decisions
 KE7 Drive Improvement

Evidence for links:
 KE3 enables KE5
 KE5 enables KE7

We have operating plans, people have activities (details about what we are going to do) those activities are then linked the objectives directed to key performance targets, in the previous plan, wider participation, that would have been linked to risks and key performance targets which helping to meet these objectives. And what we've been doing each quarter is working with the people who lead these aims, and ask 'what's happened this quarter?' if the activities are fulfilled, then these things will fall into place. Are you on target?(red, amber green). We report this (performance information) on quarterly basis to our Board and then post on the website.

Coding:
 KE2 Measure and Monitor Performance
 KE3 Prepare Evidence of Performance

Evidence of Link:
 KE2 enables KE3

Out of that (monitoring of performance/targets) come the information that you need to demonstrate that you're doing the job effectively and to highlight when and what improvements may be needed.

Coding:
 KE2 Measure and Monitor Performance
 KE3 Prepare Evidence of Performance
 KE5 Review Performance and Make Decisions

Evidence of Link:
 KE2 enables KE3
 KE3 enables KE5

Developing the priorities or objectives that are measurable establishing them at the early outset and then ensuring that we are able to report on those priorities at key times, have a system collecting that information and evaluating those information and setting the milestone as well.

Coding:
 KE2 Measure and Monitor Performance
 KE3 Prepare Evidence of Performance

Evidence of Link:
 KE2 enables KE3

EMERGING THEME: KE3 Prepare Evidence of Performance

- This report relates to our management plan which is where we set targets for the year ahead. If we don't report on them then how would we know we are achieving what we said what we were going to achieve.
- A report (on performance targets) which shows what the target is, progress towards it, and a short commentary saying if they are on target or running into trouble.
- It (performance information) can highlight (performance) issues at an early stage, its almost like having a early warning system.
- The whole thing should be very open, very scientific process, there should be clearly stated goals, clearly stated tests to measure progress towards that goal, then there are objectives and public measures which anybody could scrutinise so the whole thing is connected and it's not a matter of opinion but a matter of public knowledge and record.
- We regularly report to our Board a whole range of KPIs and that information goes to our Sponsor, that is an effective method of providing that information for ODPM and others who are primary interested in how well we are performing because we are spending money.
- Each area produces report which is submitted (each part has to submit a form to report what they are doing, if they are falling down they have to give a reason, the head has to sign them off) to the management team, so every one sees the figure that is published at the end of the day, monthly basis-for performance indicators.
- We need performance data to be able to demonstrate the benefits of change have been realised.
- We try to get people prepared to do exception reporting so they would say 'this are the projects we have problems' that never ever happen, I am trying to get them to engage in a meaningful way really so that they can see a point to it, I think they just can't see how it can benefit us, makes me think that probably I am presenting it effectively. Our report now covers all the projects for all quarter and not on an exception basis. What I need is that people to say "this is what we are working on, this is what we say we are going to achieve", and "these ones are the ones looking like they are not on course, or needing some attention or additional resources". We can have the full report, but people need to be prepared to say "I need to look at a certain things" and we haven't reached that stage yet.
- You need something that allows you to share performance information to every body and to be able to tell a story about your progress as an organisation.
- So the Board want to see something like that so they can quickly home in on what the key figures are, whereas a manager in the organisation want a lot more detail on lots more area, they would need to have a wide, I think we are not too bad, on what they can look through the report and have a good idea, how the figures are doing, what are the cost of helicopter, the right number of people, I think the test of it, is the number of questions we get on it, because quite often they pick up on something during a meeting and the discussion will take-off to the right tangent. (On the different types of report).
- We have set definition for the information that we provide I would meet and speak with people so that they know what it is that we asking of them, so that we have consistent information as well which is as important. I always ask for paper trials so that I have evidence of what it is they gave me.
- Government requirement on our reporting is spent and output, that's what is publicly available, nothing else is required in a formal way. That again gives them a very small proportion of the real picture what we are trying to do.
- A report (on performance targets) which shows what the target is, progress towards it, and a short commentary saying if they are on target or running into trouble.
- Once a quarter we have a compass report and that is where we get our senior management team (top 20) together and have a more in-depth examination of quality of 9 or 10 business targets. So that we have an overall view of our performance.
- We will just report on what is going wrong- Exception reporting- we are much more linked to the Board, you are receiving papers about what we are doing (monitor) so this is part of process of doing it.
- You find the way (performance reporting) that works for you and for you director, that enable you all to be assured that you know what is going on and when things are going wrong.
- They (directors) need to be able to use it (performance information) in a way that links back to their operational work. So that anything that they commit themselves to in the monitoring report it's actually consistent with their operational needs. If those are separated it's going to be a fairly useless exercise.
- We have quarterly report that goes to the Government, we also have monthly operation reports and an annual report; and with the partners who worked on our behalf, we set up templates which are in line of the funding agreement we've got which are in line with how we work, that's how we are trying to achieve consistency; and as well as numbers and figures, there is also a need to provide a narrative to achieve information. Quarterly report is our key document; it's really about the impacts against the priorities we are looking at.
- It (performance report) providing a review of how we are performing against our priorities, it's also effective in terms of its increased in understanding in what's been happening in the organisation.
- What have you done, 'so what' has the result of something we've done something has happened. We are getting more senior management commitment now to produce a report to internal management group about program and process of making that bit happen; there is a greater feel for that to happen.

- We have operating plans, people have activities (details about what we are going to do) those activities are then linked the objectives directed to key performance targets, in the previous plan, wider participation, that would have been linked to risks and key performance targets which helping to meet these objectives. And what we've been doing each quarter is working with the people who lead these aims, and ask 'what's happened this quarter?' if the activities are fulfilled then others will then fall into place. Are you on target? (red, amber or green). We report this (performance information) on quarterly basis to our Board and then post on the website.

Essentially what it (performance information) allows them to get a much quicker operation to do this process, the organisation appears to be going to the right direction, I know there is a problem on this area let home in on that, it allows them to concentrate on that area rather than struggling trying to understand where the problem lies in the organisation.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions

Evidence for link:
KE3 enables KE5

We do regular reports on a quarterly basis, on how well we are doing, we have a Board that meets we call the Strategy Board which has representatives of senior management from our sponsoring department. They will review on how we are doing; we will submit progress report to them based on our progress against these targets. The CEO will invite each of us to speak and as part of that reporting what we are doing and what is happening, what we are about to do and our progress against the targets..

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions

Evidence for link:
KE3 Enables KE5

They (performance reports) are subjected to the scrutiny of the strategy board, everyone agrees that these are measures that give an accurate reflection of what our activity is and we are prepared to change them as policy change.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE2 Measure and Monitor Activities

Evidence for link:
KE3 enables KE5
KE5 informs KE2

At the end of the day performance reporting should be linked or about what we are going to do, and how successful are we at doing it, it should be about actual business of library rather than bureaucratic exercise which nobody sees the point of it. It should be about what we do, what the library does, and what all the staff do.

Coding:
KE3 Prepare Evidence of Performance
KE2 Measure and Monitor Activities

Evidence for link:
KE3 informs KE2

The senior management team undertaking quarterly business review looking at what performance data it needs to have in order to know how we are performing as an organisation, along side that quarterly business review and business risk analysis.

Coding:
KE5 Review Performance and Make Decisions
KE3 Prepare Evidence of Performance

Evidence for link:
KE5 informs KE3

We have kind of business drivers, business performance measures, what we are looking at the moment is what are the things we need to report at the corporate level, because they impact on our overall corporate achievement and purpose. What are business specific measures that are about health of that particular business within the overall organisation?

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions

Evidence for link:
KE3 enables KE5

Our annual review processes as business critical, our senior management team will be looking at the results as sort of data that give us the evidence based for building the case for Comprehensive Spending Review. People are looking at their results (performance reports), and say 'what do this tell us' 'what can we learn from this' and 'what actions are we going to take as a result to improve our performance?'

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE7 Drive Improvement

Evidence for link:
KE3 enables KE5
KE5 enables KE7

People are beginning to look at the results (performance information) and say what does this tell us the nature of the product we are delivering, what is it telling us about what we are planning to do particularly within the context the overall strategy of 2010 and the drivers we set ourselves within that.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions

Evidence for link:
KE3 enables KE5

The thing I've noticed is that there is more discussion about them (performance reports) at the Board meeting. [...] before this (the use of performance reports) it was "that's adverse and that's got to improve" but now, "explain what's behind that", a good conversation carry on and out of that will come something we can actually improve it, we need to get to the cause of the problem.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE7 Drive Improvement

Evidence for link:
KE3 enables KE5
KE5 enables KE7

Every year we look at the results; we have the information to enable us to monitor performance; to see how we can improve the monitoring and see how we can improve results, it's a constant cycle.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE2 Monitor and Measure Activities
KE7 Drive Improvement

Evidence for link:
KE3 enables KE5
KE5 enables KE7
KE5 informs KE2

I'm management planner, which is quite a broad role, one of the main things that I do, is I look at museum's performance. I capture all the activities of all the different departments across the museum and report against those. The reports get to all the various people. I also work on the governance of the museum; I put together report to our trustees, our finance committee, to make sure that we do what we are supposed to be doing and to report on achievements and meeting of targets. The idea (of performance reporting) is to give a very broad view of what we do. They (the Board of Directors) need to know what's going on and are responsible. This report relates to our management plan which is where we set targets for the year ahead. If we don't report on them then how would we know we are achieving what we said what we were going to achieve. They need the report to use it to make specific decisions; they could act accordingly and make corrective actions. They also use it to inform their own department functions. In a way they get a bigger picture and they can see what they are doing for the whole picture.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions

Evidence for link:
KE3 enables KE5

We do an annual report on progress against the corporate plan using those measures and qualitative assessment. We do an assessment with them of what progress we've made against that, have they done what they intend to do, if not what are the barriers getting in their way of doing it, have their requirements changed?

We do annual report back to them (the Board), saying this is currently region is been changing and this is what've been achieved of what we said we are going to achieve, what does that mean for the next year.

Coding:

KE2 Measure and Monitor Activities
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE 8 Demonstrate Success
KE1 Setting Organisational Goals and Objectives

Evidence for link:

KE3 enables KE5
KE5 enables KE8
KE8 informs KE5
KE8 enables KE1

I always think that performance report is to ask questions and not to give answers. It's more for them to reflect and learn, take a check, performance report can help you sort of stand back slightly and ask a few questions outside of just getting the job done?

Coding:

KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions

Evidence for link:

KE3 enables KE5

The performance report is a management tool to diagnose whether we are on schedule. If we have 5 framework document aims, and each of the 9 targets were up there, if we are failing on our targets, then we are failing on our mission.

Coding:

KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions

Evidence for link:

KE3 enables KE5

In terms of performance measurement, how do we what we do, how well do we do what we do. How much we do what we do? We have a measurement system which produces the figures of performance. We conduct quarterly performance review on where we are against our business plan. What they (Director) usually do is to go back to their teams and disseminate information to their team, so it's an informative report they use to educate their teams in terms of how the organisation is doing. It becomes monthly staff report, how the organisation is operating and communicating the key elements of what it is that we've been doing over the previous months.

Coding:

KE2 Measure and Monitor Activities
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions

Evidence for link:

KE2 enables KE3
KE3 enables KE5

We have a monitoring system, we are very clear that we need to provide assurance on what we are doing, we are very clear that we need people to deliver what is said here, the bounds that we want to strike is one that doesn't detract from the delivery really, and the likelihood to, within a framework with clear expectations and guidelines what we have and what's not and focus on delivering it with an appropriate and minimum. There is always somebody checking what we are doing, we need to report and need explain to other people, people need to know what is going on and how much we have achieve. There is lots of checking and monitoring is going on, in terms of collective, this is what the organisation is doing as a whole at the moment, we think the process of that have 3 exception reports and a detail report in a year is sufficient. By the time this exception report is prepared there is also a comment on what actions are being taken to make things right. We just have a look internally and see how we are going on and

what the things we can do better, we are now beginning to work more actively on that

Coding:

KE2 Measure and Monitor Activities
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE7 Drive Improvement

Evidence for link:

KE2 enables KE3
KE3 enables KE5
KE5 enables KE7

Use it (performance information) to manage the organisation, they discussed the reports and come back and present, you can see a trend on the information that is presented on the performance report, there is a trend one month to the next, reflects what they've done to manage the situation they are facing.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions

Evidence for link:
KE3 enables KE5

Out of that (monitoring of performance/targets) comes the information that you need to demonstrate that you're doing the job effectively and to highlight when improvements may be needed.

Coding:
KE2 Measure and Monitor Activities
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE7 Drive Improvement

Evidence for link:
KE2 enables KE3
KE3 enables KE5
KE5 enables KE7

The past 4 yrs, we didn't have quarterly report. Previously we told stories about what we did not necessarily: this is what we did what we said we would do. We changed that, we now produce this (referring to the quarterly report on their intranet) every quarter that is provided to Board to assess our progress.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions

Evidence for link:
KE3 enables KE5

We use the traffic light system (in our reports). If it's amber, we will try to create a reason why there is a problem. The impact of this is the mitigating action we are taking is, volume's down=reasons being the advertising campaign not effective, impact is, if we do nothing, we won't recruit up to 100%, mitigating action would be a refresh advertising campaign. It varies in detail. The report is created by us; the operational directors are expected to give us a kind of reasons, impact, and mitigation action. We don't just accept what comes in, we would do what the Board does, we actually test the suppositions of the assumptions that are made and try to make sure what is in front of our sponsoring department has actually been through some sort of process to test the validity of what is being said (in the report).

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE7 Drive Improvement
KE8 Demonstrate Success

Evidence for link:
KE3 enables KE5
KE5 enables KE7
KE5 enables KE8

It's (performance report) a piece of defence, and a way of sort of making sure that you can account to parliament, our chief executive has been in front of the Accounts Committee twice in the last 5 years, with the scrutiny you have to make sure that you absolutely well covered.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE8 Demonstrate Success

Evidence for link:
KE3 enables KE5
KE5 enables KE8

I think we do it largely through sort of the reflecting the experience back at people (using performance report). People have sort of an experience with things that went wrong at the last moment, we have to go back to them and say is this because you were not being entirely honest and open in the early stages. What we are trying to do is encourage people to quickly signal if there is problem and allow there to be corporate strength around the response to support the solving the problem.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE6 Influence Performance Behaviour

Evidence for link:
KE3 enables KE5
KE5 enable KE6

In years gone by, the signing off of the corporate plan was actually at the end of the process. Nobody took it off the shelves again. Whereas, now it's very much a part of our statement of intent at the very start of each year. It's our means to check that we are making progress towards our statement of intentions. And it's a means of report at the end of the year, that we've achieved what we said we want to achieve. It's become our kind of working integral document to our life.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE8 Demonstrate Success
KE1 Setting Organisational Goals and Objectives

Evidence for link:
KE3 enables KE5
KE5 enables KE8
KE8 enables KE1

We are looking at reporting on not just the ministerial KPIs, we are also try to report on other KPIs that would give some indication that could help the business perhaps we could report on turn-over on staff, recruitment figures.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions

Evidence for link:
KE3 enables KE5

EMERGING THEME: KE4 Manage and Evaluate Projects

- After deciding these are the project we would be working on and then it would be how we would go about doing it. We have project teams; project leader who would lead; the team will be made up of across functions and skills & expertise. They will decide what need to be done, they will decide on the milestones and measures for it.
- For smaller projects, the project owners will do the evaluation on the impacts by themselves. We don't have resources to do it ourselves. Although there might be biasness to have the owner doing the evaluation but it also means the person doing the evaluation understand the project.
- The consultancy report (on bigger projects) will go to the internal audit committee, or to our corporate management team, executive team, and in theory that will inform if the project if they want to take it forward, and for the others for the agency in terms of Best Practice of understand, however the Best Practice is inconsistent at this moment. This is for everyone (project managers) to look at if they are doing similar project, to see what did or didn't work.
- My team is also responsible for doing the kind of in-depth assessment of selected aspect of our work (often in terms of projects), the sort of review of key and expensive pieces of work, to decide if they continue to be value for money and if they are not the extent to which we need to change or discontinue to do it.
- How do they use the report?
Resources allocation, project assessment, work planning process and looking at impacts, evaluate project. The Board receives report 4 times a year. Are we on course for each of this project, what are the potential pitfalls, do we need extra money, are we getting value for money, are we going to hang on to the project.
- Directors review these projects once every 6 weeks in a programme board. They will look at the project evaluation results. They will ask if there are any problems. Are our outputs are not what we expect them to be? If they say yes there is a real problem, they signal out a problem to us that the KPI might have to set to red because this project is a big contributor to the KPI, if anything goes wrong with this project we may as well miss hitting the target for that KPI.
-

We call this an Impact Measurement System, calculation of resources we spent on a project, how much financial benefits to consumer, what degree of involvement we have, were we the only people or in partnership, it will give us calculation at the end of what that piece of work had cost us and what benefits we have for the consumers, and we report on that for senior management to take further actions.

Coding:
 KE2 Measure and Monitor Activities
 KE4 Manage and Evaluate Project
 KE3 Prepare Evidence of Performance
 KE5 Review Performance and Make Decisions

Evidence for link:
 KE2 enables KE4
 KE4 enables KE3
 KE3 enables KE5

We are moving towards impact driven; it has only been our 3rd year. We recognise that we really need to improve on how we project management. So we have done a lot of work and consultants helped us with project management process and involved team based working and it's been impact oriented throughout. We need to think about what the impacts are before we get into a piece of work, we shouldn't really be doing work where we don't know what impact we are trying to achieve or what benefits to consumers we are trying to achieve; or otherwise how would we know we are working in an effective way we are using our resources properly, definitely doing this moving towards impact oriented have meant that we then kind of looked at how we work and recognised that we need to change how we work, which is a good thing to be more effective.

Coding:
 KE2 Measure and Monitor Performance
 KE4 Manage and Evaluate Project
 KE3 Prepare Evidence of Performance
 KE5 Review Performance and Make Decisions

Evidence for link:
 KE4 enables KE3
 KE3 enables KE5
 KE3 informs KE4
 KE4 informs KE2

I'm in the environmental planning, we do impact assessment. If there is something we may be spending our money on for a long time and we decide that we will do a full impact study on this, we might do it because someone from the Board says that they are not convince that the project is making an impact as it's expected to. It might be that the impact assessment says that we really shouldn't be doing this anymore, because we put a lot of money and we are not getting a lot out.

Coding:

KE2 Measure and Monitor Performance

KE4 Manage and Evaluate Project

KE3 Prepare Evidence of Performance

KE5 Review Performance and Make Decisions

Evidence for link:

KE4 enables KE3

KE3 enables KE5

KE5 informs KE3

KE3 informs KE4

KE4 informs KE2

EMERGING THEME: KE5 Review Performance and Make Decisions

- Are those the projects achieving the outputs that we thought they would do in order to contribute towards our strategic intent? On what basis are we getting better? On a continuous basis, regular continuous performance improvement against our set of objective rather than saying we'll think once a year and we'll do for a whole year, we'll stop and think again. We now conduct regular review of performance within a strategic context.
- It (performance report) providing a review of how we are performing against our priorities, it's also effective in terms of its increased in understanding in what's been happening in the organisation.
- We do regular reports on a quarterly basis, on how well we are doing, we have a Board that meets we call the Strategy Board which has representatives of senior management from our sponsoring department. They will review on how we are doing; we will submit progress report to them based on our progress against these targets. The CEO will invite each of us to speak and as part of that reporting what we are doing and what is happening, what we are about to do and our progress against the targets.
- The senior management team undertaking quarterly business review looking at what performance data it needs to have in order to know how we are performing as an organisation, along side that quarterly business review and business risk analysis.
- Our annual review processes as business critical, our senior management team will be looking at the results as sort of data that give us the evidence based for building the case for Comprehensive Spending Review. People are looking at their results (performance reports), and say ' what do this tell us' 'what can we learn from this' and 'what actions are we going to take as a result to improve our performance?'
- People are beginning to look at the results (performance information) and say what does this tell us the nature of the product we are delivering, what is it telling us about what we are planning to do particularly within the context the overall strategy of 2010 and the drivers we set ourselves within that.
- The thing I've noticed is that there is more discussion about them (performance reports) at the Board meeting. [...] before this (the use of performance reports) it was "that's adverse and that's got to improve" but now, "explain what's behind that", a good conversation carry on and out of that will come something we can actually improve it , we need to get to the cause of the problem.
- Every year we look at the results; we have the information to enable us to monitor performance; to see how we can improve the monitoring and see how we can improve results, it's a constant cycle.
- I'm management planner, which is quite a broad role, one of the main things that I do, is I look at museum's performance. I capture all the activities of all the different departments across the museum and report against those. The reports get to all the various people. I also work on the governance of the museum; I put together report to our trustees, our finance committee, to make sure that we do what we are supposed to be doing and to report on achievements and meeting of targets. The idea (of performance reporting) is to give a very broad view of what we do. They (the Board of Directors) need to know what's going on and are responsible. This report relates to our management plan which is where we set targets for the year ahead. If we don't report on them then how would we know we are achieving what we said what we were going to achieve. They need the report to use it to make specific decisions; they could act accordingly and make corrective actions. They also use it to inform their own department functions. In a way they get a bigger picture and they can see what they are doing for the whole picture.
- We do an annual report on progress against the corporate plan using those measures and qualitative assessment. We do an assessment with them of what progress we've made against that, have they done what they intend to do, if not what are the barriers getting in their way of doing it, have their requirements changed? We do annual report back to them (the Board), saying this is currently region is been changing and this is what've been achieved of what we said we are going to achieve, what does that mean for the next year.
- In terms of performance measurement, how do we what we do, how well do we do what we do. How much we do what we do? We have a measurement system which produces the figures of performance. We conduct quarterly performance review on where we are against our business plan. What they (Director) usually do is to go back to their teams and disseminate information to their team, so it's an informative report they use to educate their teams in terms of how the organisation is doing. It becomes monthly staff report, how the organisation is operating and communicating the key elements of what it is that we've been doing over the previous months.
- We have a monitoring system, we are very clear that we need to provide assurance on what we are doing, we are very clear that we need people to deliver what is said here, the bounds that we want to strike is one that doesn't detract from the delivery really, and the likelihood to, within a framework with clear expectations and guidelines what we have and what's not and focus on delivering it with an appropriate and minimum. There is always somebody checking what we are doing, we need to report and need explain to other people, people need to know what is going on and how much we have achieve. There is lots of checking and monitoring is going on, in terms of collective, this is what the organisation is doing as a whole at the moment, we think the process of that have 3 exception reports and a detail report in a year is sufficient. By the time this exception report is prepared there is also a comment on what actions in a year is taken to make things right. We just have a look internally and see how we are going on and what the things we can do better, we are now beginning to work more actively on that.

- In years gone by, the signing off of the corporate plan was actually at the end of the process. Nobody took it off the shelves again. Whereas, now it's very much a part of our statement of intent at the very start of each year. It's our means to check that we are making progress towards our statement of intentions. And it's a means of report at the end of the year, that we've achieved what we said we want to achieve. It's become our kind of working integral document to our life.
- We call this an Impact Measurement System, calculation of resources we spent on a project, how much financial benefits to consumer, what degree of involvement we have, were we the only people or in partnership, it will give us calculation at the end of what that piece of work had cost us and what benefits we have for the consumers, and we report on that for senior management to take further actions.
- We are moving towards impact driven; it has only been our 3rd year. We recognise that we really need to improve on how we project management. So we have done a lot of work and consultants helped us with project management process and involved team based working and it's been impact oriented throughout. We need to think about what the impacts are before we get into a piece of work, we shouldn't really be doing work where we don't know what impact we are trying to achieve or what benefits to consumers we are trying to achieve; or otherwise how would we know we are working in an effective way we are using our resources properly, definitely doing this moving towards impact oriented have meant that we then kind of looked at how we work and recognised that we need to change how we work, which is a good thing to be more effective.
- I'm in the environmental planning, we do impact assessment. If there is something we may be spending our money on for a long time and we decide that we will do a full impact study on this, we might do it because someone from the Board says that they are not convince that the project is making an impact as it's expected to. It might be that the impact assessment says that we really shouldn't be doing this anymore, because we put a lot of money and we are not getting a lot out.
- We relate our performance measurement back to understanding our contribution in the strategic document, there are certain headings in here, which may not be required the government, we thought it's important to us. So our monitoring progress is saying well, we got this number of strategy, and how are we performing is by money spent outputs, other activities, the other thing which is important to us, is how much money from others have we brought in to these process. We have a target in our corporate plan that we will influence and change the way, in which £5million of others spent over the years.
- We have a non-executive board and a senior management team, the senior management team are obviously the people to ensure performance are delivered on a monthly basis, and identifying any areas where things are going on track, we've got a traffic light system to monitor that.
- This strategic group is about planning developing strategy for widening access; use data to advise senior management team on what to do to improve our achievements of the corporate objective.
- How do they use the report?
Resources allocation, project assessment, work planning process and looking at impacts, evaluate project. The Board receives report 4 times a year. Are we on course for each of this project, what are the potential pitfalls, do we need extra money, are we getting value for money, are we going to hang on to the project.
- OK these are the impact that we are trying to achieve, are we likely to do it, when we analyse it and say we know that it's brilliant, we know that we are getting service providers to gather for a conference. We can use the past history to help us to make our decisions going forward based on something more scientific rather than just because someone like it, or we've always done it that way.
- The most important impact is that our executive board can make decision based on the information (in the form of performance report) I gave them. They can make remedial action.
- We meet fortnightly as executive team which is really about business decision, is about business planning and review; it's about making and changing policies. We need performance information to do that
- If that number (in performance reports) is not good, that doesn't make you a bad organisation, it means there is a question to ask why that is a bad number. You can say "why is that like that?" you can then say "it's just a blip strange circumstances and it wouldn't happen again, but if does I need to come back to it." Or you might say "yeah that's a worry. I need to put some action in place to deal with it." But it's firstly about asking the question 'why'. The main reasons for the review meeting. Another thing I would like them (directors) to use it (performance reports) to drive continuous improvement in what we do.
- I would like them to take the (performance) information away to make decision on how to deploy resources that they've got available for us.

We have a non-executive board and a senior management team, the senior management team are obviously the people to ensure performance are delivered on a monthly basis, and identifying any areas where things are going on track, we've got a traffic light system to monitor that. We are now trying to base the question for next year whether we should tightening some of those measures, but it would be to address what has caused any shift- green to amber, the team would be looking for an explanation from the head of dept whom is responsible, it's a very life document and it will then go to our Board, they meet every 2 months, they would be asking any questions of us again if there is anything not going according to plan.

Coding:
KE5 Review Performance and Make Decisions
KE2 Measure and Monitor Activities

Evidence for link:
KE5 inform KE2

It (Performance measurement) raises awareness and highlights, if one area is saying that they are falling way down, then we have to look at what is happening, and what we can do; it's always recognise that there could be factors that is affecting our performance. We have once a month agency senior management meeting, each of these meeting are less formal , the CEO meets with the senior management team, the purpose of these meetings, is going over what's happened over the last month and what's coming up in the near future, so that everyone is aware of what is happening, we can swap information, if there is one thing happening in one area which may be affecting another, the other would

then know about it, as part of that meeting each person gives a report about how well they are doing with regard to their targets.

Coding:
KE2 Measure and Monitor Activities
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions

Evidence for link:
KE2 enables KE3
KE3 enables KE5

In March this year signed up our corporate plan, they want interim report specifically on a number of core areas corporate scorecards. The senior management team undertaking quarterly business review looking at what performance data it needs to have in order to know how we are performing as an organisation, along side that quarterly business review and business risk analysis. there is a close correlation between performance management and risk management, we seek to mitigate some of the risk; another significant driver is that we are going through significant change as an organisation 2004/5 we develop Strategy 2010 and that encompasses in the sense, re-structuring overseas change and a UK change programme which is realigning the UK structures to service that overseas need and to manage reputation and stakeholder relationship in the UK.

Coding:
KE5 Review Performance and Make Decisions
KE3 Prepare Evidence of Performance
KE7 Drive Improvement

Evidence for link:
KE5 inform KE3
KE5 enables KE7
KE7 informs KE5

We do annual review cycle of the scorecard. This year particularly, our annual review processes as business critical, our senior management team will be looking at the results as sort of data that give us the evidence based for building the case for Comprehensive Spending Review and budget.

Coding:
KE5 Review Performance and Make Decision
KE3 Prepare Evidence of Performance
KE8 Demonstrate Success
KE9 Negotiate Key Targets and Funding

Evidence for link:
KE5 informs KE3
KE5 enables KE8
KE8 enables KE9

The emphasis to date with the scorecard and the performance regime has emphasised accountability. That's driving it at the moment quite strongly. But we also think there is increasing recognition that this is about organisation learning and development to and hence using the scorecard approach. I would hope that people are looking at their results (performance report), and say 'what do this tell us' 'what can we learn from this' and 'what actions are we going to take as a result to improve our results (performance)'

Coding:
KE5 Review Performance and Make Decisions
KE8 Demonstrate Success (external reporting)
KE7 Drive Improvement

Evidence for link:
KE5 enables KE8
KE5 enables KE7

Here is the strategy and here is what we thought we're going to achieve, this is all we've achieved (based on performance report). Is that good or bad, what can be improve? If it's good we can share best practice how can we get better, if it's bad, what cause it to be bad, what are the barriers, what needs to be fixed? From the discussion, we get a list of things we need fixing, a list of we can do better. The quarter we come back and let's look at the big picture, we said we want to fix this, have we fixed it? Does it having the effect that we thought it's going to have or will it take 2-3years to fix? That's if you like the top decision making team, we have non-exec Board that scrutinise what we do. We have separate meetings for

that. We also have to report back on a 6 monthly basis to our sponsoring department.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE7 Drive Improvement
KE8 Demonstrate Success

Evidence for link:
KE3 enables KE5
KE5 enables KE7
KE7 enables KE8

Out of that (monitoring of performance/targets) comes the information that you need to demonstrate that you're doing the job effectively and to highlight when improvements may be needed. We use it (performance information) to manage the organisation, they discussed the reports and come back and present, you can see a trend on the information that is presented on the performance report, there is a trend one month to the next, reflects what they've done to manage the situation they are facing.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE7 Drive Improvement

Evidence for link:
KE3 enables KE5
KE5 enables KE7

Directors review these projects once every 6 weeks in a programme board. They will look at the project evaluation results. They will ask if there are any problems. Are our outputs are not what we expect them to be? If they say yes there is a real problem, they signal out a problem to us that the KPI might have to set to red because this project is a big contributor to the KPI, if anything goes wrong with this project we may as well miss hitting the target for that KPI.

Coding:
KE4 Manage and Evaluate Project
KE3 Prepare Evidence of Report
KE5 Review Performance and Make Decisions

Evidence for link:
KE4 enables KE3
KE3 enables KE5

People would pick up on these feedback and accepted as operational information that affect decision making, allow them adjust things, makes them think carefully of what they are doing, so that they are not wedge into anyone in particular way of doing things. One other things that is does, is that it makes us look outwards, a lot of government offices are very introvert. It makes us more focus on our customers.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE6 Influence Performance Behaviour
KE7 Drive Improvement

Evidence for link:
KE3 enables KE5
KE5 enables KE6
KE6 enables KE7

The management team meetings, which essentially are our board, the directors of our organisation, and they meet quarterly they look at the performance of the organisation. We'll display this scorecard to them, live, we show the position of the organisation now and the position forecasted 2 periods in the future, and you can actually click on the measure itself to see what the owner has feedback to us. In the past, we had difficulty in getting director to take ownership of their bit of the organisation, each director has been given ownership of a theme, or a number of outcomes or measures, they are then when we display this scorecard to them, immediately we manage to get more buy-in from directors in terms of ownership of all the measures.

We look at the existing corporate plan, we then identify the area of the corporate plan that relate to a director. And we go to that director and have a face-to face meeting. We go through themes that they are in charge of, the outcomes, the actions, and the measures. We have discussion of those, we have some views on it, in terms of monitoring the performance which ones are working well and which weren't, did we have problems getting information about these.

Coding:

KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE6 Influence Performance Behaviour
KE7 Drive Improvement

Evidence for link:

KE3 enables KE5
KE5 enables KE6
Ke6 enables KE7
KE7 informs KE5 (design of reports and/or design of measures)

EMERGING THEME: KE6 Influence Performance Behaviour

- It (Performance information) can also improve performance by giving people motivation through celebration of successes, good practice.
- The understanding of people as to what we are trying to achieve through measuring is an issue as well. I think it is important that people don't simply capture data because that's what we have to do, but they have to understand their purpose of why we want to know these things.
- And when they report success, it is also to make sure that everybody knows about that it's been a success in that particular field. That way people (the staff) can see value coming back from the information they give.
- People who would pick up on these feedback and accepted as operational information that affects decision making, allow them adjust things, makes them think carefully of what they are doing, so that they are not wed into anyone in particular way of doing things. One other things that is does, is that it makes look outwards, a lot of government offices are very introvert. It makes us more focus on our customers.
- The success is from lots of people understanding the strategies of the organisation and also being kept aware and understanding their roles (communicated though the use of scorecard reports). The real need is that people should be able to identify with we there are in the scorecard. They need to know their job contribute to the organisation strategies change and development to help the organisation moving forward.
- One (the goal of performance measurement) is the increase of our reputation, I think 2 years ago we were seen to be a failing organisation, and now some people are thinking we are not failing any more. It is really important for the Treasury to see that we have correct portfolio and they do now generally believe that we have. Part of it is about our internal pride in, last year during the annual staff conference, 'we are ok we hit about half of our targets, we did OK.' It's not complete failure, when we have our next conference next week, I'll be standing up there and say '8 out of 9' that's good for us all. That positive feeling feeds through to how people do their job every day, so that's really important.
- Individual need to see the contribution they are making towards achieving organisational wide performance.
- Staff would like to see that their work are recognised as an official target. To give people a feeling that they are on the map.
- People are not very good at spotting our own errors/weakness. Peer group reviews are probably the best way to drive up performance in an organisation.
- For us the executive directors, our annual pay is entirely dependent on how we perform, that tends to drive your behaviour for people you manage as well.
- We got to get more realistic how we evaluate and assess people's performance. In the sense this year, we have an annual appraisal system for staff, people tend to think that if they delivered the target that they have exceeded but actually they just succeeded. We have to manage that setting people's expectation. We want to change the culture on how assessment of staff performance and it's difficult, it is happening right now.

I strongly believe that any individual needs to see what they do and how effective they are in relation to the whole organisation and it certainly is clearly very helpful for individuals to know what they need to do what the standards are they need to achieve and what the outputs are that are required of them. That's an absolute requirement in my view you can't expect a person to perform well if you don't tell them what exactly it is they are suppose to be doing. It is even more helpful if they can see if they can see that in the context of the organisation. I believe it is more effectively if people an actually trace a clear line from what they do and how they are suppose to do it to how the organisation is expecting to perform and what the organisation expectations are. For every individual they should have a discussion with the line manager about their objectives and how those objectives would be tied to the departmental plan. And what we encourage is that for all staff to be involved in departmental process, so is not the question of saying "here are your objectives and here are the departmental plan and that's how they fit" it's actually to have discussions about the departmental

plan and that natural develop leads into producing a set of objectives. People have ownership of the objectives they've got, and they see it as part of what they collectively are doing rather than as an individual.

Coding:

KE5 Review Performance and Make Decisions
KE6 Influence Performance Behaviour
KE3 Prepare Evidence of Performance
KE2 Measure and Monitor Activities

Evidence for link:

KE5 enables KE6
KE6 informs KE5
KE5 informs KE3
KE5 informs KE2

Measures that do actually require some effort because having a set of measures that people can achieve in their sleep is counter productive as well. It's pitching it at a point of giving challenge but not unreasonable, having some concrete way of measuring in a specific period of time. It's difficult for people to know inherently what success is unless you can describe what that success is, they need to understand that in real terms. Or be able to tell people they have achieved something or not being able to achieve something.

Coding:
KE6 Influence Performance Behaviour
KE5 Review Performance and Make Decisions
KE2 Measure and Monitor Activities

Evidence for link:
KE6 informs KE5
KE5 informs KE2

It (second level measures) gives people (who works in the area), help makes them aware of what they meant to achieve, the level they need to achieve, it's a good discipline to help people in day-to-day work that they are aware that things are slipping, they ought to step up to help the agency meet the targets.

Coding:
KE6 Influence Performance Behaviour
KE5 Review Performance and Make Decisions
KE2 Measure and Monitor Activities

Evidence for link:
KE6 informs KE5
KE5 informs KE2

We report quarterly basis, which would go to the management team and management executive for review meetings. Then the team will take it back to staff. We do quite well. We have productivity targets as well. Some measures are quite straightforward. We done a staff survey and they feel that we don't celebrate our successes enough. Staff needs to have a sense of achievement and to understand what it is that we do, to feel proud to be apart of this organisation.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE6 Influence Performance Behaviour

Evidence for link:
KE3 enables KE5
KE5 enables KE6
KE6 informs KE5
KE5 informs KE3

After review meetings, what they (Director) would do is to go back to their teams and disseminate information to their team, so it's a informative report they use to educate their teams in terms of how the organisation is doing. It becomes monthly staff report, how the organisation is operating and communicating the key elements of what it is that we've been doing over the previous months. Have discussions on which work areas need improving and how.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE6 Influence Performance Behaviour
KE7 Drive Improvement

Evidence for link:
KE3 enables KE5
KE5 enables KE6
KE6 enables KE7

I think we do it large through sort of the reflecting the experience back at people (using performance report). People have sort of an experience with things that went wrong at the last moment, we have to go back to them and say is this because you were not being entirely honest and open in the early stages. What we are trying to do is encourage people to quickly signal if there is problem and allow there to be corporate strength around the response to support the solving the problem.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE6 Influence Performance Behaviour
KE7 Drive Improvement

Evidence for link:
KE3 enables KE5
KE5 enables KE6
KE6 enables KE7
KE6 informs KE5
KE7 informs KE5

The management team meetings, which essentially are our board, the directors of our organisation, and they meet quarterly they look at the performance of the organisation. We'll display this scorecard to them, live, we show the position of the organisation now and the position forecasted two periods in the future, and you can actually click on the measure itself to see what the owner has feedback to us. In the past, we had difficulty in getting director to take ownership of their bit of the organisation, each director has been given ownership of a theme, or a number of outcomes or measures, they are then when we display this scorecard to them, immediately we manage to get more buy-in from directors in terms of ownership of all the measures. We have somebody to say that 'yes that's my responsibility and I can give you an update on that. The current system, by clearly displaying owners at all levels of the organisation, and they take responsibility and much better buy-in for the corporate plan.

We can also hoping that the application of the system to create an html version on our intranet site, so that the organisation as a whole can get a picture of how the organisation is performing at any point of time. Again that's something what we did in the organisation, people see the report, sure that's now easily assessable.

Making the scorecard available to all staff internally, allows people to understand where their particular bit of work fits in to the overall performance of the organisation, so if you are involved in a project, you can see the corporate plan, the scorecard, where your role is, it allows staff throughout the organisation to view how well/ the progress of the organisation.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE6 Influence Performance Behaviour

Evidence for link:
KE3 enables KE5
KE5 enables KE6
KE6 informs KE5

The success is from lots of people understanding the strategies of the organisation. Staff should be being kept aware of their progress and have an understanding of their roles relative to what the organisation is aiming to achieve. The real need is that people should be able to identify with they are in the scorecard. They need to know their job contribute to the organisation strategies change and development to help the organisation moving forward.

I think it's important for them to understand their area of impact that they work in, that's they areas of work rather than their individual arrangements.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE6 Influence Performance Behaviour

Evidence for link:
KE3 enables KE5
KE5 enables KE6
KE6 informs KE5

Communicating with staff: we have an internal survey, once a year, we ask the staff about what went well and what didn't go well? We also have mid session and end session reviews with the people involve in processing, with all teams come together in the middle of the session, and discuss what went well, and what didn't (with our measurement system), feedback given to the senior management. And the end of the session this year, in terms of the new telephony system, what went well and what didn't? Did they (staff using the system) have any problems, how things could be done differently.

Coding:
KE5 Review Performance and Make Decisions
KE6 Influence Performance Behaviour

Evidence for link:
KE5 enables KE6
KE6 informs KE5

The end we are looking for is continuous improvement. Our big challenge is to say, this leadership team is looking for numbers but those numbers would only be meaningful if a person delivering the job of [this organisation] generate those numbers because they are useful to them rather than just feeding the beast. Most staff in most public sectors generally want to do a good job. What would they want to measure and understand that would enable them to do a good job regardless of what HQ think, so that the production of performance data isn't a chore is what you want to find out about. I think in terms of introducing customer satisfaction that is quite helpful, people are now starting to see, it helps you better understand the person you're working with.

Coding:

KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE6 Influence Performance Behaviour
KE7 Drive Improvement

Evidence for link:

KE3 enables KE5
KE5 enables KE6
KE6 enables KE7
KE6 informs KE5
KE7 informs KE5

We will be going to staff saying 'we need to change the way we work, this is how we need to change we measure what we do. We've been very led by funding. It used to be 'grab grants to do something useful when they could'. And we used to measure all sorts of things all over the place. Now it's changing, now we saying these are the things we need doing to achieve the [organisation's] purpose, and now we have to measure how well we achieved that.

Coding:

KE5 Review Performance and Make Decisions
KE6 Influence Performance Behaviour

Evidence for link:

KE5 enables KE6
KE6 informs KE5

EMERGING THEME: KE7 Drive Improvement

- Reporting on them (key business areas) regularly really to focus the organisation and prompted us to shift quite a considerable amount of resource and to address that, ultimately if we were to continue to operate as we had been and we hadn't take that action, I think that it is quite probable that we might have been closed.
- Basically, we do corporate planning and we have measures to see how we are performing and to make sure we are making targets and we need to be able to show that we are successful in doing what we do. We also look into data to see how we can improve on year on year.
- We are trying to change our approach to be more customer-aware; from this we might want to change our measure.
- Here is the strategy and here is what we thought we're going to achieve, this is all we've achieved. Is that good or bad, what can be improved?
- Out of that (monitoring of performance/targets) come the information that you need to demonstrate that you're doing the job effectively and to highlight when and what improvements may be needed.
- Our annual review processes as business critical, our senior management team will be looking at the results as sort of data that give us the evidence based for building the case for Comprehensive Spending Review. People are looking at their results (performance reports), and say 'what do this tell us' 'what can we learn from this' and 'what actions are we going to take as a result to improve our performance?'
- The thing I've noticed is that there is more discussion about them (performance reports) at the Board meeting. [...] before this (the use of performance reports) it was "that's adverse and that's got to improve" but now, "explain what's behind that", a good conversation carry on and out of that will come something we can actually improve it, we need to get to the cause of the problem.
- Every year we look at the results; we have the information to enable us to monitor performance; to see how we can improve the monitoring and see how we can improve results, it's a constant cycle.
- We have a monitoring system, we are very clear that we need to provide assurance on what we are doing, we are very clear that we need people to deliver what is said here, the bounds that we want to strike is one that doesn't detract from the delivery really, and the likelihood to, within a framework with clear expectations and guidelines what we have and what's not and focus on delivering it with an appropriate and minimum. There is always somebody checking what we are doing, we need to report and need explain to other people, people need to know what is going on and how much we have achieve. There is lots of checking and monitoring is going on, in terms of collective, this is what the organisation is doing as a whole at the moment, we think the process of that have 3 exception reports and a detail report in a year is sufficient. By the time this exception report is prepared there is also a comment on what actions are being taken to make things right. We just have a look internally and see how we are going on and what the things we can do better, we are now beginning to work more actively on that
- Are those the projects achieving the outputs that we thought they would do in order to contribute towards our strategic intent? On what basis are we getting better? On a continuous basis, regular continuous performance improvement against our set of objective rather than saying we'll think once a year and we'll do for a whole year, we'll stop and think again. We now conduct regular review of performance within a strategic context.
- Our annual review processes as business critical, our senior management team will be looking at the results as sort of data that give us the evidence based for building the case for Comprehensive Spending Review. People are looking at their results (performance reports), and say ' what do this tell us' 'what can we learn from this' and 'what actions are we going to take as a result to improve our performance?'
- The thing I've noticed is that there is more discussion about them (performance reports) at the Board meeting. [...] before this (the use of performance reports) it was "that's adverse and that's got to improve" but now, "explain what's behind that", a good conversation carry on and out of that will come something we can actually improve it, we need to get to the cause of the problem.
- Every year we look at the results; we have the information to enable us to monitor performance; to see how we can improve our measuring and monitoring process, and see how we can improve results (performance), it's a constant cycle.
- If that number (in performance reports) is not good, that doesn't make you a bad organisation, it means there is a question to ask why that is a bad number. You can say "why is that like that?" you can then say "it's just a blip strange circumstances and it wouldn't happen again, but if does I need to come back to it." Or you might say "yeah that's a worry. I need to put some action in place to deal with it." But it's firstly about asking the question 'why'. The main reasons for the review meeting. Another thing I would like them (directors) to use it (performance reports) to drive continuous improvement in what we do.
- In March this year signed up our corporate plan, they want interim report specifically on a number of core areas corporate scorecards. The senior management team undertaking quarterly business review looking at what performance data it needs to have in order to know how we are performing as an organisation, along side that quarterly business review and business risk analysis. there is a close correlation between performance management and risk management, we seek to mitigate some of the risk; another significant driver is that we are going through significant change as an organisation 2004/5 we develop Strategy 2010 and that encompasses in the sense, re-structuring overseas change and a UK change programme which is

realigning the UK structures to service that overseas need and to manage reputation and stakeholder relationship in the UK.

- The emphasis to date with the scorecard and the performance regime has emphasised accountability. That's driving it at the moment quite strongly. But we also think there is increasing recognition that this is about organisation learning and development to and hence using the scorecard approach. I would hope that people are looking at their results (performance report), and say 'what do this tell us' 'what can we learn from this' and 'what actions are we going to take as a result to improve our results (performance)'
- People would pick up on these feedback and accepted as operational information that affect decision making, allow them adjust things, makes them think carefully of what they are doing, so that they are not wedge into anyone in particular way of doing things. One other things that is does, is that it makes us look outwards, a lot of government offices are very introvert. It makes us more focus on our customers.
- Here is the strategy and here is what we thought we're going to achieve, this is all we've achieved (based on performance report). Is that good or bad, what can be improve? If it's good we can share best practice how can we get better, if it's bad, what cause it to be bad, what are the barriers, what needs to be fixed? From the discussion, we get a list of things we need fixing, a list of we can do better. The quarter we come back and let's look at the big picture, we said we want to fix this, have we fixed it? Does it having the effect that we thought it's going to have or will it take 2-3years to fix? That's if you like the top decision making team, we have non-exec Board that scrutinise what we do. We have separate meetings for that. We also have to report back on a 6 monthly basis to our sponsoring department.
- The management team meetings, which essentially are our board, the directors of our organisation, and they meet quarterly they look at the performance of the organisation. We'll display this scorecard to them, live, we show the position of the organisation now and the position forecasted 2 periods in the future, and you can actually click on the measure itself to see what the owner has feedback to us. In the past, we had difficulty in getting director to take ownership of their bit of the organisation, each director has been given ownership of a theme, or a number of outcomes or measures, they are then when we display this scorecard to them, immediately we manage to get more buy-in from directors in terms of ownership of all the measures.
We look at the existing corporate plan, we then identify the area of the corporate plan that relate to a director. And we go to that director and have a face-to face meeting. We go through themes that they are in charge of, the outcomes, the actions, and the measures. We have discussion of those, we have some views on it, in terms of monitoring the performance which ones are working well and which weren't, did we have problems getting information about these.
- After review meetings, what they (Director) would do is to go back to their teams and disseminate information to their team, so it's a informative report they use to educate their teams in terms of how the organisation is doing. It becomes monthly staff report, how the organisation is operating and communicating the key elements of what it is that we've been doing over the previous months. Have discussions on which work areas need improving and how.
- I think we do it large through sort of the reflecting the experience back at people (using performance report). People have sort of an experience with things that went wrong at the last moment, we have to go back to them and say is this because you were not being entirely honest and open in the early stages. What we are trying to do is encourage people to quickly signal if there is problem and allow there to be corporate strength around the response to support the solving the problem.
- The end we are looking for is continuous improvement. Our big challenge is to say, this leadership team is looking for numbers but those numbers would only be meaningful if a person delivering the job of [this organisation] generate those numbers because they are useful to them rather than just feeding the beast. Most staff in most public sectors generally want to do a good job. What would they want to measure and understand that would enable them to do a good job regardless of what HQ think, so that the production of performance data isn't a chore is what you want to find out about. I think in terms of introducing customer satisfaction that is quite helpful, people are now starting to see, it helps you better understand the person you're working with.
- The other thing is that to have indicators that help you understand why something isn't working, e.g. it's fine when we are hitting the target, but if we are not, we would need other measures to help us understand why? Such as our problem is off-shore lighthouses we can't get to because of the weather, we might then look at how to improve that, it might be a better type of helicopter that could deal with such weather so that we can get the lighthouse. So what we need to know why we are failing the main target, is it because we needed too much time to repair it, why is that- too few skilled workers, insufficient parts?
- To improve! Why do we set targets? If it's not for improvement, if it's not for the organisation to learn something then why bother?
- They (the key performance measures) are monitored throughout the year but it would be yearly job to look at those so that every year in the business plan we would look at what we are trying to achieve. Where they should be? We set those targets at the beginning of the year, and deliver those targets, we would also do additional things throughout the year but essentially we would revisit those targets, probably on a review those targets 4 times a year. It is important because it gives us knowledge of how we are doing against what we said we would do, it highlight areas of under performance.

- Directors review projects once every 6 weeks in a programme board. They will look at it, they will ask if there are a problem, are our outputs are not what we expect them to be? If they say yes there is a real problem, they signal out a problem to us that the KPI might have to set to red because this project is a big contributor to the KPI, if anything goes wrong with this project we may as well miss hitting the target for that KPI.

Discussions in review meetings: e.g. "Ok here is (referring to an item in the performance report) something that does not seem to work. We have our plan in place and our action in place, what do we do about it? Why are we slipping below our target" I expect them to use it (performance report) to manage performance.

Coding:

KE3 Prepare Evidence of Performance

KE5 Review Performance and Make Decisions

Evidence for link:

KE3 enables KE5

EMERGING THEME: KE8 Demonstrate Success

- One (the goal of performance measurement) is the increase of our reputation, I think 2 years ago we were seen to be a failing organisation, and now some people are thinking we are not failing any more. It is really important for the Treasury to see that we have correct portfolio and they do now generally believe that we have. Part of it is about our internal pride in, last year during the annual staff conference, 'we are ok we hit about half of our targets, we did OK.' It's not complete failure, when we have our next conference next week, I'll be standing up there and say '8 out of 9' that's good for us all. That positive feeling feeds through to how people do their job every day, so that's really important.
- We need to identify the key activities we were being measured (as being successful by the government) and were critical to our stakeholders.
- The key thing is people collected hundreds of statistics, they were counting about what they are doing, that's quite different kind of mind set, rather than keeping data about what you do, that's a different mind set to monitor performance to measure your progress towards objective, that means you have to be more selective at what data you are collecting, not just collecting the thing that you do, but it's related to objective defining what we're here to do, and then to help work out if we are successful in doing this, then what sort of information that would indicated that.
- Design measures to reflect successful production of public benefit.
- We will produce details of how we perform against those targets, that performance is subjected to external independent audit, who will come and check all the records, completely independent scrutiny of what we do, and we will publish our performance in an annual report.
- We've introduced since last year, KPIs which 2005/6 is the 1st year we've introduced it. So we have ¾ of that year reported, and they do seem to be useful for our senior management team, we adopted a new strategy in 2004 and the KPIs really gave the senior management quite a good feeling of how much we are on track with meeting goals in that sort of high level strategy. With that we can demonstrate how successful we have been.
- Basically, we do corporate planning and we have measures to see how we are performing and to make sure we are making targets and we need to be able to show that we are successful in doing what we do. We also look into data to see how we can improve on year on year.
- At the end of the day performance reporting should be linked or about what we are going to do, and how successful are we at doing it, it should be about actual business of library rather than bureaucratic exercise which nobody sees the point of it. It should be about what we do, what the library does, and what all the staff do.
- We do an annual report on progress against the corporate plan using those measures and qualitative assessment. We do an assessment with them of what progress we've made against that, have they done what they intend to do, if not what are the barriers getting in their way of doing it, have their requirements changed?
We do annual report back to them (the Board), saying this is currently region is been changing and this is what've been achieved of what we said we are going to achieve, what does that mean for the next year.
- It's (performance report) a piece of defence, and a way of sort of making sure that you can account to parliament, our chief executive has been in front of the Accounts Committee twice in the last 5 years, with the scrutiny you have to make sure that you absolutely well covered.
- In years gone by, the signing off of the corporate plan was actually at the end of the process. Nobody took it off the shelves again. Whereas, now it's very much a part of our statement of intent at the very start of each year. It's our means to check that we are making progress towards our statement of intentions. And it's a means of report at the end of the year, that we've achieved what we said we want to achieve. It's become our kind of working integral document to our life.
- We use the traffic light system (in our reports). If it's amber, we will try to create a reason why there is a problem. The impact of this is the mitigating action we are taking is, volume's down=reasons being the advertising campaign not effective, impact is, if we do nothing, we won't recruit up to 100%, mitigating action would be a refresh advertising campaign. It varies in detail. The report is created by us; the operational directors are expected to give us a kind of reasons, impact, and mitigation action. We don't just accept what comes in, we would do what the Board does, we actually test the suppositions of the assumptions that are made and try to make sure what is in front of our sponsoring department has actually been through some sort of process to test the validity of what is being said (in the report).
- We do annual review cycle of the scorecard. This year particularly, our annual review processes as business critical, our senior management team will be looking at the results as sort of data that give us the evidence based for building the case for Comprehensive Spending Review and budget.
- It (Performance information) can also improve performance by giving people motivation through celebration of successes, good practice.
- And when they report success, it is also to make sure that everybody knows about that it's been a success in that particular field. That way people (the staff) can see value coming back from the information they give.
- It (Performance measurement) works when we have a very clear idea of the impact that you want to have and how to measure it, and the method for directly observing that change/ recording the progress towards

that. You need to have an explicit goal, you measure the degree your progress towards the goal. Measure needs to be design to reflect the impact that the organisation is funded to do. It is pointless to measure mere activity; you have to measure the successful production of public benefit.

- There are a number of fairly critical measures which we are able to use to demonstrate our performance. We are a relatively new organisation. And not uncommon to new organisations, we didn't know how much work it is going to involve. We quickly find ourselves in a backlog situation, and we were in terms of the sort of expectation around the key measures we were performing very badly, we are now currently hitting all the measures. Over the last 18 months we've made tremendous progress. That has been very useful for the organisation in being able to demonstrate our effectiveness. And it's also internally been very helpful in ensuring that we focus on key activities and it made a great difference for our key stakeholders.
- We do have an issue about convincing people outside the organisation that we are performing because a lot of what we do is very difficult to demonstrate. Very often it is about perception and not profitability. We are a levy board, a lot of what we do is done against an approach which comes from our stakeholders which is much more subjective rather than objective you don't have units but just a perception of how we are doing. Are we delivering to the strategies to the needs and wants of the stakeholders? How we actually get that over which will determine our perceived performance in the light in the eyes of our stakeholders rather than a unitary way of doing that. But I think whether we are good or not does come through from our relationship with our stakeholders which is to do with performance.
- Here is the strategy and here is what we thought we're going to achieve, this is all we've achieved (based on performance report). Is that good or bad, what can be improved? If it's good we can share best practice how can we get better, if it's bad, what causes it to be bad, what are the barriers, what needs to be fixed? From the discussion, we get a list of things we need fixing, a list of what we can do better. The quarter we come back and let's look at the big picture, we said we want to fix this, have we fixed it? Does it have the effect that we thought it's going to have or will it take 2-3 years to fix? That's if you like the top decision making team, we have a non-exec Board that scrutinise what we do. We have separate meetings for that. We also have to report back on a 6 monthly basis to our sponsoring department.
- We are regarded as a successful organisation and we are successful, we are increasing our remit. I think we can demonstrate our success easily (with the use of performance information) and I think we are probably much better now on how we respond to problems and changes. We have review meetings. If things go wrong, we could respond quickly and effectively.
- Performance measurement has been very useful for the organisation in being able to use relevant information to demonstrate our effectiveness.
- We report regularly to our Board a whole range of key performance indicators and that information goes to our sponsoring department. That is an effective method of providing information to ODPM and others who are primarily interested in how well we are performing because we are spending public money.
- It is fundamental even to our very existence that we've been able to demonstrate considerable improvements in our performance.
- We need performance data to be able to demonstrate the benefits of change have been realised.
- The annual report is the formal way government assess how our money is spent and whether we are meeting our targets. Up to now it has been the government office in the region to check, and conduct annual review to report on our performance to the central government.
- The government has been pushing us to spend the money for our first 3 years. Now it is more on the evaluation; as a result of all the money you've spent, so what's happened? What the outcomes of it?
- We do annual report back to them (the Board), saying this is currently region is being changed and this is what've been achieved of what we said we are going to achieve, what does that mean for the next year.
- Over the last 2.5 years we are down to around about 10 high level performance measures that are what we judge the success of this organisation year by year. They link very closely to the vision that we want to achieve.
- We also have to report back on a 6 monthly basis to our sponsoring department. We are responsible for £0.5 billion of tax payers money so we (and the sponsoring department) need to know precisely of what is happening.
- This (detail performance reporting) is to provide assurance to the Board that we are doing what we said we wanted to do. The report provides them information about what we do. The type of organisation we are obviously of CE is our accounting officer, there is all kinds of things around that, he is responsible for £6-7 billion, and he has to provide assurance that the money is spent properly.
- When you are a public body you are ultimately accountable, you have to be transparent and be able to justify what you have spent public money on and what you have been achieving. Previously we told stories about what we did not necessarily: this is what we did what we said we would do. We changed that, we now produce this (referring to the quarterly report on their intranet) every quarter that is provided to Board to assess our progress.
-

We got a big hit in terms funding from the DCI, it does bring it home that it is important that you're able to say yes this is the bit that we bring, I think the most important one is that we can say 'we are here to make a difference to consumer' although we can make benefits to the whole of the UK population, we have our priority who we should make a difference. It will be very good to find a better way of showing what our achievements are and to be able to show the cost effectiveness of us as an organisation, we really do have a lot of impact but not a lot of funding.

Coding:
KE8 Demonstrate Success
KE9 Negotiate Key Targets and Funding
KE5 Review Performance and Make Decisions

Evidence for link:
KE8 enables KE9
KE8 informs KE5
KE9 informs KE5

Our performance is about consulting regularly with our stakeholders, having regularly meetings with our sponsoring department, to get them to impart to us what they think about what we are doing. If they can report we are and that our performance is demonstrable. That's the difficulty we have, how evident of what we are producing evidence to the stakeholder so that they can recognise that this organisation is doing what they want us to do.

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE8 Demonstrate Success

Evidence for link:
KE5 enables KE8
KE8 informs KE5
KE5 informs KE3

We are very clear that we need to provide assurance on what we are doing, we are very clear that we need people to deliver what is said here, the bounds that we want to strike is one that doesn't detract from the delivery really, and the likelihood to, within a framework with clear expectations and guidelines what we have and what's not and focus on delivering it with an appropriate and minimum. There is always somebody checking what we are doing, we need to report and need explain to other people, people need to know what is going on and how much we have achieve. and there is lots of checking and monitoring is going on, in terms of collective, this is what the organisation is doing as a whole at the moment, we think the process of that have 3 exception reports and a detail report in a year is sufficient.

What we do in the end is to get them (the sponsoring department) involved in designing the process, so this is what monitoring process will deliver, and that's normally negotiable. We meet with our sponsoring department, asking "if you don't like what's going on now, so how should we do it?"

Coding:
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE8 Demonstrate Success

Evidence for link:
KE3 enables KE5
KE5 enables KE8
KE8 informs KE5
KE5 informs KE3

We had a significantly increased funding year on year, which must mean that the government must have been impressed with our performance, or they wouldn't have done that likely. It demonstrates that the way in which the [organisation] has been satisfactory in Government's eyes.

Coding:
KE8 Demonstrate Success
KE9 Negotiate Key Targets and Funding

Evidence for link:
KE8 enable KE9

I think what works well it all start with an end point, why is the government giving us money? By setting out in our funding agreement (contract) we identify the priorities and the key indicators we are going to be assessed against. Once that have been established all our internal units and we use the past data we can actually establish a framework of measurement that mirrors our relationship with government. There have been changes in the way the organisation is approaching its funding issues, we have take different types of measurement.

One is to indulge in terms of developing the priorities or objectives that are measurable establishing them at the early outset and then ensuring that we are able to report on those priorities at key times, have a system collecting that information and evaluating those information and setting the milestone as well.

We have quarterly report that goes to our sponsoring department, we also have monthly operation reports and an annual report; and with the partners who worked on our behalf, we set up templates which are in line of the funding agreement we've got which are in line with how we work, that's how we are trying to achieve consistency.

Coding:

KE9 Negotiate Key Targets and Funding
KE1 Setting Organisational Goals and Objectives
KE2 Measure and Monitor Activities
KE3 Prepare Evidence of Performance
KE5 Review Performance and Make Decisions
KE8 Demonstrate Success

Evidence for link:

KE9 enables KE1
KE1 enables KE2
KE2 enables KE3
KE3 enables KE5
KE5 enables KE8
KE9 informs KE5
KE8 informs KE5
KE5 informs KE2

EMERGING THEME: KE9 Negotiate Key Targets and Funding

- The very fact that we are responsive to changes in the agency and the department policies, is a strength within the system, the only way to improve it, is to make sure that the targets are actually reflect what the organisation is doing, which we are doing, regular and ad hoc, that's important, we can't stand still, we need to keep the dialogue going with the Department, we have to be prepared to be flexible as we do.
- We do annual review cycle of the scorecard. This year particularly, our annual review processes as business critical, our senior management team will be looking at the results as sort of data that give us the evidence based for building the case for Comprehensive Spending Review and budget.
- We got a big hit in terms funding from the DCI, it does bring it home that it is important that you're able to say yes this is the bit that we bring, I think the most important one is that we can say 'we are here to make a difference to consumer' although we can make benefits to the whole of the UK population, we have our achievements are and to be able to show the cost effectiveness of us as an organisation, we really do have a lot of impact but not a lot of funding.
- We had a significantly increased funding year on year, which must mean that the government must have been impressed with our performance, or they wouldn't have done that likely. It demonstrates that the way in which the [organisation] has been satisfactory in Government's eyes.
- I think what works well it all start with an end point, why is the government giving us money? By setting out in our funding agreement (contract) we identify the priorities and the key indicators we are going to be assessed against. Once that have been established all our internal units and we use the past data we can actually establish a framework of measurement that mirrors our relationship with government. There have been changes in the way the organisation is approaching its funding issues, we have take different types of measurement.

One is to indulge in terms of developing the priorities or objectives that are measurable establishing them at the early outset and then ensuring that we are able to report on those priorities at key times, have a system collecting that information and evaluating those information and setting the milestone as well.

We have quarterly report that goes to our sponsoring department, we also have monthly operation reports and an annual report; and with the partners who worked on our behalf, we set up templates which are in line of the funding agreement we've got which are in line with how we work, that's how we are trying to achieve consistency.

- [...] reporting on them regularly really to focus the organisation and prompted us to shift quite a considerable amount of resource and to address that, ultimately if we were to continue to operate as we had been and we hadn't take that action, I think that it is quite probable that we might have been closed
 - The agency has 9 key targets and these are approved by the minister, and they are made public by way of announcement in the Scottish Parliament. Each year we have to make a case to the minister for what we think will be reasonable, achievable but challenging targets for the agency. These targets are regularly reviewed so there is a review that involves colleagues from the sponsoring department who will involved in discussions because it is not the agency that is setting the targets but involved colleagues who are out with the agency and they are subject to ministerial approval. Then we do regular reports on a quarterly basis, on how well we are doing, we have a Board that meets, we call the Strategy Board, which has representatives of senior management as senior management from the sponsoring department. They will review on how we are doing. We will submit progress report to them based on our progress against these targets.
-

We do review our targets on an on-going basis to see if they are relevant targets, that exercise is on-going just now. The present system is about 3rd year and there is now a need to review the targets. It's not an exercise every 3 years, no certain time scale. It's a general discussion during these strategy board meetings, and we review targets whenever we think we need to. It could be reviewed every year, or stay for 10 years.

It's just depends on changing priorities within the agency. We don't determine what we do, the sponsoring department change the policies, they decide how the industry should operate, and our job is to enforce that. We respond to what the Department wants.

The very fact that we are responsive to changes in the agency and the department policies. This is strength within the system. The only way to improve it is to make sure that the targets actually reflect what the organisation is doing, which we are doing, regular and ad hoc. We can't stand still; we need to keep the dialogue going with the Department. We have to be prepared to be flexible as we do.

Coding:

KE5 Review Performance and Make Decisions
KE8 Demonstrate Success
KE2 Measure and Monitor Activities
KE1 Setting Organisational Goals and Objectives

Evidence for link:

KE1 enables KE2
KE5 enables KE8
KE8 informs KE5
KE5 informs KE2

One of the way we feedback is our annual corporate plan. For some areas where performance is not as good as we expect, might lead into developing new targets for our next corporate plan, perhaps putting more resources underperforming or indeed investing more resources in areas that are not performing well. These are not seen in isolation, there are other things we have such as divisional and departmental plans.

Coding:

KE8 Demonstrate Success
KE5 Review Performance and Make Decisions
KE7 Drive Improvement
KE1 Setting Organisational Goals and Objectives

Evidence for link:

KE8 informs KE5
KE5 enables KE7
KE7 informs KE5

We look at how they (targets) perform in previous years, what particular activity is going on in the year ahead that they know about, we have notes against the targets explaining where these decisions came from and we have risks against achieving the targets and how they would manage those risks. We have the initials of individual responsible person, and then once I have spoken to individual managers and that has gone the documents is as fine as it could be, it would go to the Board who would approve the target it will affect and be affected by resources. So this is done at the beginning at the financial at the same time the budgets are being prepared.

Coding:

KE8 Demonstrate Success
KE5 Review Performance and Make Decisions

Evidence for link:

KE8 informs KE5

Appendix 8 Phase II Data Display for Key Elements

Data Display for Part B: Phase II Findings-The Key Elements of Performance Measurement

Readiness for Performance Measurement

Strategic Nuance:	Leadership and Process Champion:	Performance Culture:	Dysfunctions of Performance Measurement:
<p>"One of the key factors for making performance measurement work, is to have strategic nuance, which is why everybody should be inducted to understand the strategic direction of the organisation; you're measuring your capability to achieve your strategy and your delivery around that, you are not measuring other stuff, you can do all sorts of managerial information mgt stuff, that isn't key performance indicators." V.</p> <p>"The legislation set out in broad terms of what we are here to do. The corporate plan describes how we are going about doing that. What's currently happening is that the Government has decided that our role has changed, we should become more of a strategic regulator, as a consequent we will be much less investigation and more of that would be done by local authorities themselves, our role will then be ensuring that the local authorities are doing that work properly rather than us doing it ourselves (and that affects the way we do things). That's something that will be changed over time and that will be set out in our corporate plan." A.</p>	<p>"There has been a lack of leadership around the performance scorecard or performance culture; but this is now changing because the deputy director general has pressed that point quite firmly, the director general has also, due to the external pressures, recognise the need to internalise this (the use of performance measurement in general, the scorecard in particular). In the case, this is coming from quite threatening external pressures (with respect to public diplomacy and the resulting organisational realignment)." U.</p> <p>"...a very good example is where the regional director in China has prioritised the performance scorecard, he has prioritised the monitoring evaluation dedicated resources within the regional team relatively senior individuals with good skills to support the organisation within his region. You can see these [all his efforts] are driving through their use of performance information." U.</p>	<p>"I think it's cultural, the thing is to try to have people to say when something is going wrong. They should not feel like they have anything to hide. If you do monitoring at the back, understanding where and why things are, making sure that something is wrong you can identify it early and do something about it, and to support that, you need to have a culture which allows people to say actually what isn't going according to plan early rather than there is a culture people need to suppress that because they feel that they will get into trouble. The challenge is to have the organisation, relationship within that organisation where there is a limited blame culture, people should be more open. I [as a process champion] keep going back to relationship building and communication. It's really come home to me the process is just one small part of monitoring, you can think that everything is all under control if you got a nice process, you got to have people with you underneath that." T.</p> <p>"Organisation culture is terrible important (for performance measurement to work well). It is about people's willingness to change and be flexible as part of the process. Having this system is one thing, if you have a group of people who are culturally inclined to be conservative and unresponsive is then not good. On the other hand, if you got people who would pick up on these feedback and accept it as operational information that affects decision making, allow them adjust things, makes them think carefully of what they are doing, so that they are not wedded into anyone in particular way of doing things. One other things that is does, is that it makes us look outwards, a lot of government offices are very introvert. It makes us more focus on our customers." S.</p> <p>"At times it (performance measurement) can be too process-orientated. It can be absolutely hideous that people have got some tables to say 'This is the performance of year'. This is against the culture of we want to encourage here and the value that we have. I</p>	<p>"What we need to do is to see performance measurement not as an end in itself but as a means to an end. The end we are looking for is continuous improvement, so how can we, our big challenge is to say, this leadership team is looking for numbers but those numbers would only be meaningful if a person delivering the job generates those numbers because they are useful to them, rather than just feeding the beast [Performance culture]. When we first introduced Customer Surveys, it wasn't that popular, most people felt as if it was the HQ is snooping on the workers of the organisation, 'we are going to find out about what the customers think, by asking them questions about you'. I think now people say customer survey actually helps the person who works with the customer [Performance culture]. My concern is that people may be producing numbers for numbers sake. It takes time to generate data, that's when data inaccuracy occurs, people do things, irrational behaviour like storing up data, you do everything you can for the quarter or for the year, and if you do any more, you will keep it in the back pocket and bring them out the next year. [Unintentional effects of performance measurement] You give data much more care if it was of use to you." J.</p> <p>"Distortion of performance, when we are measuring the wrong things, and concentrating on the wrong issues and not focusing on the impacts. When a measure is chosen, people's activities would then zoom into that measure because that was measured and rewarded. Performance measurement can then be very risky." F.</p> <p>"That a lot of the goals that we have are not objective, not easily measurable in objective terms. If one of our targets is to improve the use of computer-then what is the objective measurement for improved use? Does it mean more use- not necessary? It fall far short of that, can't be too objective, how would we know if we</p>

can see how that could be what we would do because it is easy. But the underlining system could help to communicate our values and priority. What would be lovely is to have something when you can say, 'look at this here we know we have made a difference to consumers with this amount of money or this number of consumer and made such a difference to people lives'. What I hate is something that we try to fork out on time in some tables." E.

reached that goal, it's a worthwhile aim, but it isn't clear in scientific terms. Unfortunately it is difficult for most agencies it is not measurable. One might be tempted to concentrate on the areas of work that are measurable, but they may not represent the important part of what the organisation is doing." F

"Measures that do actually require some effort because having a set of measures that people can achieve in their sleep is counter productive as well. It's pitching it at a point of giving challenge but not unreasonable, having some concrete way of measuring in a specific period of time. It's difficult for people to know inherently what success is unless you can describe what that success is, they need to understand that in real terms. Or be able to tell people they have achieved something or not being able to achieve something." A

"Referring to the monthly report, personally I am not sure that they give an accurate reflection, because they are affected by many factors. For eg: take the marine side, one of them "how much does it cost for the running of the ship everyday?" If there is ship that is broken down, we still have all the costs of crew, the cost of buying parts, all these costs are added to the ship that is not out there working, so that's increasing our costs on average over the year. Sometimes the figure does not give an accurate reflection of what is actually going on, because it is affected by many factors. E.g. we are affected by the cost of fuel, and if we set a target how much it will cost us to have a patrol day, which is based on fuel cost at that time, and if fuel costs have doubled or trebled as what is happening now, then our costs would increase, the strategy board would agree to take out fuel costs and then recalculate how much it would then cost you to run the operation, and there is a possibility that we might not meet the target for the cost a patrol day, because of fuel costs have gone so high. We have absolutely no control over that. If fuel costs trebled, our expenditure goes up, we are not being less effective but costs have increased due to price of resources going up. Sometimes using cost as a measure can cause problems." E

"The key thing is people collected hundreds of

statistics, they were counting about what they are doing, that's quite different kind of mind set, rather than keeping data about what you do, that's a different mind set to monitor performance to measure your progress towards objective, that means you have to be more selective at what data you are collecting, not just collecting the thing that you do, but it's related to objective defining what we're here to do, and then to help work out if we are successful in doing this, then what sort of information that would indicated that. This is a deep-rooted cultural mgt weakness in some part of this organisation; people are not use to managing information oriented to achieve performance. A lot of people are simply use to collecting statistics about what they do, and they are different kind of thing (that is not measuring performance)." K.

"People are used to working in a particular way of working and may be finding it hard to revert to some other ways of working. We also have some significant differences in how people record information, I was told eg, that one section regards inquiries as inquiries when inquiries comes in and a reply is given; whereas some section record that as 2 inquiries. We now have an Inquiries manager. How people record them and deal with them is very disperse in the library. That involves a lot of work what we agreed sometime ago, that the new Inquiries manager appointed will be responsible for developing effective recording and monitoring information for inquiries for the library as a whole. I think as well as individual resistance, there weren't clear responsibilities in the organisation for taking an overview of the particular types of data, and that responsibilities was too disperse, while the responsibility is too disperse, it's very difficult to get a common definition because people like to feel the definition that they've been working on is better than those somebody else been working on. A common definition has to be enforced. So that requires a certain type of management structure that gives authority to discuss decision making." K

Key Element 1: Setting Organisation Goals and Objectives

WHY: Measure & Monitor Activities (KE2)	WHAT: Key Business Objectives	HOW: (Identify Stakeholder Groups) Conduct Stakeholder Analysis	HOW: Corporate Plan
<p>"I think you can use performance measurement to help you understand, but understand what? You will need to understand the bigger picture first, and then performance measurement is the proxy to help you understand the progress....."</p> <p>"We need to think about what the impacts are before we get into a piece of work, we shouldn't really be doing work where we don't know what impact we are trying to achieve or what benefits to consumers we are trying to achieve; or otherwise how would we know we are working in an effective way we are using our resources properly, definitely doing this moving towards impact orientated have meant that we then kind of looked at how we work and recognised that we need to change how we work, which is a good thing to be more effective." J.</p> <p>"(to measure our outcomes).... we start with the impact of what we want to achieve"</p> <p>"Is (Performance measurement works) when we have a very clear idea of the impact that you want to have and how you measure it....." F</p> <p>"One can not have a decent performance measurement regime without understanding the key strategies you set (for the organisation)"</p> <p>"...being able to understand about impact, being able to work around impact, the work we consider to be our priorities and when we have them all in place, we can then look at our accountability mechanisms."</p> <p>"...have I measure the right things that are business critical that will tell you, are you achieving what you are seeking to achieve as an organisation."</p> <p>"you need to know what you are measuring and why, what are organisational strategies, what we are trying to achieve, start to measure what the key things are, what our main business is, and measuring how we are doing; not measuring for the sake of measuring and the results is meaningless." GG</p>	<p>"...the executive directors identifies the strategies against the needs and wants of our stakeholders in conjunction with advisory committees, they determine the strategy for each department across a number of critical achievement areas will be determined by what actually goes into the business and how we are going to achieve the objectives."</p> <p>"I think the main impact of measuring performance is in terms of, getting agreements on what is important, amongst the most important, getting a consensus of things which we must keep our eyes on."</p> <p>"...using historical trends to predict future performance, we can sort of plan what we need to do for the following year."</p> <p>"You need to have an explicit goal, you measure the degree your progress towards the goal. Measure needs to be design to reflect the impact that the organisation is funded to do." F</p> <p>"...why does our organisation exist, our framework document sets out 5 key aims that sits above everything, if we were to deliver on these aims what activities do we need to engage in, and then it comes down to how do we measure it?"</p> <p>"I think what works well it all start with an end point, why is the government giving us money? By setting out in our funding agreement (contract) we identify the priorities and the main measurement we are going to be measured against. Once that have been established with all our internal units and we use the past data we can actually establish a framework of measurement that mirrors our relationship with government." B</p> <p>"...the government has been pushing us to spend the money for the first 3 years; now it is more on the evaluation, as a result of all the money you've spent, so what's happened? What the outcomes of it?" O.</p> <p>The Key Performance Indicators are monitored</p>	<p>"Identifying who the stakeholders are. I think having a discussion with the stakeholders, and try to work through the conflicts between what the key requirements are. It is about knowing who got an interests in the business, not just the obvious ones, there might be other people you've got to think about, for example, department of transport in London. It is about making sure that "how can we measure how well we do what they want us to do?" From that you can then start what kind of measures you can put in place, and how they fit." Q.</p> <p>"Our performance is about consulting regularly with our stakeholders, having regularly meetings with them to get them to impart to us what they think about what we are doing, if they can report we are and that are demonstrable, that's the difficulty we have, how evident of what we are producing to the stakeholder so that they can recognise that this organisation is doing what they want us to do"</p> <p>"Help us to understand whether our activities have had the impact on consumers that we intended."</p> <p>(Balance between meeting consumer/community needs and government mandates)</p> <p>"We are not here to make customers happy- by giving them what they want. We can't do that because we can't fund every project that has been presented to us. We are here to help them develop- we are here to provide for what they need." J</p> <p>"Trying to establish the value and benefit to stakeholders about what we do, we are very good at doing what we say we are going do, so internally we monitor what we are doing regularly, we gave a very robust annual business plan listing out key objectives and activities." E</p> <p>"I always start from the point of view of the stakeholders, and if we were going to invest in a new system, then before we did that, is to check with our stakeholders what they were looking for, particular our sponsor department."</p>	<p>"In terms of our work we expect 80% of our stakeholders who look at our plan to believe that our corporate plan has priorities that are in line with their needs, we do this by most of our stakeholders read our plan on the web, we do it via surveys, we sample people who visit the corporate plan site, and some of them will be asked to voluntarily to complete the questionnaire to give us that sort of background. This is part of our environment assessment of our strategic direction. We want to ascertain that our stakeholders believe that we have done two things; we have aligned our strategic directions towards the things that are important for them, and if we haven't we need to know the case: it might be we haven't communicated it well or we simply got it wrong. If there were issues that came out of that we will pursue and investigate them, the next corporate planning cycle we would put problem right."</p> <p>"(The Corporate Plan) is built from the knowledge that has evolved from operations and targeting in the previous year, which targets arising from those operations or evolved from that? What operations debrief comes from the learning process? We then re-employ the strategy for the following year. So the results each year have to impact in some way the evolving strategies for next year.what you learn from the previous time that drive your model forward." V.</p> <p>"It used to be the signing-off of the corporate plan was actually the end of the process, nobody took it off the shelves. Whereas now it is very much a part of our statement of intent at the very start of the year" V.</p>

"is [Performance measurement works] when we have a very clear idea of the impact that you want to have [key goals and objectives] and how to measure it, and the method for directly observing that change and recording the progress towards that. You need to have an explicit goal, you measure the degree your progress towards the goal. [Measuring and monitoring activities] Measure needs to be design to reflect the impact that the organisation is funded to do. It is pointless to measure mere activity. You have to measure the successful production of public benefit. [Design of measures]" F.

"One of the reasons for the change we are trying to get is greater cohesion, compliance and kind of a emphasis on purpose. The strategy does seek to clarify and restate our purpose, our outcomes and corporate outputs that we are seeking to deliver against. To me that is incredibly important that we know why we are here and what we are seeking to achieve, then we are putting in a measurement regime to assess how we doing against those objectives." U.

throughout the year but it would be yearly job to look at those so that every year in the business plan we would look at what we are trying to achieve and are they where they should be, we tend, we part of an organisation that actually set those targets at the beginning of the year, and deliver those targets, we would also do additional things throughout the year but essentially we would revisit those targets, probably on a review those targets 4 times a year. It is important because it gives us knowledge of how we are doing against what we said we would do, it highlights areas of under performance." G.

but also the group of people we investigate, and by enlarge they are interested how long we take to do investigations and how we take to make our decisions.

But I would start by asking the question again what the stakeholders want." A.

"We have annual work planning process, 2 yearly corporate planning cycle, we have a history of work that we were involved with. We get a lot of intelligence from that, and also we engage stakeholders to find out what are they issues, scoping, we got 50 ideas, and then we scope that and prioritise that, that will work as a filter to decide this is the area we will work on. We would involve stakeholders on horizon scanning, we ask what they think we should be working on, informally and through survey every 2 years to come out with ideas and scope those to decide what we could work on. We have a researcher or consultants to work on it if we don't have expertise in house. The directors take part in this scoping; we have a director of policy and the mgt team to oversee the process. It is quite an open process; even the receptionist can influence it as well. We have brainstorming as part of the process." E.

"It (the very first stakeholder research in 2004) provided a baseline and the plan will be revisit this probably in 2007 and carry-out more stakeholder research. We take the view that 1 year is not long enough for any change. The Review of [the organisation], the retirement of the CEO, and stakeholder research came together resulting substantial change to the organisation...in particular, how we work. The main reason for conducting a stakeholder research was to basically to get a better grip of our stakeholder base and what they thought of what we did and how they thought, an opportunity to guide us, to help us to see what the perception of others towards us was, if you don't ask, you don't actually ever know, you might think that you're doing quite well, you need to know what other people think. That's breaking new ground for us." P

Challenge: Limited Resource

"Don't know in terms revealing to what extent individual stakeholders requirements are met. We don't have a clue, we think we know what the stakeholders want, but we don't know. We don't have the money nor the time to do that. It's not a priority at this point of time, but I would like to do that. It will reveal what we think is important for

stakeholders, what we don't know if those are important for them. We don't their requirements; we just guess what their requirements are. I would love to do a stakeholders survey, I've proposed to do that, but we are in financial crisis, there will be some market survey but limited. May be in a year's time when we get more money. We should do that but we don't have the resources to do it." R.

Stakeholder feedback informs strategic planning:

"We have 8 critical performance areas across the entire organisation, with very specific objectives, and to achieve these objectives we have a number of strategies and greater number of activities and even a greater number of key performance indicators. And these key performance indicators flow from the business plan and learn operating plans, in terms of deciding what goes in them, that is a decision of the directors of the organisation make. The executive directors identifies the strategies against the needs and wants of our stakeholders in conjunction with advisory committees, they determine the strategy for each department across a number of critical achievement areas will be determined by what actually goes into the business and how we are going to achieve the objectives, can we achieve them through the strategies and therefore the activities and therefore the KPIs." G

"It all boils down to what stakeholders' requirements & needs. You've got to understand what they are. We believe we understand what they are because we consult them regularly. Our performance is about consulting regularly with our stakeholders, having regularly meetings with them to get them to impart to us what they think about what we are doing, if they can report we are and that are demonstrable, that's the difficulty we have, how evident of what we are producing to the stakeholder so that they can recognise that this organisation is doing what they want us to do." G

Key Element 2: Measuring and Monitoring Activities

<p>WHY: Evidence of Performance (KE3)</p>	<p>WHAT: Cascade of Corporate Plan How: Develop Business Plan</p>	<p>WHAT: Design of Measures HOW: Top Down Approach (through cascading of the corporate plan) HOW: Select high Level Indicators HOW: Define Measures HOW: Data Collection HOW: Criteria for Good Measure</p>
<p>"Monitoring performance is a process of observing any change in performance carefully for a period of time in order to record progress towards that (objective you want to achieve), and performance measurement is a method for observing that change." F.</p> <p>"If the system is measuring impact, then you'll have objective measures relating to that impact that anybody would be able to consult to see that that change has happened. It has to be verifiable." F</p> <p>"We produce details of how we perform against those targets, that performance is subjected to external independent audit, who will come and check all the records, completely independent scrutiny of what we do, and we will publish our performance in an annual report." H</p> <p>"Clearly we have delivered, and performance measurement shows that we have delivered. Has there not been target, then you could have a pocket of the organisation just working quite happily possibly delivering the same or possibly not, not giving it the priority that it needed and other things have got in the way, the fact that it is a target, completion of these surveys is a priority and the transparency of the target shows that we have delivered." P</p>	<p>"We have a corporate plan in place, the most important way of measuring performance, you've got your broad corporate plan and within that in terms of performance against your targets you've got your business plan. And your business plan is over the year, in terms of assessing performance it would be against the business plan on a year on year basis, which of course is derived from the corporate plan a high level strategic document and not as detail as the business plan, but then on top of that we also have team operating plans are a vital tool for us to make that we drill down to the appropriate levels of responsibility, and from those team operating plans derived the objectives for individuals, assessing their own targets and goals and as a consequence, performance, because if they achieve their targets and goals, they perform."</p> <p>"We've already a corporate plan, which have our 3-year type period, what we decided to do is to slightly refresh the format of the corporate plan, and measure that rather than these individual unit plans. So that's what the system that came in, I thinking about 3 or 4 years ago, it has a kind of hierarchy of measures, at the top level we call them the 4 themes, which describe the things that the organisation does. Under each theme we've got a number of outcomes and there are 3 outcomes per theme. And under those outcomes there are a number of actions, each of those actions there are a number of measures, and it's those measures at the bottom level of the corporate plan that we actually measure."</p> <p>"Through planning process we end up in a situation where the corporate plan feeds down to the operational plan for the year in question, that then feed down to the departmental plan and then the individual has their objectives in line with the departmental plan, any individual ought to be able to look at their job and what they've been asked to do and in terms of their objectives of the year and trace that directly through to the departmental and the operational plan and even to the corporate plan for the future 3 years." A.</p> <p>"In terms of assessing performance it would be against the business plan on a year on year basis, which of course is derived from the corporate plan a high level strategic document and not as detail as the</p>	<p>Top-down approach:</p> <p>"What we are trying to define is a set of corporate level performance indicators within the scorecard and then to cascade throughout the organisation. We have 1 corporate scorecard; we are trying to get people to understand which area they contribute to." Section 0, Paragraph 21, 225 characters." U.</p> <p>"What I would like to see is that, throughout the organisation there should be a consistent way of how people identify their objectives and then identify measures which will indicate to what extent they've met their objective. I would like to see is that we have a single source of data that can be used for different purposes, operations, managing individual workloads, or contribute to strategic monitoring to our progress." K</p> <p>National targets rather than regional targets:</p> <p>"Rather than our network of regional offices each designs what is important for them. So the targets becoming something that we as a national organisation head towards and actually if one part of the organisation is really well and another is doing really badly, then both parts have failed because we need all of us to do really well to get to success, that's led to much more cooperative working, its led to redistribution of work at various times of the year, more active management of more how work happens. This has evolved over 2 years. This change was necessary because we were not doing so well as an organisation, we were hitting half of the targets that we set for ourselves. We were very unclear about what was important and that too many people setting their own priorities rather than having corporate priorities. They were setting either geographical functional priorities for themselves even though we have national targets. We weren't serious about achieving those national targets to give them the precedent that they needed. We got firmer about saying as an organisation this is what we need to do to succeed.</p> <p>"We need measures that do actually require some effort because having a set of measures that people can achieve in their sleep is</p>

business plan, but then on top of that we also have team operating plans are a vital tool for us to make that we drill down to the appropriate levels of responsibility, and from those team operating plans derived the objectives for individuals, assessing their own targets and goals and as a consequence, performance, because if they achieve their targets and goals, they perform." G.

Use of Activity-based Costing

"It's part of the evolution of how we explain to the stakeholders of where the money is invested, we are actually starting another exercise based on the Activity-based Costing approach to drill down into more detail instead of having 4-5 headings here, we still keep the strategic headings where we have in our business plan, we will attribute particular operations of what we do, the things that we talked about doing in our annual report and connect them with the financial figures much more closely than we do now. So I think it's useful at the moment, and the more we make this connection it will become more useful and more practical, at some point you have to decide where do you invest the money and how do you apportion the investments between the particular strategies of the business"

Use of Logic Model /Strategy Map:

Operational Plans:

"...so internally we monitor what we are doing regularly, we gave a very robust annual business plan listing out key objectives and activities, we have team operating plans which tell people what they are doing and how they would achieve their objectives. And individual objectives flow through from there as well."

Local plans & EFQM

"We undertook EFQM, what we look at is the process, what sort of other things that are going on that can help you determine improvements of those processes? We actually wrote out our local business plan in EFQM format."

counter productive as well. It's pitching it at a point of giving challenge but not unreasonable, having some concrete way of measuring in a specific period of time. It's difficult for people to know inherently what success is unless you can describe what that success is, they need to understand that in real terms. Or be able to tell people they have achieved something or not being able to achieve something."

"Although key performance indicators are flawed but nevertheless it's a measurement and it keeps us on our toes. We deal with decisions within the target time, we suppose in some way, we measure customer satisfaction which is easier, we do by survey and speak to people, we get quantitative and qualitative information feedback and we can end up with a score in terms of customer satisfaction then the grant scenario or in terms with dealing with applications that change listing buildings, we can measure speed of turnaround time of application fairly easily, what you can't do is measure the quality of that decision-our target is 97% of application within 4 weeks, we can easily meet a target of 100% if we didn't bothered about quality. It's the impact that we are trying to get a grip on." P.

Use of targets aim at improvement

"We have a sense of dissatisfaction even if we hitting our targets. If we are hitting our targets, maybe we didn't set them challenging enough. It doesn't mean pushing people simply for the sake of exceeding the target, it's about saying if we are about to give an excellent service to people and it's got problems, the more of that we can do the better it is, don't just stop just because we are hitting target, think about how you can improve all the time." LL

Measure needs to be design to reflect the impact that the organisation is funded to do. It is pointless to measure mere activity; you have to measure the successful production of public benefit.

Having the 'right' mind-set to measuring performance:

"Keeping data about what you do, that's a different mind set to monitor performance to measure your progress towards objective, that means you have to be more selective at what data you are collecting, not just collecting the thing that you do, but it's related to objective defining what we're here to do, and then to help work out if we are successful in doing this, then what sort of information that would indicated that." K

Challenge: measuring softer performance (qualitative rather than quantitative)

"How do you measure the involvement of the community with the National Park, how do you measure the quality of experience that people have. These are quite soft areas, there are other quite straightforward measures like how many people visited the park this month." LL

Embed with work:

The best performance measures are ones that fall out of the work that are being done, and are indicators for the way the work that's being done, the targets are being achieved, milestones are being achieved, from that you can get the index of progress.

Data Collection:

"One important is that I have a good relationship with the people (in this organisation) who give me the information. Because the use that we make of it, I think it helps them to make sure that they are giving the appropriate data. They are very good; I rarely have to catch them up for it. (To ensure robust & reliable data) We have set definition for the information that we provide I would meet and speak with people so that they know what it is that we asking of them, so that we have consistent information as well which is as important. I always ask for paper trials so that I have evidence of what it is they gave me." I

Data Collection: Better quality of data when there is buy-in to performance measurement.

"it's very easy to end up with data that you don't necessary trust. We were doing a survey on recreation on the Park, the questionnaire was distributed on the street, we discovered that one interviewer had spent a lot of time not a long way away from the tennis courts, and we got lots of answers on 'Why do you come here today' to play tennis, legitimate answers, unless you're careful, we have to have an understanding of the nature of data collection, which could be 100 miles away from conservation. We going have to have a grip of that, we are going to have people on the ground where they may or may not get things right. And we have to trust them to do that. This would perhaps change our view of business, from sort of 'it's nice to work here, nice scenery'; into well we still have to look at skills set that we might need to help us measure the trickier bits, like people selling widgets. People have to look at getting our staff of buy-in into the idea of measuring the success of all our activities. A big area of quality in customer survey, will be the way the person who gave the evaluation sheet gave it to you, the way they spoke to you at the time, the extent of which they explain to you this is a pretty good thing. Because all these have impacts on the qualities on the responses. We need the people handing out the evaluation sheet are aware of

different ways of getting a quality response to that and are bought into the idea that they should. They need to know the purpose of it, we've got to let them have a mechanism of feeding back perhaps sometimes it is not appropriate to do that way." LL

Design to avoid gaming:

"When you design measures, that are more difficult to fool. Measures should be design so that there are difficult to fiddle with, the method of calculation and data collection should be transparent and clear, and people should know what there are when the data are presented in a chart or pictorial form they choose." MM

Cost and Benefits Analysis on Data Collection process:

"You definitely good data collection of some kind, it needs to be proportionate to the amount of effort you spend on collecting it, and the size of the organisation, it has to be justified cost. IT system will be a good investment. We invested in a Project manager, it collects information. I used to literary have to flip through pages to count how many days people are spending on a project, it's so laborious." E

Measures: relevance and measure outcomes

"Genuinely SMART measures are ones which you can link back to the activities which are being done in some way. Outcome measures are ideal of performance measurement, not too far away, outcome not too far away from what you say you are doing, you can actually follow the logic through to that outcome. We funded a business organisation to offer advice to small companies on their environmental impact, we fund them to talk to 15 companies, as a result of that performance measurement should go back to that 15 companies, so that as a result of those advice, the money we've spent, have the environment changed? As a result of what we did (output) need to be set up at the beginning that outcomes, if set up properly, rather than having to use consultants are the end, of which we are now doing, the actual people actually doing the project on our behalf we can get more information out of them." O

"Most of the data collection and analysis is done by functional directorate, but there is a kind of corporate overview of what goes on, in order to establish standards, consistency and to avoid people cutting corners- collecting inappropriate proxy data, we tend to oversee the standards."

WHAT: Which Framework?

WHAT: IT for Data Management WHEN: Use of IT

Disperse locations of data collection

"...Need more use of both corporate IT system rather than huge plethora of database system which people keep."

"The information we want for the Key Performance Targets are often arrived manually, parts of the system are sophisticated enough at this moment. For example, we have a list of indicators which in theory at least, data should be delivered electronically, otherwise, it would be basically about adding up the ones we've done manually, and that's a lot of work!"

Data Reliability and Validity:

"IT system eliminates some possibility human errors in terms of collection and collation of data, it also should make it more efficient and more timely, time and effort is expanded in just drawing all the information in checking it, and pulling it together in a way that we commonly present it, most of it could be effectively systemised therefore reduce the whole time and effort, and increase the accuracy."

Cost and Benefit Analysis

"You definitely good data collection of some kind, it needs to be proportionate to the amount of effort you spend on collecting it, and the size of the organisation, it has to be justified cost. IT system will be a good investment. We invested in a Project manager, it collects information. I used to literary have to flip through pages to count how many days people are spending on a project, it's so laborious."

Data Accuracy:

IT system eliminates some possibility human errors in terms of collection and collation of data, it also should make it more efficient and more timely, time and effort is expanded in just drawing all the information in checking it, and pulling it together in a way that we commonly present it, most of it could be effectively systemised therefore reduce the whole time and effort, and increase the accuracy.

Geographically dispersed divisions:

"I think one of the difficulties we have is consistency, there are local solutions that are being developed, New Delhi might have their version of spreadsheet to collect data. So the IT solution could support standardisation. I also think for me there is something about the use of IT tools to help you to aggregate data to reflect and report. We will be and have been using software that will be use kind of more interactively across the globe; they can actually see more information about their results in relation to other countries both within their region and across the world. Kind of getting into the 'not a league table'. That's an element of competition that is kind of healthy to drive performance and not going to a point that it becomes a negative factor that put a barrier to working across the region." U

Data Reliability and Validity:

"Yes it (using IT) is one of the things that we are going to look at, at this moment it is very at hoc. IT system eliminate some possibility human errors in terms of collection and collation of data, it also should make it more efficient and more timely, time and effort is expanded in just drawing all the information in checking it, and pulling it together in a way that we commonly present it, most of it could be effectively systemised therefore

"The BSC is just a framework for managing your performance indicators, but in some ways whichever framework you use is not the critical factor, it's really getting the commitment to managing performance however you measure it exactly amongst your staff is going to make a difference to your performance. What tonic isn't really the most critical factor, sometimes I think if you're focusing on EFQM or BSC; my role is actually getting an organisation which manages performance effectively rather than a particular brand of performance management framework." K

Use of ABC to demonstrate accountability for public funds:

"It's part of the evolution of how we explain to the stakeholders of where the money is invested, we are actually starting another exercise based on the ABC approach to drill down into more detail instead of having 4-5 headings here, we still keep the strategic headings where we have in our business plan, we will attribute particular operations of what we do, the things that we talked about doing in our annual report and connect them with the financial figures much more closely than we do now. So I think it's useful at the moment, and the more we make this connection it will become more useful and more practical, at some point you have to decide where do you invest the money and how do you apportion the investments between the particular strategies of the business, we've probably got 5-6 main strategies, and at the moment we divide the investment across the strategies based on historic preferences, but now we are saying, we've doing this for a few years, shouldn't we be look at shifting the investment from 1 area to another. Or nutrition, how much money should we put into nutrition, rather than guessing it we try to be a bit more scientific and link it to our business plan." H

Use of BSC: enable strategic planning

"I think the BSC approach is very helpful because a good strategy map gets you to think about what you're trying to achieve before you think about do, before you think about how you measure it." J

Use of Scorecard: Encourage ownership

"We'll display this scorecard to them, live, we show the position of the organisation now and the position forecasted 2 periods in the future, and you can actually click on the measure itself to see what the owner has feedback to us. In the past, we had difficulty in getting director to take ownership of their bit of the organisation, each director has been given ownership of a theme, or a number of outcomes or measures, they are then when we display this scorecard to them, immediately we manage to get more buy-in from directors in terms of ownership of all the measures. Now we have somebody to say that 'yes that's my responsibility and I can give you an update on that. The current system, by clearly displaying owners at all levels of the organisation, and they take responsibility and much better buy-in for the corporate plan." N.

Use of EFQM:

"The EFQM gives you a framework to work on. As an organisation we use it (EFQM) as a tool for continuous improvement, we are not using it as a way of explicit reporting separately for EFQM. But the enables (EFQM) that we have on our staff, are taken developed with the EFQM in mind, expectations of staff ability. We have a mid year review for staff-for developing and training needs. The performance review sets out what expectations are and that impact on your pay, we have a clear understanding of what you pay."

reduce the whole time and effort, and increase the accuracy." A

The area we think we can improve is around process management.

A lot of it is quite common sense, the EFQM doesn't change how we operate, it probably change how we structured some things and have given us a framework for doing certain things, since we started using EFQM we haven't radically, I don't see it as driving us but as a support us in doing our things, in thinking what you do, thinking about what you do and improving what you're doing." T

Key Element 3: Evidence of Performance

<p>WHY: Performance Review and Make Decisions (KE5)</p>	<p>WHAT: Reporting Requirements</p>	<p>HOW: Identify User Group HOW: Identify User Requirements</p>	<p>HOW: Presentation or Layout</p>	<p>WHAT: Feedback informs Design of Measures (KE2) HOW: Speak to Users Face to Face</p>
<p>"We have a whole range of key performance indicators and that information goes to our Sponsor as well as our management team, and also others who have primary interests in how well we are performing because we are spending money. Senior management team needs to ensure performance are delivered on a monthly basis, and identifying any areas where things are going on track or under performing" N.</p> <p>"The key activities that we were being measure and were critical concern to our stakeholders, we could use them to divert resources so by the time we got to 2004, it was clear that we got into a position where it was unsustainable, and that we were taking more than 6 months, we then put in huge amount of resources to clear the back log. And in the last year and now we got on top of the cases, and now we got to the position where we are actually managing to do our cases within the time scale." A.</p>	<p>"It all boils down to stakeholders' requirements & needs. You've got to understand what they are. We believe we understand what they are because we consult them regularly. Our performance is about consulting regularly with our stakeholders, having regular meetings with them to get them to impart to us what they think about what and how we are doing, if they can report we are, and they are demonstrable. That's the difficulty we have, 'how evident of what we are to the stakeholder (as presented in reports) so that they can recognise that this organisation is doing what they want us to do?" G.</p> <p>"For our quarterly reporting, we try to make sure that it links to the programme board structures (audit criteria for programmes), so that at the programme board can be convinced that we have made genuinely an effort to create the report represents reality." S.</p> <p>"We also use the Mercatus Centre Assessment. It subjected me to analyse how we disclose information as a public body. I find it useful. There are 12 very simple questions that they asked. Examples: how transparent how simple things are reported, how it illustrated what benefits there are for the public, very simple stuff. That ought to give you an independent assessment of how your disclosure is rated." M.</p> <p>Feedback informs design of report:</p> <p>"if we've been reporting month after month and it's not particularly useful. For eg, catering, the retail mgr is the only one reading it and particular useful for, she is the expert in that area who would bring up issues, with her permission to take out the 2 pages of the report on that area. With their agreement I took those pages out, it was not my decision it was joint decision." I.</p>	<p>"My main concern is that there are awful lots of information, it must be very clear so that it will be understood very easily without being tarnished by, so that they don't read it in the wrong way, they need to read it correctly, and my presence at the meeting helps. The most important thing that it should tell that story that they can see straight away so one of the things we do is that we put graphs each month and you can see the pattern instead of numbers, sometimes it can be really stark, (showing me a graph) this is child visits, show the information without distraction." I</p> <p>"They can scan if it's in colour or symbols, we can just scan and get into problem areas quite quickly. It's quite difficult to balance (in terms of reporting format) with the good news stories and bad news stories, you'll need to focus on the bad news because got to deal with it and needed attention, but if you put in green, amber and red, so you are giving a good picture of performance." M.</p> <p>"It's (Performance report) not a functional report of how each of our main departments are achieving. It's not structured to reflect our functional performance. We worry about monitoring and protecting the environment, our customer service, our financial system and information system, staff issues and managing big project." M</p> <p>Use of traffic light indicators to highlight problems and the use of commentaries:</p> <p>"We prepare a form which identifies the measures that are owned by the person, here are the milestones, tell us what the progress has been using a traffic light format and also forecast two future quarters, what do you think the future will be in 1 quarter ahead/ 2 quarters ahead. Do they think there will be any issues, if it is all green, we don't specify that they need to put in any narratives. If there are any issues with performance, we now suggest that they need to put in some description" N</p>	<p>"This report started, developed and evolved by asking directors "what worries you on a Sunday evening, what keeps you awake" identify things we need to track on their behalf, we started it 2 years ago." M.</p> <p>"All of these have been developed over several years, and every year something will change slightly, eg. "We don't need to see that figure, now we need to see now is the prices of helicopter fuel, because the prices of fuel is going up." Q.</p> <p>Feedback informs design of reports:</p> <p>Feedback informs design of measures:</p> <p>"We specifically go out to asked the Board, "How it this working for you? Is this useful for you? What they think of that?" For the key performance indicators report, we now sit in on the meetings where it is discussed, so we get first hand whether they (reports) are being used the way it should be, whether they are being used to its best, most usefully. I am aware that some people might be polite if I asked them "yes it's absolutely fine." So I try to use lots of different routes to find out if it's actually working, and I repeatedly say to people that, "if it's not right, just tell us and we'll change it and we'll make it work for you." It has to work. If something is not right we'll just scrap it and change it, it's very flexible. But we also don't let people get away with avoiding putting in information that we think is important. We will suggest to them "we think you should report this, we try to get source it and report it." My boss also sits in every meeting gives us feedback after every meeting "How did it go?" "Not good yet". It took us 6 months, of being introduced to the report and having it presented 6 times before we feel comfortable of having the right information and right format be able to use it properly. So we check every time, "how did it go?"</p>	

	<p>"For quarterly review cycle we could probably get a lot of data the system is generating so that it's again it's the question of costs of data collection versus the use of the data. We don't want to burden people with reporting we want people to focus on delivery services. What our team is doing at this moment, we are talking to operation teams, business mgrs and leaders of the organisation and members of our senior mgt team to try to build that profile, we also engage in a number of external professional networks so that we can test our thinking external. There is a chance that the NAO might help us look at those. Spoke to the main users of the report." U.</p> <p>"In terms what to include in a report, I decide with my manager, may be there is something specific that we should be looking at and should come to the Board's attention and the report is the vehicle for that. It would be a joint thing." I</p>	<p>User involvement in design of reports:</p> <p>"Over the last 9 months, the senior mgt team and the Board are now more interested and engaged in the (performance measurement) processes and that's a huge change. When we first set this up they didn't get what the targets were, they didn't really understand how important it was. Now they care what the targets are, the targets may not be right yet, and the Board and the senior mgt team want to make them right. They now participate in setting the targets for the next year which was not the case last year. If their performances fall short of that target, they are bothered about it and come to us and give is reason why. They now care about it. They are putting their energy in getting it right. Now they are using performance information. Now they are engaged in providing the data, they need to provide data on monthly basis, and entering into the negotiation process to design measures and targets and data collection system willingly." F</p>	<p>we still talking about format. We try and check as often as we can and use a variety of ways, some of them we are still trying to find out if people use them properly. The format really affect what somebody sees, some people are not used seeing graphs and may take them quite a while to understand those information." M.</p>
--	---	--	---

Key Element 4: Project Evaluation

WHY: Evidence of Performance (KE3)	WHAT: Project Goals and Work Methods	HOW: Value Statement	HOW: Project Plan	HOW: Design of Measures
<p>"I think the difficulty is that we are looking at projects within the project team and I think it (the project summary) is making the connection between the executive and the project team. Sometimes we deliver what we say we would deliver, but it does not necessary tell us how to do it better. Eg. A 6 months project has become 3 years! There is probably at some point that we look at it and say that it isn't worth the investment, we took too long. Staff would say that we get diverted on something else. But why are diverted? We don't want to be diverted by something else. What we need is a process whereby we can ask which one can have the best interest for the consumers within the resources we have. We need to have a way to analyse all of these.</p> <p>We are definitely on the bolt, we have implemented quarterly reporting, we have been very straight forward, that works well. I don't think it will take much more of a push to get people (mgt team) to analyse it in a better way. How do we want to use the information? In a nutshell, what is it that I want them to look at? I think that as we develop and get more sophisticated at looking at impact and identify impact. We then use it as an effective filter here to say that 'OK these are the impact that we are trying to achieve, are we likely to do it, when we analyse it and say we know that it's brilliant, we know that we are getting service providers to gather for a conference. We can use the past history to help us to make our</p>	<p>"We have consultants helping us with project management process. Our projects now involve team based working and it's been impact orientation throughout. We need to think about what the impacts are before we get into a piece of work, we shouldn't really be doing work where we don't know what impact we are trying to achieve or what benefits to consumers we are trying to achieve; or otherwise how would we know we are working in an effective way and that we are using our resources efficiently and effectively? Definitely doing this is helping us moving towards impact orientated. We looked at how we work and recognised that we need to change how we work, which is a good thing, to be more effective." E</p> <p>After deciding these are the project we would be working on and then it would be how we would go about doing it. We have project teams, project leader who would lead; <u>the team will be made up of across functions and skills & expertise. They will decide what need to be done, they will decide on the milestones and measures for it. (Work methods and Project Team)</u></p> <p>One of the difficulties we have is, we are trying to move people away from (measuring or monitoring) process towards (measuring and monitoring) impact, if we were to say a milestone is to produce report, it (our effort) might or might not affect change, it (our effort) might or might not have an impact. So we are trying to focus</p>	<p>"We work very closely with them (sponsor department) to try and support this performance framework, one thing we've done jointly with them is to try to set out a framework for 'what success would look like':-the stakeholder perspective of the BSC. More specifically if we compare Scotland with OECD countries then we need to know where we currently stand in an assessment amongst the best. So we draw a graph which shows if Scotland is amongst the best (presented on a line-graph). What proportion of the workforce has received training in the last 6 months compare with other successful economies? Having said that our productivity level is 70% is driven by training, investment in ICT, R&D. We are way down compared with the best. So that gives us a context within which we as a development agency and our stakeholders understand the external environment. We say that this need to change but we are not responsible solely for all these activities, we will do is that we'll do some specific projects that will make contribution to these. Each of these outcome measures we want to influence them in certain ways. Our job is to agree with our stakeholders- we will influence these issues in a certain way. You'll see progress in a short term by us delivering a whole set of projects, in the short term this will be the set of outputs we will deliver." J</p> <p>"We engage stakeholders to find out what are their issues. We do scoping, we got 50 ideas, and then we prioritise</p>	<p>"Turning the planning paradigm on its head: what are we seeking to achieve, what is the market research that supports the demand of product and services, what's the product or services you are going to deliver to achieve that outcome, what resources do you require to deliver it?" E</p>	<p>Track impact or outcomes:</p> <p>"We aim to not only measure how many networks we have developed to help consumers, but also to measure as a result of setting up those networks, what had actually happened, how have consumers benefited from them?" E</p> <p>Track outcomes rather than number of customers:</p> <p>"For example, if you were registered for language courses with us and you're registered for 3 courses, that's good for business. But as an organisation we are also interested in you as a person because we are impacting on you as 1 person. What do you need to know to understand the health of your business versus what we know corporately to understand the health of the corporate as a whole?" U</p>

<p>decisions going forward based on something more scientific rather than just because someone like it, or we've always done it that way." E.</p>	<p>people on the impact we want to achieve rather than just getting the report out. The report is the tool to achieve the impact, how are we going to use that tool. We use the report as a milestone." (Define measures for projects) E</p>	<p>them. That process will work as a filter to decide this is the area we will work on. We would involve stakeholders on horizon scanning, we ask what they think we should be working on, informally and through survey every 2 years, to come out with ideas and scope those to decide what we could work on. We have a researcher or consultants to work on it as we don't have expertise in house. The directors take part in this process, we have a director of policy and the mgt team to oversee the process. It is quite an open process; even the receptionist can influence it as well. We have brainstorming as part of the process." E (Stakeholder Analysis for Value Statement and Define Goals). Develop Value Statement: Before and After Intervention:</p>	<p>"We set up a cross functional group (across all the activities areas) to look at value, what does value mean? How we would disseminate value to our stakeholders, we are in the process doing that at this moment. How do we establish value both before a project and after a project? Is it valuable before we get into it, has it been valuable after the project, putting together a value statement which would go to our stakeholders." G</p> <p>Clear outputs and outcomes: "Each project is documented and has clear outputs, those outputs should lead outcomes. We run advertising campaign, output: how many hrs, outcomes- inquiries of what it takes to be teachers. All of this have to contribute to some extent one of these KPIs, some of those KPIs. E.g something about recruitment campaign, etc. Directors review these</p>
---	--	--	---

projects once every 6 weeks in a programme board. They will look at it, they will ask if there are a problem, are our outputs are not what we expect them to be? If they say yes there is a real problem, they signal out a problem to us that the KPI might have to set to red because this project is a big contributor to the KPI, if anything goes wrong with this project we may as well miss hitting the target for that KPI. On the other hand there may be another project which makes a contribution but it makes a very small impact-is minimal. It gets escalated first to our corporate management group. If people agree that this is a big issue, it gets escalated to the Board every quarter, with a kind of commentary. "S

WHAT: Project Evaluation

HOW: Conduct Impact Assessment

"We are moving towards impact driven, it has only been our 3rd year, and we recognise that we really need to improve on how we project mgt. So we have done a lot of work and consultants helped us with project mgt process and involved team based working and it's been impact oriented throughout. We need to think about what the impacts are before we get into a piece of work, we shouldn't really be doing work where we don't know what impact we are trying to achieve or what benefits to consumers we are trying to achieve; or otherwise how would we know we are working in an effective way we are using our resources properly." E

"We call this an Impact Measurement, a calculation of resources we spent on a project, how much financial benefits to consumer, what degree of involvement we have, were we the only people or in partnership, it will give us calculation at the end of what that piece of work had cost us and what benefits we have for the consumers, and we report on that for senior management to take further actions. [...] Are we on course for each of this project, what are the potential pitfalls, do we need extra money, are we getting value for money, are we going to hang on to the project?" E.

"We are here to do kind of environmental assessment of the Agency's position and how we need to align ourselves with the changes that are happened outside in our environment. How we need to decide whether

HOW: Clarify Intentions for Performance Measurement

Clarify the reasons for review:

"One of the real difficulty is that people (operation directors) have got to behave corporately and collegiate, sometimes it is a real behavioural problem, sometimes they work really hard to avoid an impact assessment review, some projects are very close to their hearts and they wouldn't want them expose to any severe scrutiny, because they feel they have to defend them. Sometimes people find it difficult to let go of things." S

Unnecessary red tape and paperwork when monitoring for the wrong reasons:

"Sometimes I feel if that is just over the top, there is just too much paper work coming through. Like many government organisations, it's a piece of defence, and a way of sort of making sure that you can account to parliament, our CE has been in front of the Accounts committee twice in the 5 years, with the scrutiny you have to make sure that you absolutely well covered. The tendency is that people can go over the top with Bureaucracy." S

there's new work to be done, or cease to do the work which is no longer relevant, and whether we need to change position. And my team is also responsible for doing the kind of in-depth assessment of selected aspect of our work, the sort of review of key and expensive pieces of work, to decide if they continue to be value for money and if they are not the extent to which we need to change or discontinue it." S.

"I'm in the environmental planning, we do impact assessment. If there is something we may be spending our money on for a long time and we decide that we will do a full impact study on this, we might do it because someone from the Board says that they are not convince that the project is making an impact as it's expected to. When it comes to future priorities, it might be that the impact assessment says that we really shouldn't be doing this anymore, because we put a lot of money and we are not getting a lot out. Elsewhere we have a whole business of what's happening out there, are we kind of align to, do we need a strategic re-alignment, if we do, is there new work, are we looking at new work proposal, if the new work is straight forward it will go straight into the programme management system." S.

"We have an internal audit committee, regular audit, both projects and our work on developing policy, (how we develop on our enterprise, has the policy development worked and has the money being spent behind that). The audit committee meet every month, they will set out a program to audit different parts of the organisation, those with red & orange they will be re-reviewed, otherwise the cycle is 3 years, the people involved are Deputy Chief Executive, other directors to answer questions. As well as regular report on progress and understanding how we are doing, at the beginning of the year, identified and agreed with the Board on what are our critical success factors, those things we need to get right. If the big project is important to us, they want report on every board meeting on how progress is happening against those critical success factors." O

For smaller project. Owners conduct impact assessment

"For smaller projects, the project owners will do the evaluation on the impacts by themselves; we don't have resources to do it ourselves. Although there might be biasness to have the owner doing the evaluation but it also means the person doing the evaluation understand the project." O

Challenges faced:

"One of the real difficulty is that people (operation directors) have got to behave corporately and collegiate, sometimes it is a real behavioural problem, sometimes they work really hard to avoid an impact assessment review, some projects are very close to their hearts and they wouldn't want them expose to any severe scrutiny, because they feel they have to defend them." S

Key Element 5 Performance Review and Make Decisions:

WHY: Influence Performance Behaviour (KE6)	WHY: Drive Performance (KE7)	WHY: Demonstrate Success (KE8)
<p>Refer KE6</p> <p>"It (Performance information) can also improve performance by giving people motivation through celebration of successes, good practice." F</p> <p>"We put the objectives in the categories, someone from the IT services, will be helping the mariner because they are developing a software to help. So by that we are trying to if we look after our people, resource, maintain our budget and try to improve the services we give, everything should come together. I maybe a million miles away from the lighthouse, but this project will help. It's easy for some jobs, like engineers or technician, it's fairly easy for them to see how they contribute, but more difficult for people in the payroll, IT or legal work, to see where they fit to the organisation, and it might well for someone in HR if I keep everybody happy and we negotiate a good pay deal, improved conditions for people, that will make a lot of people happier and at the end of the day, it could help us to achieve our key targets." DG</p> <p>"For us, the executive directors, our annual pay is entirely dependent on how we perform, that tends to drive your behaviour for people you manage as well." L</p> <p>"We got to get more realistic how we evaluate and assess people's performance. In the sense this year, we have an annual appraisal system for staff, people tend to think that if they delivered the target that they have exceeded but actually they just succeeded. We have to manage that setting people's expectation. We want to change the culture on how assessment of staff performance" L</p> <p>"And when they report success, to make sure that everybody knows about that it's been a success in that particular field. That way people can see value coming back from the information they give." MM</p> <p>"I think we do it large through sort of the reflecting the experience back at people. People have sort of an experience with things that went wrong at the last moment, we have to go back to them and say is this because you were not being entirely honest and open in the early stages. What we are trying to do is encourage people to quickly signal if there is problem and allow there to be corporate strength around the response to support the solving the problem." S.</p> <p>"In the past, we had difficulty in getting director to take ownership of</p>	<p>"...reporting on targets or key performance indicators regularly really focus the organisation, and prompted us to shift quite a considerable amount of resource to address problem areas. Ultimately we were to continue to operate as we had been and we hadn't taken that action, I think it is quite probable that we might have been closed!" A.</p> <p>"We have a non-executive board and a senior mgt team, the senior mgt team are obviously the people to ensure performance are delivered on a monthly basis, and identifying any areas where things are going on track, we've got a traffic light system to monitor that." A</p> <p>"Here is the strategy and here is what we thought we're going to achieve, this is all we've achieved. Is that good or bad, what can be improve? If it's good we can share best practice how can we get better, if it's bad, what causes it to be bad, what are the barriers, what needs to be fixed? (Questions for review process). From the discussion, we get a list of things we need fixing, a list of we can do better. The quarter we come back and let's look at the big picture, we said we want to fix this, have we fixed it? Does it having the effect that we intended for it or will it take 2-3 years to fix? That's if you like the top decision making team, we have non-executive board that scrutinise what we do. We have separate meetings for that. We also have to report back on a 6 monthly basis to our funders. Supporting all of that each of these teams on our dispersed geographic model has a similar conversation. I have colleagues who work in these areas facilitating conversations with senior mgt team for each area, what's good, what's bad. We draw together all the issue that are faced at the local level, if one of our local enterprise company can't deliver against its strategy because of some apparent reason. We then help to them, if 5-6 of them were facing the same problem then this must be a common problem for most, then it's worthy of discussion at HQ senior corporate level." J.</p> <p>"I would like to use performance measurement to drive continuous improvements in everything we do. If you have a sense of dissatisfaction even if we are hitting our targets, may be we didn't set them challenging enough. It doesn't mean pushing people and pushing people simply for the sake of exceeding the target, it's about saying if we are about to give an excellent service to people and it's got problems, the more of that we can do the better it takes. We can't stop (performing) just because we hit the targets, think about how you can</p>	<p>Refer KE8</p> <p>"Over the last 18 months we've made tremendous progress. That has been very useful for the organisation in being able to demonstrate our effectiveness. And it's also internally been very helpful in ensuring that we focus on key activities and it made a great difference for our key stakeholders so one of the key measure is how long does it take from us receiving a complain from someone to giving them a determination of what we are going to do. Our KPIs is 10 days, we achieved 9 days which is a significant improvement. The other measure is around how quickly we do our investigation, because obviously whenever there is an allegation against a member and we start an investigation, there will obviously be a cloud hanging over the councillor, therefore doing an efficient and speedy investigation is part of the justice of the system. Our KPIs is to complete 90% of our investigation within 6 months. We were way way off that and we have steadily improvement and again it's been a useful way. We have invested resources in achieving and able to demonstrate what we were doing and how flexible we were doing it." A</p> <p>"These targets are regularly reviewed so there is a review that involves colleagues from the Fisheries department who will involve in discussions because it is not the agency that is setting the targets but involved colleagues who are out with the agency and they are subject to ministerial approval. Then we do regular reports on a quarterly basis, on how well we are doing." H</p> <p>"The thing about performance, are we achieving what we want to achieve. Things like corporate plan and work planning which inevitably get involved in performance management, if we set objectives how do we know we've met them. We've introduced since last year, KPIs which 2005/6 is the 1st year we've introduced it. So we have 7/6 of that year reported, and they do seem to be useful for our senior management team, we adopted a new strategy in 2004 and the KPIs really gave the senior management quite a good feeling of how much we are on track with meeting goals in that sort of high level strategy. With that we can demonstrate how successful we have been." K</p> <p>"In March this year, the Board of Trustees signed up our corporate plan, they want interim report specifically on a number of core areas corporate scorecard; the senior management team undertaking</p>

their bit of the organisation, each director has been given ownership of a theme, or a number of outcomes or measures, they are then when we display this scorecard (results of review) to them, immediately we manage to get more buy-in from directors in terms of ownership of all the measures.

We have somebody to say that 'yes that's my responsibility and I can give you an update on that. The current system, by clearly displaying owners at all levels of the organisation, and they take responsibility and much better buy-in for the corporate plan.' N

"I strongly believe that any individual needs to see what they do and how effective they are in relation to the whole organisation and it certainly is clearly very helpful for individuals to know what they need to do what the standards are they need to achieve and what the outputs are that are required of them. That's an absolute requirement in my view you can't expect a person to perform well if you don't tell them what exactly it is they are suppose to be doing. It is even more helpful if they can see it they can see that in the context of the organisation. I so whether that's via their dept or directly to the whole organisation. I believe it is more effectively if people can actually trace a clear line from what they do and how they are suppose to do it to how the organisation is expecting to perform and what the organisation expectations are." A

"In the main the focus for the staff are the objectives and the departmental plans, what we tend to do (for the current year plan) where we arranged seminars for the CE talked to all staff about the planning process and how departmental and operational plan and the corporate plan fit together. But certainly for every individual they will be having a discussion with the line manager around their objectives and that would be tied to the departmental plan. And what we encourage is that for all staff to be involved in departmental process, so is not the question of saying 'There are your objectives and here are the departmental plan and that's how they fit' it's actually to have discussions about the departmental plan and that natural develop leads into producing a set of objectives. People have ownership of the objectives they've got, and they see it as part of what they collectively are doing rather than as an individual." A

"One (the goal of performance measurement) is the increase of our reputation, I think 2 years ago we were seen to be a failing organisation, and now some people are thinking we are not failing any more. It is really important for the Treasury to see that we have correct portfolio and they do now generally believe that we have. Part of it is about our internal pride in, last year during the annual staff conference, 'we are ok we hit about half of our targets, we did OK.' It's not complete failure, when we have our next conference next week, I'll be standing up there and say '8 out of 9 that's good for us all. That positive feeling

improve all the time!" S

Setting KPIs above what is mandated:

"The Statutory Performance Indicators are not enough, you'll need the background information to explain thing better, some cost may be low, but it may be they are not doing anything at all." BR

Feedback from the Sponsoring Department informs reviews of strategic planning and setting of organisational goals and objectives:

"We want to ascertain that our stakeholders believe that we have done 2 things; we have aligned our strategic directions towards the things that are important for them, and we haven't we need to know the case: it might be we haven't communicated it well or we simply got it wrong, if there were issues that came out of that we will pursue and investigate them, the next corporate planning cycle we would put problem right." S.

"Measures that do actually require some effort because having a set of measures that people can achieve in their sleep is counter productive as well. It's pitching it at a point of giving challenge but not unreasonable, having some concrete way of measuring in a specific period of time. It's difficult for people to know inherently what success is unless you can describe what that success is, they need to understand that in real terms. Or be able to tell people they have achieved something or not being able to achieve something." A

"Because it (second level measures) gives people (who works in the area), help makes them aware of what they meant to achieve, the level they need to achieve, it's a good discipline to help people in day-to-day work that they are aware that things are slipping, they ought to step up to help the agency meet the targets." MM

Each area produces report which is submitted (each part has to submit a form to report what they are doing, if they are falling down they have to give a reason, the head has to sign them off and to be submitted to the management team, so every one sees the figure that is published at the end of the day, monthly basis-for performance indicators)" H

"The emphasis to date with the scorecard and the performance regime has emphasised accountability. That's driving it at the moment quite strongly. But we also think there is increasing recognition that this is about organisation learning and development to and hence balance within the scorecard approach. I would hope that people are looking at their results, and say 'what do this tell us' 'what can we learn from this' and 'what actions are we going to take as a result to improve our results?' [...] it's turning to planning paradigm in the head, what are we seeking to achieve, what is the market research that supports the

quarterly business review looking at what performance data it needs to have in order to know how we are performing as an organisation, along side that quarterly business review and business risk analysis, there is a close correlation between performance management and risk management, we seek to mitigate some of the risk, another significant driver is that we are going through significant change as an organisation 2004/5 we develop Strategy 2010 and that encompasses in the sense, re-structuring overseas change and a UK change programme which is realigning the UK structures to service that overseas need and to manage reputation and stakeholder relationship in the UK." U.

"We do annual review cycle of the scorecard. This year particularly, our annual review processes as business critical, our senior mgmt team will be looking at the results as sort of data that give us the evidence based for building the case for Comprehensive Spending Review and budget." U

"We can track our work, we know we are not the only people in that field, so we are moving towards a situation where are able to be quite sophisticated to be able to say that we are the only the players in the bill, or we're in a partnership with XYZ, so we can track how much resources we put into something and what impact we have with those, whether we have the impact for consumers we aimed." E

"We've got 3 types of target, Department of Transport will give us a target, internal target, we debate and research and set our own target, and internal indicator is not a target, but it will help us understand why we are achieving or not achieving some things, eg long term sick absence, we can't possibly set a target, but the indicator can help us understand whether we've got a problem with people taking long absences, or a few people taking short term days off. Measuring performance allows us to demonstrate we have been successful in achieving targets." Q.

"Trying to establish the value and benefit to stakeholders about what we do, we are very good at doing what we say we are going to do, so internally we monitor what we are doing regularly, we gave a very robust annual business plan listing out key objectives and activities, we have team operating plans which tell people what they are doing and how they would achieve their objectives. And individual objectives flow through from there as well, we can tell very quickly either we are achieving things we should be doing or not achieving things that we wanted to do. Internally we know we have a good handle on what we have and haven't done, we also have to recognise we are flexible enough to do things that we didn't plan for, a particular new topic comes up that has to be dealt with during any financial year we can put resources to deal with that sort of eventuality. The committee structure that we got is through and robust, we do have people from various

feeds through to how people do their job every day, so that's really important." L

demand of product or services, what's the product or services you are going to deliver to achieve that outcome, what resources do you require to deliver it." U

"They (the senior management) can look through the report and have a good idea, how the figures are doing, what are the cost of helicopter, the right number of people, I think the test of it, is the number of questions we get on it, because quite often they pick up on something during a meeting and the discussion will take-off to the right tangent. It starts the conversation at Board level, they will say "we've got five less seamen we have on the ship", because it is "quite difficult to recruit them", then the question is "whether we are paying enough" So it starts a conversation going at board level, they are not just rubber-stamped figures, they try to get beneath and want to understand what's causing the problems." DG

"The other thing is that to have indicators that help you understand why something isn't working, eg. it's fine when we are hitting the target, but if we are not, we would need other measures to help us understand why? Such as our problem is off-shore lighthouses we can't get to because of the weather, we might then look at how to improve that, it might be a better type of helicopter that could deal with such weather so that we can get the lighthouse. So what we need to know why we are failing the main target because we needing too much time to repair it, or we need to know if one or two lighthouses that is failing every week." DG

"Although key performance indicators are flawed but nevertheless it's a measurement and it keeps us on our toes, we deal with decisions within the target time, we suppose in some way, we measure customer satisfaction which is easier, we do by survey and speak to people, we get quantitative and qualitative information feedback and we can end up with a score in terms of customer satisfaction then the grant scenario or in terms with dealing with applications that change listing buildings, we can measure speed of turnaround time of application fairly easily, what you can't do is measure the quality of that decision-our target is 97% of application within 4 weeks, we can easily meet a target of 100% if we didn't bothered about quality. It's the impact that we are trying to get a grip on." P

groups to give us input, those guys are fully committed and aware of what we are doing as well. The challenge we've got is the communication with the farmers and we've put a lot of effort into that, tried surveys and techniques to assess the effects on what we are doing particularly on the farmers." GB

"Basically, we do corporate planning and we have measures to see how we are performing and to make sure we are making targets and we need to be able to show that we are successful in doing what we do. We were looking into data to see how we can improve on year on year." GG

The management planner.

"I capture all the activities of all the different departments across the museum and report against those. The reports get to all the various people. I also work on the governance of the museum; I put together report to our trustees, our finance committee, to make sure that we do what we are supposed to be doing and to report on achievements and meeting of targets." I

"The audit committee meet every month, they will set out a program to audit different parts of the organisation, those with red & orange they will be re-reviewed, otherwise the cycle is 3 years, the people are Deputy Chief Executive, other directors to answer questions. As well as regular report on progress and understanding how we are doing, at the beginning of the year, identified and agreed with the Board on what are our critical success factors, those things we need to get right. If the big project is important to us, they want report on every board meeting on how progress is happening against those critical success factors." O

"Although key performance indicators are flawed but nevertheless it's a measurement and it keeps us on our toes, we deal with decisions within the target time, we suppose in some way, we measure customer satisfaction which is easier, we do by survey and speak to people, we get quantitative and qualitative information feedback and we can end up with a score in terms of customer satisfaction then the grant scenario or in terms with dealing with applications that change listing buildings, we can measure speed of turnaround time of application fairly easily, what you can't do is measure the quality of that decision-our target is 97% of application within 4 weeks, we can easily meet a target of 100% if we didn't bothered about quality. It's the impact that we are trying to get a grip on." P

"One (the goal of performance measurement) is the increase of our reputation, I think 2 years ago we were seen to be a failing organisation, and now some people are thinking we are not failing any more. It is really important for the Treasury to see that we have correct portfolio and they do now generally believe that we have. Part of it is about our internal pride in, last year during the annual staff conference,

'we are ok we hit about half of our targets, we did OK' it's not complete failure, when we have our next conference next week, I'll be standing up there and say '8 out of 9' that's good for us all. That positive feeling feeds through to how people do their job every day, so that's really important.' LL

'Here is the strategy and here is what we thought we're going to achieve, this is all we've achieved. Is that good or bad, what can we improve? If it's good we can share best practice how can we get better, if it's bad, what cause it to be bad, what are the barriers, what needs to be fixed? From the discussion, we get a list of things we need fixing, a list of we can do better. The quarter we come back and let's look at the big picture, we said we want to fix this, have we fixed it? Does it having the effect that we thought it will have or will it take 2-3years to fix? That's if you like the top decision making team, we have non-exec Board that scrutinise what we do. We have separate meetings for that. We also have to report back on a 6 monthly basis to our sponsor [..to demonstrate achievements]. J

'We need to demonstrate how we are matching the expectations of the Scottish government. How to demonstrate that from those massive good things you've concentrated your effort on the things that have the best effects to achieve the organisational aims. We now have the thought process 'what should the organisation be like in the future?' and we do engage in changing the directions of something we do towards achieving those things. These will become part of the debate, we will be going to staff saying [Influence Performance Behaviour] 'we need to change the way we work, this is how we need to change we measure what we do, we've been very led by funding. It used to be 'grab grants to something useful when they could'. And we used to measure all sorts of things all over the place. Now it's changing, now we saying this is the achievement of the organisation's purpose, and now we have to measure how well we achieved that.' LL

<p>WHAT: Performance Culture</p> <p>HOW: Getting Buy-in</p>	<p>HOW: Encourage ownership of Key Targets</p>	<p>HOW: Use Directors' Commentaries</p>	<p>HOW: Appoint a Strategic Group</p>
		<p>As well as publishing our report to our audience, we will have time in our timetable of production of the report to analyse with what people have sent us, and to come out with a set of descriptive questions that we would ask if we were the Executive Board, if we were the Chairman of the committee. And give a bit more value to what they are getting. They will get a report with a lot more context to it, and we'll sit in that meeting as well. Such approach requires staff that contribute to the report be available when we are analysing it, so that we can ask them "why you said that or what is happening there?" It's a way of improving how we manage performance. M</p> <p>at the last strategy board meeting, it was pointed out that we might meet the target for the costs for patrol day due to an increased in fuel costs. The chair of the strategy board, will put in a comment as to why the target was not met. H</p>	<p>"..Operational directors are expected to give commentaries on impact or reasons for mitigation action. We don't just accept what comes in, we would do what the Board (of Directors) does, we actually test the suppositions of the assumptions that were made and try to make sure what is in front of our sponsor department has actually been through some sort of process to test the validity of what is being said." S</p>

<p>WHAT: Department Review</p>	<p>HOW: Department Level Review</p>	<p>HOW: Directors' Commentaries</p>
<p>"The monitoring process within the department/team would pick up anything that goes wrong; it wouldn't wait for senior management review to pick them up. That would be too late. By the time the exception report is prepared (after department level review) with commentaries made by directors of what actions were being taken to make things right." T.</p>	<p>"I think the most important one is that (based on feedback from reviews) we can say 'we are here to make a difference to consumer' although we can't make benefits to the whole of the UK population, we have our priority, identify who we should make a difference. As an organisation what works well, what things we're really good at, what things come easy to us? So that when we are planning our work and we can make use of our resources to maximum effect. The other reason as well, staff needs</p>	<p>"Division directors have 2 roles; 1 (performance measurement unit) will inform them that this is the set of targets for his division, or he is sharing with another division. Clearly this gives a sense of responsibility of each target, and the chief executive made his directors personally accountable for key targets by including them in their personal objectives for the year." R.</p> <p>"..Directors now write commentaries giving more background information on targets: are we meeting it, why are we way behind, what could possibly caused that?, or describing the actions taken to make certain things better. The thing I've noticed is that (with the commentaries), there is more discussion at Board meetings, it's digging a bit deeper into what's causing it, there is evidence and far more discussion about that. Before, it was "that's adverse, and that's got to</p>

to have a sense of achievement and to understand what it is that we do, to feel proud to be apart of this organisation.
"E

"I am a performance analyst looking into performance indicators the of our sites produces, all comes out from the system so they input all the data, electronically gathered, and then I'll look into those information and compare them with what their reports are saying, they report to mgt, bring up any discrepancy and we are looking into how we can reduce cost, so if we see there are some indicators that suggest there are a lot more cost allocated to some projects then they are spending , I'll try to flag that up and bring into mgt to say 'we can reduce cost in these areas.'
BR

"The most important impact is that our executive board can make decision based on the information I gave them. They can make remedial action. Early on the year we were reporting on our child visits and we were not doing very well, it meant that the different dept can work together. eg. Our press team on board working with our education team to put on different kind of activities and to publicise these activities. They can see what the picture was, they could respond to what was going on cross departmental." L

"The (review) process should be embedded, it also emphasise strongly of corrective and preventive actions in terms of activities and tasks that are being carried out. If something goes wrong, you'll find out what went wrong, that's root cause analysis, using that root cause analysis, you undertake preventive action on 2 stages, why did it go wrong, what do we have to do immediately to stop it going wrong? What do we have to do in longer term to actually stop things going wrong? In terms of preventive action, how do we amend our processes so that it won't go wrong in the 1st place? Improving the processes at every stage..." MM

improve"; but right now, they have more detailed explanation about what' behind that, so a good conversation carry on and out of that will come something we can actually do better and improve it. We get into the cause of the problem." Q.

"The Statutory Performance Indicators are not enough, you'll need the background information to explain thing better, some cost may be low, but it may be they are not doing anything at all." BR

"Each area produces report which is submitted (each part has to submit a form to report what they are doing, if they are falling down they have to give a reason, the head has to sign them off and to be submitted to the management team, so every one sees the figure that is published at the end of the day, monthly basis-for performance indicators)" H

WHAT Corporate Level Review

HOW: Issues raised to Corporate Level Review

HOW: Identify Key Review Areas

"Directors review progress monthly. They will look at it (performance data) they will ask if there is a problem, asking questions 'are our outputs not what we expect them to be?' If they say 'yes, there is a real problem', they will signal that problem particularly if it is a major contributor to the KPI- where if anything goes wrong, we may as well miss hitting the target for that KPI, it gets escalated to our corporate management group marked as 'red' (as in traffic light system reporting) with a commentary." S

"We have once a month agency senior mgt meeting, each of these meetings are less formal, the CEO meets with the senior mgt team, the purpose of these meetings, is going over what's happened over the last month and what's coming up in the near future, so that everyone is aware of what is happening, we can swap information, if there is one thing happening in one area which may be affecting another, the other would then know about it, as part of that meeting each person gives a report about how well they are doing with regard to their targets.

The CEO will invite each of us to speak and as part of that reporting what we are doing and what is happening, what we are about to do and our progress against the targets. There is formal minutes kept for the meeting." H

HOW: Adaptive to Change

"The targets are review on a regular basis, because they (performance information) are subjected to the scrutiny of the strategy board, everyone agrees that these are measures that give an accurate reflection of what our activity is and we are prepared to change them as policy change." H

"The very fact that we are responsive to changes in the agency and to sponsor department's policies is the strength within the system. The only way to improve it is to make sure that the targets are actually reflecting what the organisation is doing, which we are already doing, regularly and ad hoc. That is important. We can't stand still, we need to keep the dialogue going with our sponsor and we have to be prepared to be flexible as we do." H

"The climate we are working in is changing. Our sponsor came up with a new set of key outcomes which drive what we do and we have to change our corporate plan to match those outcomes. There is also new government initiatives, such as The Effective Government Initiative, encouraging savings across public sectors by sharing resources, this would change the way we actually work. You can see that there are a number of things that are going on, the organisation is changing, the environment is changing, so the management feel that it is time to have a look at the corporate plan and the planning process to see if we can sharpen things up." N

HOW: Inform design or measures and/or review of strategies

"Basically at this moment there is very little discussion because there is very little that is not going according to plan, we are now trying to base the question for next year whether we should tightening some of those measures, but it would be to address what has caused any shift-green to amber, the team would be looking for an explanation from the head of dept whom is responsible, it's a very life document and it will then go to our Board, they meet every 2 months, they would be asking any questions of us again if there is anything not going according to plan." A

"If they (sponsor department) change their priority, and if something big happens we would then need to divert a lot of staff away to do something, that might affect the number of inspections we can do. Say we have 100 staff for the coast, but we have to take 20 staff away to do some special tasks, then they will not be able to meet the target. If this is a long term thing, we can go to the minister and say, we've set a target to do this, but that was based on having this number of staff, now we have to do this other task, taking away the number of staff, and therefore we are not able to meet that target. The minister can agree to alter the target. So that's where these monthly meetings help, because the person who deals with this area may report that it is nice to do all these, it's going to take X months to do it, taking away X number of staff to do it, this process raises an awareness early on that we may have a problem meeting our target. We then have to decide whether we accept that is there something we can do still to meet the target, or do we make a decision to say to the minister "we cannot meet the target, is it possible to make changes to the target to reflect what our actual staff level can do". H

"...for some areas where performance is not as good as we expect (learning from performance review meetings), might lead into developing new targets for our next corporate plan, perhaps putting more resources underperforming, or indeed investing more resources in areas that are not performing well. These are not seen in isolation, there are other things to consider, such as appropriateness of measures, adjustments to business plans, cascading them to divisional and departmental plans" K.

"...senior management team are beginning to look at the results (performance information summarised from departmental review), and say what does this tell us, the nature of services we are delivering, what is it telling us about what we are planning to do particularly within

the context of the overall strategy of 2010 and business critical drivers we set ourselves within that" U

"A manager in the organisation want a lot more detail on lots more area, they would need to have a wider spectrum on what they can look through the report and have a good idea, how the figures are doing, what are the cost of helicopter, the right number of people, I think the test of it, is the number of questions we get on it, because quite often they pick up on something during a meeting and the discussion will take-off to the right tangent. It starts the conversation at Board level, they will say "we've got five less seamen we have on the ship", it's because it is "quite difficult to recruit them", then the question is "whether we are paying enough". So it starts a conversation going at board level, they are not just rubber-stamped figures, they try to get beneath and want to understand what's causing the problems." Q.

"It took a while to use it the way I expected them to. It took about 6 months for the directors to be happy with the way information is presented to them. We didn't get it right the first time, because we didn't really know what they want, and they didn't know what they want from it and how they wanted it. We didn't know about the colour blind issue (with regard to use of traffic light indicator to highlight performance issues). But I expect them to look at the reports and say 'ok here is something that does not seem to work, we have our plan in place, and our action in place, what do we do about it, why are slipping below our target'. I expect them to use it to manage performance. It took them a while, they are not accustomed to see information from their colleagues' area of work, for example, the science director may not be familiar to see information from finance director. That is the culture the CEO wanted us to have, wanted to have a collective culture. The top people must be interested in all aspect." M.

HOW: Use of Directors' Commentaries

"We (as in the senior management team) look at how they (targets) perform in previous years, what particular activity is going on in the year ahead that they know about, we have notes (commentaries from directors) against the targets explaining where these decisions came from and we have risks against achieving the targets and how they would manage that risks. We have the initials of individual responsible person, and then once I (person from Strategic Group) have spoken to the individual managers and that has gone, the documents is as fine as it could be, it would then go to the Board of Directors, who would approve the target, it will affect and be affected by resources. So this is

HOW: Regular Review rather than Annual Review

"What we are trying to do is to move away from planning just before the financial year starts where you develop projects, deliver and then assess them. We are trying to move away from that to one of more continuous improvement, once every quarter we try to think about what our strategy is, to check and make sure things haven't change in the global economy that makes our strategy wrong. How would the external forces of change impact our strategy, perhaps we need to do more the help our Scottish companies to internationalise, for example. We are trying to encourage a more regular review of performance on a continuous improvement basis rather than saying it's all about the fixed

HOW: Informal Review Meeting

"We have once a month agency senior management meeting, each of these meeting are less formal, the CEO meets with the senior management team, the purpose of these meetings, is going over what's happened over the last month and what's coming up in the near future, so that everyone is aware of what is happening, we can swap information, if there is one thing happening in one area which may be affecting another, the other would then know about it, as part of that meeting each person gives a report about how well they are doing with regard to their targets." H.

done at the beginning of the financial year at the same time the budgets are being prepared." I.

"They (senior management team) will review the targets, and ask or make reference to commentaries- to see which target could be continued, which needed modification, and may be 'we've done that but here is a follow-up on that target', what is completely new on the horizon, and then generally speaking, I (person from Strategic Group) then go to see the chief executive (CEO) so we look at this together, and we get the sense of feel this is the kind of set that will reflect, in particular, what the CEO see, is the important set of challenges for the agency in the year ahead. Then that goes through two level of Board structure; internal executive board and external non-executive board of directors, who usually ask for changes before we can send it to the Minister." R.

annual basis. Quarterly meetings rather than annual planning, we need to make planning more efficient and put more time in performance management." J.

Key Element 6: Influence Performance Behaviour

WHY: Drive Improvement	WHAT: Use of Performance Information	HOW: Gain Staff Cohesion	HOW: Promote Performance culture	HOW: Celebrate Success Achievements	HOW: Communicate Work Standard and Quality
<p>"You will need capability to get through to achieving what you need to do. It's not the government job to set targets, it's the government job to understand the capability its put in place and from there, the strategic direction of the business it should be able to determine what can be effective delivered on that basis of capability. I think people think performance management is all about target setting, I think it's about taking a balanced view about all these facets of business and considering the strategic directions of the business, it does mean that you have work quite hard at the out set in terms of understanding where you want to be over time.this is about the workforce capability to carry this out, this isn't about you being paid more, this is something that might cause a life, this is about you being compliant in your working day, and your job being specified in that way now.Have strategic nuance, which is why everybody should be inducted to understand the strategic direction of the organisation; you're measuring your capability to achieve your strategy and your delivery around that, you are not measuring other stuff, you can do all sorts of managerial information mgt stuff, that isn't key performance indicators." V.</p> <p>"We are becoming a more performance oriented organisation. This is part of strategy 2010, there is a focus on planning to output to outcomes rather than being input</p>	<p>.. there is increasing recognition that this is (performance measurement) is about organisational learning and development, people are looking at their results and say 'what do this tell us?' 'What can we learn from this?' and 'what actions are we going to take as a result to improve our performance?' U.</p> <p>"To me that is incredibly important that we know why we are here and what we are seeking to achieve, then we are putting in a measurement regime to assess how we doing against those objectives. We are trying to get greater cohesion, compliance and kind of an emphasis on our purpose. The strategy is to seek to clarify and restate our purpose, our outcomes and corporate outputs that we are seeking to deliver against." U.</p> <p>HOW: Obtain Buy-in</p> <p>"...Unless you capture the hearts and minds of all the people that need to run with it, that's the acid test. Managers become the owners of productivity efficiency, and effectiveness, all those things that counts in improvements." V.</p> <p>"The culture (for this organisation) is that when you hold senior position in the organisation you need to know what the organisation is trying to do and how we are doing. So that senior manager can be reassured that we are doing we are supposed to be doing and achieving what we are supposed to be achieving." M.</p> <p>"It's important for all members of the organisation to understand how their actions</p>	<p>Challenges faced:</p> <p>"The key thing is people collected hundreds of statistics, they were counting about what they are doing, that's quite different kind of mind set, rather than keeping data about what you do, that's a different mind set to monitor performance to measure your progress towards objective, that means you have to be more selective at what data you are collecting, not just collecting the thing that you do, but it's related to objective defining what we're here to do, and then to help work out if we are successful in doing this, then what sort of information that would indicated that. This is a deep-rooted cultural mgt weakness in some part of the library, people are not use to managing information oriented to achieve performance. A lot of people are simply use to collecting stats about what they do, and they are different kind of thing." K</p> <p>"The key thing is people collected hundreds of statistics, they were counting about what they are doing, that's quite different kind of mind set. Rather than keeping data about what you do, that's a different mind set to monitor performance to measure your progress towards objective, that means you have to be</p>	<p>HOW: Communicate Achievements</p> <p>"It allows people to understand where their particular bit of work fits in to the overall performance of the organisation, so if you are involved in a project, you can see the corporate plan, the scorecard, where your role is, it allows staff throughout the organisation to view how well/ the progress of the organisation. We tried a few methods to get over that problem of ensuring staff of the organisation how they are doing, one of the ways we did that is that we introduced a system where people can write a text of projects that have gone well, snippets of things that they think have done well. We pull them together into one level on a single-sided 1 or a double-sided of A4-sized paper, and put them into mgt notice to be distributed throughout the organisation. To overcome the problem of a connection between the organisation priorities and the people who are actually doing the work. This idea that people have access to the scorecard, and they know that it is a 'live' scorecard, they know this is the one that the organisation is using to manage, I think it allows them to have the ownership and buy-in to the</p>	<p>Link staff appraisal to performance:</p> <p>"...we have an annual appraisal system for staff, people tend to think that if they delivered the target, but they have exceeded, but actually they have just succeeded. We have to manage that setting of people's expectation" V.</p> <p>Use of 2nd level measures:</p> <p>"Because it (second level measures) gives people (who works in the area), help makes them aware of what they meant to achieve, the level they need to achieve, it's a good discipline to help people in day-to-day work that they are aware that things are slipping, they ought to step up to help the agency meet the targets." H</p> <p>"I strongly believe that any individual needs to see what they do and how effective they are in relation to the whole organisation, and it certainly is clearly very helpful for individuals to know what they need to do, what standards they are required to achieve, and what outputs are required of them. That's an absolute requirement in my view; you can't expect a person to performance well if you don't tell them what</p>	

and activity led, rather than saying we going to have a project in half and performance in Beijing, we are saying how we change the perception of the UK around the UK ideas and achievements. One way is to showcase British excellent in the arts, it's turning to planning paradigm in the head, what are we seeking to achieve, what is the market research that supports the demand of product or services, what's the product or services you are going to deliver to achieve that outcome, what resources do you require to deliver it." U.

"I would like to use performance measurement to drive continuous improvements in everything we do. If you have a sense of dissatisfaction even if we are hitting our targets, may be we didn't set them challenging enough. It doesn't mean pushing people and pushing people simply for the sake of exceeding the target, it's about saying if we are about to give an excellent service to people and it's got problems, the more of that we can do the better it takes. We can't stop (performing) just because we hit the targets, think about how you can improve all the time!" S

affect the organisation. I think it's important for them to understand their areas of work rather than their individual arrangements (in silos of functional duties). The success is going from lots of people understanding the strategies of the organisation and also being kept aware and understanding their roles. The real need is that people should be able to identify with we there are in the scorecard. They need to know their job contribute to the organisation strategies change and development to help the organisation moving forward." V

more selective at what data you are collecting, not just collecting the thing that you do, but it's related to objective defining what we're here to do, and then to help work out if we are successful in doing this, then what sort of information that would indicated that. This is a deep-rooted cultural mgt weakness in some part of the library, people are not use to managing information oriented to achieve performance. A lot of people are simply use to collecting stats about what they do, and they are different kind of thing." DT.

performance of the organisation." N

"One (reason for performance measurement) is the increase of our reputation, I think; two years ago we were seen to be a failing organisation. Now we are not failing any more. It is really important for the Treasury to see that we have correct portfolio and they do now generally believe that we have. Part of it is about our internal pride in, last year during the annual staff conference, we are ok we hit about half of our targets, we did OK." It's not complete failure, when we have our next conference next week, I'll be standing up there and say '8 out of 9' that's good for us all. That positive feeling feeds through to how people do their job every day, so that's really important." L

exactly it is they are supposed to be doing. It is even more helpful if they can see that in the context of the organisation." A

"I think it's important that we do have targets and all the staff are made aware of the targets, so they know what we are working towards because we have one step down from our high level targets, we have all the local performance measures which are reported on monthly basis, so they are feed into the key targets. Everyone is aware that there is a need to keep up to a level of performance. I think it is a successful system, because we've got all these performance measures, for eg: for coastal inspectors (showing me one page of the monthly report). Everybody is involved in preparing our monthly report, that all feed into the system, that helps." H

WHAT: Sense of Ownership	HOW: Regular Feedback	HOW: Create Linkage between Individual and Organisational Objectives
<p>"Senior management team is looking for numbers but those numbers would only be meaningful if a person delivering the job generates those numbers because those numbers are useful to them rather than collecting and generating numbers to feed the beast. The production of performance data should not be a chore but is what you want to find out about." J.</p> <p>"...They (the directors) need to be able to use it (performance information) in a way that links back to their operational work. This is so that anything that they commit themselves to in the monitor" S</p> <p>"For every individual they will be having a discussion with the line manager around their objectives and that would be tied to the departmental plan. And what we encourage is that for all staff to be involved in departmental process, so is not the question of saying "here are your objectives and here are the departmental plan and that's how they fit" it's actually to have discussions about the departmental plan and that natural development leads into producing a set of objectives. People have ownership of the objectives they've got, and they see it as part of what they collectively are doing rather than as an individual." LL</p>	<p>"The past few months we have been trying to embed the (measuring and monitoring) process to get people to use it on a regular process, by knocking on doors to ensure that people sit up take notice and provide give information when it's required, and reflect it back to them. When we report success, it is to make sure everybody knows it's been a success in that particular area. That way people can see the value coming back from the information they give." MM.</p>	<p>"I strongly believe that any individual needs to see what they do and how effective they are in relation to the whole organisation and it certainly is clearly very helpful for individuals to know what they need to do what the standards are they need to achieve and what the outputs are that are required of them. That's an absolute requirement in my view. You can't expect a person to perform well if you don't tell them what exactly it is they are supposed to be doing. It is even more helpful if they can see if they can see that in the context of the organisation. So, whether that's via their dept or directly to the whole organisation. I believe it is more effectively if people can actually trace a clear line from what they do and how they are suppose to do it to how the organisation is expecting to perform and what the organisation expectations are." A.</p>

Key Element 7: Drive Improvement

WHY: Demonstrate Success	WHAT: Catalyst for Improvements	WHAT: Performance Review & Organisational Capabilities	WHAT: Influence Performance Behaviour
<p>"One (goal of performance measurement) is to increase of our reputation, I think 2 years ago we were seen to be a failing organisation, and now some people are thinking we are not failing anymore. It's really important for the Treasury to see that we have a correct portfolio." L.</p> <p>"We had significant increased in funding year-on-year, which must mean that the government has been impressed with our performance or they wouldn't have done that likely. It demonstrates the way in which the agency is working has been satisfactory in the Government's eyes" V.</p> <p>"What we need to do is to see performance measurement not as an end in itself but as a means to an end. The end we are looking for is continuous improvement. So how can we, our big challenge is to say, this leadership is looking for numbers but those numbers would only be meaningful if the person delivering the job (of this agency) generate them because they are useful to them rather than just feeding the beast." J</p> <p>"...we are relatively new organisation, not uncommon to new organisation, we didn't know how much work is going to involved, we quickly find ourselves in a backlog situation, and we were in terms of the sort of expectation around the KPIs we were performing very badly, we are now currently hitting all the targets. Over the last 18 months we've made tremendous progress. That has been very useful for the organisation in being able to demonstrate our effectiveness. And it's also internally been very helpful in ensuring that we focus on key activities." A.</p> <p>Value for Money:</p> <p>"if you can't do the job today, why should we back you to try to change for the future? Why don't you spend the resources of what you are doing today. I think that's the empowerment for the future changes. It's link to credibility." L</p>	<p>WHAT: Catalyst for Improvements</p> <p>"The legislation set out in broad terms of what we are here to do. The corporate plan describes how we are going about doing that. Our objectives haven't change from year to year. Yes we have to agree with our sponsor department a corporate plan that is done around Oct Nov- on top of that we have operational plan and then we have departmental plan and then individual objectives. What's currently happening is that the Government has decided that our role has changed, we should become much more a strategic regulator, as a consequent we will be much less investigation and more of that would be done by local authorities themselves, our role will then be ensuring that the LA are doing that work properly rather than us doing it ourselves, that's something that will be changed over time, that will be set out in our corporate plan." A</p> <p>"We've been asked under a project called the Effective Government initiative £2 million savings for the next year, it's not the cash savings, we need to save on back office functions, support functions, redeploy the money. You can see that there are a number of things that are going on, the organisation is changing, the environment is changing, so the mgt feel that it is time to have a look at the corporate plan and the planning process to see if we can sharpen things up. So that's why I think that the existing situation with the scorecard will probably change. We are right in the middle of changing to our performance measurement."</p> <p>N</p> <p>"the recognition of performance measurement has been highlighted within the organisation the number of external aspects (driver: review of public diplomacy charter initiated by the Foreign Office & by the C Treasury, in parallel with the preparation for the charter we recognise that we are approaching the comprehensive spending round in 2007, and in preparation for this all organisation receiving public spending are undertaking the review, 20% of our activities need robust data; modernising government agenda- we recognise that and we are delivering the savings, and lastly the recent foreign affairs report on public diplomacy has raised some challenging questions for us an organisation that has focus people's mind in ensuring to have robust and reliable performance data, in a sense, we have to make a case for BC based on evidence and more narrative approach" DT.</p>	<p>WHAT: Performance Review & Organisational Capabilities</p> <p>See Key Element 5.</p>	<p>WHAT: Influence Performance Behaviour</p>

HOW: Set Challenging Targets	HOW: Conduct regular reviews
<p>"It's pitching it at a point of giving challenge but not unreasonable, having some concrete way of measuring in a specific period of time. It's difficult for people to know inherently what success is unless you can describe what that success is. They need to understand that in real terms, or be able to tell people that have achieved something or not being able to achieve something." A</p>	

Key Element 8: Demonstrate Success

WHY: Negotiate Targets and Budget	WHAT: Design of Report HOW: Benchmark with external certified bodies	WHAT: Target and Budget Proposal HOW: Strategic Group	HOW: Non-Executive Directors' Feedback and Approval
<p>"...reporting on them regularly really to focus the organisation and prompted us to shift quite a considerable amount of resource and to address that, ultimately if we were to continue to operate as we had been and we hadn't take that action, I think that it is quite probable that we might have been closed." L.</p> <p>"We got a big hit in terms funding from our sponsor, it does bring it home that it is important that you're able to say yes this is the bit that we bring, I think the most important one is that we can say 'we are here to make a difference to consumer' although we can make benefits to the whole of the UK population, we have our priority who we should make a difference." E.</p> <p>"...as a result of all the money you've spent, so what's happened? What the outcomes of it? We relate our performance measurement back to understanding our contribution in the strategic document, there are certain headings in there, which may not be required the government, we thought it's important to us. So our monitoring progress is saying well, we got this number of strategy, and how are we performing is by money spent outputs, other activities, the other thing which is important to us, is how much money from others have we brought in to these process. We have a target in our corporate plan that we will influence and change the way, in which £5 million of other spent over the years" O</p>	<p>"... we regularly report to our Board of Non-Executive Directors and sponsor department a whole range of KPIs, so that is an effective method of providing information for our sponsors and other stakeholders who are primarily interested in how well we are performing because we are spending public money." H.</p> <p>"It's got to be relevant for the users, it (performance report) providing a review of how we are performing against our priorities, it's also effective in terms of its increased in understanding in what's been happening in the organisation. purely the report is set up to answer in relation to the contract." B</p>	<p>"This strategic group is about planning, developing strategy, use data to advise senior mgt team on what to do to improve our achievements of the corporate objective. One of the task they will be doing is looking at the KPIs, both: to look at the data collected, giving it the first wash before it goes to the management team, and also critically looking at them thinking if there should be other indicators there is a group of 7/8 people in strategy groups critically reviewing our performance information." K.</p>	<p>"The executive team decide what they think is the most important set things to concentrate on for the coming year. We (the strategic group) then work with senior management team (20 people) to work into a set of broad measures, that them to the senior leadership group (top 50 managers in the group) and test them by saying 'would this really work for you? Is this something you would use day in, day out?' so that by the start of the year, we've got what are to be our measures for this year ahead. The top 50 managers all got the ownership of that and we've ironed out any sort of practical difficulties through the informal consultation. The other people who are very interested in this, Commission and the Chairman, we take or draft our proposals to the Commissioners so that they are absolutely bought in, they have a role as non-executive to hold the executives accountable, they(the Commissioners) have to be happy that they(the executives) are doing in on the right basis." K.</p> <p>"We have an internal structure, I've got correspondence from each division who write things for business planning including target setting. So I asked them to review the targets that we have last year, to give some premium to a continuity from year to year, it's important, they will make these targets for next year. They will review the targets that we use relevant to them and suggest to me which could be continued, modified and may be 'we've done that but here is a follow-up on that target'; what is completely new on the horizon, and then generally speaking, I then go to see the CE, he is in-charge, we have a look at this together, and we get the sense of feel this is the kind of set that will reflect, in particular, what the CE see what is the important set of challenges for the level of Board structure, internal executive board and external non-executive Directors, who usually ask for changes to it before we can send it to the Ministers." R</p>

Key Element 9: Negotiate Key Targets and Funding

WHY: Inform Goal and Objective Setting	WHAT: On-Going Dialogue with Sponsor	HOW: Regular Meeting with Representatives Appointment of Strategic Board	WHAT: Design of Proposals HOW: Demonstrate Connection between Performance Information and Funding Agreement.	HOW: Feedback & Approval from Non-Executive Board or Commissioners
<p>"We do an annual report on progress against this document as well, using measures and qualitative assessment, we do an assessment with them of what progress we've made against that, have they done what they intend to do, if not what are the barriers getting in their way of doing it, have their requirements changed? We do annual report back to them (the sponsor) saying this is currently region is being changed and this is what've been achieved of what we said we are going to achieve, what does that mean for the next year? O.</p> <p>"I think what works well it all start with an end point, why is the government giving us money? By setting out in our funding agreement (contract) we identify the priorities and the main measurement we are going to be measured against. Once that have been established all our internal units and we use the past data we can actually establish a framework of measurement that mirrors our relationship with government." B.</p> <p>"This is the 1st year we are working towards agreed targets with the Board, there will be further refinement. Consultation is between the senior mgt and the Board. The senior mgt team is more knowledgeable to determine what those targets should be. Most typically the senior mgt team would propose a measure and a target for the measure. The Board would consider</p>	<p>"The very fact that we are responsive to changes in the agency and the department policies, is a strength within the system, the only way to improve it, is to make sure that the targets are actually reflect what the organisation is doing, which we are doing, regular and ad hoc, that's important, we can't stand still, we need to keep the dialogue going with the Department, we have to be prepared to be flexible as we do." T.</p>	<p>"Each year we have to make a case to the minister for what we think will be reasonable, achievable but challenging targets for the agency. These targets are regularly reviewed so there is a review that involves colleagues from the sponsor department who will involved in discussions because it is not the agency that is setting the targets but involved colleagues who are out with the agency and they are subject to ministerial approval. Then we do regular reports on a quarterly basis, on how well we are doing, we have a Board that meets we call the Strategy Board which has representatives of senior mgt as senior mgt from the Fisheries Department. They will review on how we are doing, we will submit progress report to them based on our progress against these targets. The group meets 3 times a year. At the end of the year, we will produce details of how we perform against those targets, that performance is subjected to external independent audit, who will come and check all the records, completely independent scrutiny of what we do, and we will publish our performance in an annual report. It is also reported to parliament as part of the submission for the next set of targets the minister is made aware of our performance." H</p>	<p>"Front page on the management plan has our corporate mission and responsibilities, objectives and values. It also incorporates the targets that we report to DCMS for our funding agreement. It the way we can capture the targets to make sure that we're looking at them regularly." I.</p> <p>"I suppose meaningful takes us back to why our organisation exist, our framework document sets out 5 key aims that set above everything, if we are to deliver on these aims what activities do we need to engage in, and then it comes down to how do we measure it? There is a joint framework document aims down to the key performance targets. 9 key performance targets, and if I couldn't directly attribute each of these targets to one of the 5 framework document aims, then I would say 'why is this a key performance targets? We have been set up to deliver 5 aims." P.</p>	<p>"They will review the targets that we use relevant to them and suggest to me which could be continued, modified and may be we've done that but here is a follow-up on that target", what is completely new on the horizon, and then generally speaking, I then go to see the CE, he is in-charge, we have a look at this together, and we get the sense of feel this is the kind of set that will reflect, in particular, what the CE see what is the important set of challenges for the agency in the year ahead. Then that goes on to 2 level of Board structure, internal executive board and external non-executive Directors, who usually ask for changes to it before we can send it to the Ministers." R</p> <p>"I speak to managers about their targets; they will set their targets with me. We look at how they (targets) perform in previous years, what particular activity is going on in the year ahead that they know about, we have notes against the targets explaining where these decisions came from and we have risks against achieving the targets and how they would manage those risks. We have the initials of individual responsible, and then once I have spoken to individual managers and that has gone the documents is as fine as it could be,</p>

what they say, they might refine them, setting tougher targets, setting time scale to achieving the targets." F.

Target review affects how an organisation operates:

"We do review our targets on an on-going basis to see if they are relevant targets, that exercise is on-going just now. The present system is about 3rd year and there is now a need to review the targets. It's not an exercise every 3 years, no certain time scale. It's a general discussion during these strategy board meetings, and we review targets whenever we think we need to. It could be reviewed every year, or stay for 10 years.

It's just depends on changing priorities within the agency, we don't determine what we do, the Department change the policies, they decide how the industry should operate, our job is to enforce that. We respond to what the Department wants." H

"Whenever there is a major change in the policy for the industry and we have to respond to that, that may affect the way we work, and we will need to see whether our targets are still valid in that new policy environment, if they are not we will change them, if they are they will stay." H.

"One of the way we feedback is our annual corporate plan. For some areas where performance is not as good as we expect, might lead into developing new targets for our next corporate plan, perhaps putting more resources underperforming or indeed investing more resources in areas that are not performing well." K.

Change in government policy triggers a change in organisation's strategies:

it would go to the Board who would approve. The target it will affect and be affected by resources. So this is done at the beginning at the financial year at the same time the budgets are being prepared." I.

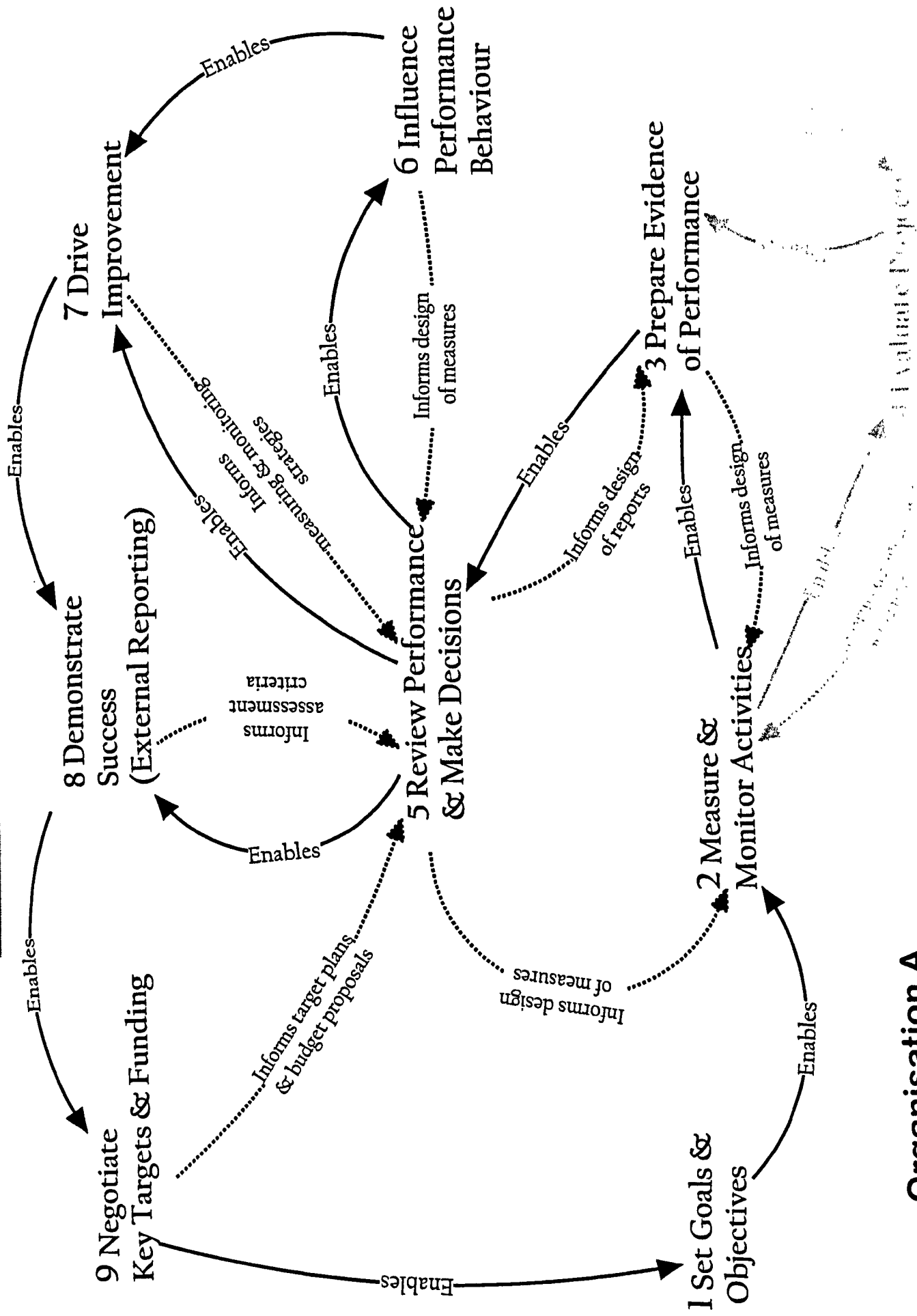
"There is recognition for the need for performance measurement. It has been highlighted within the organisation trigger by a number of aspects. External driver: review of public diplomacy charter initiated by the Foreign Office & by the Treasury; in parallel with the preparation for the charter we recognise that we are approaching the comprehensive spending round in 2007, and in preparation for this all organisation receiving public spending are undertaking the review, 20% of our activities need robust data; modernising government agenda- we recognise that and we are delivering the savings, and lastly the recent foreign affairs report on public diplomacy has raised some challenging questions for us an organisation that has focus people's mind in ensuring to have robust and reliable performance data, in a sense, we have to make a case for BC based on evidence and more narrative approach. Internal drivers: Board of Trustees level, in March this year signed up our corporate plan, they want interim report specifically on a number of core areas corporate scorecard; the senior mgt team undertaking quarterly business review looking at what performance data it needs to have in order to know how we are performing as an organisation, along side that quarterly business review and business risk analysis, there is a close correlation between performance mgt and risk mgt, we seek to mitigate some of the risk; another significant driver is that we are going through significant change as an organisation 2004/5 we develop Strategy 2010 and that encompasses in the sense, re-structuring overseas change and a UK change programme

which is realigning the UK structures to service that overseas need and to manage reputation and stakeholder relationship in the UK. Both of these 2 programmes are saying we need performance data to be able to demonstrate the benefits of change have been realised. These have come together to make people recognise that this (performance measurement) is important." U.

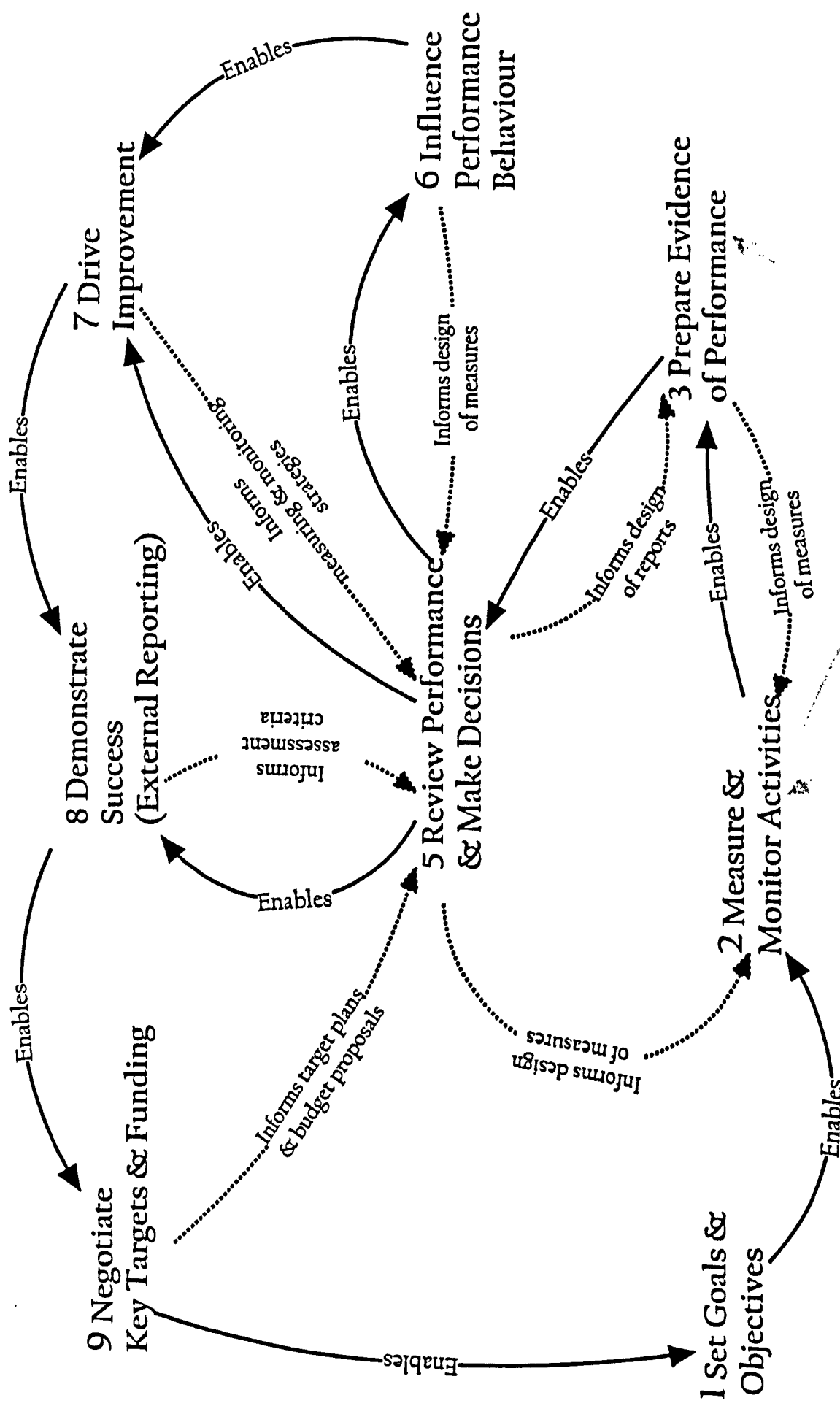
Feedback from the Sponsoring Department informs setting of organisational goals:

"We want to ascertain that our stakeholders believe that we have done 2 things: we have aligned our strategic directions towards the things that are important for them, and if we haven't we need to know the case: it might be we haven't communicated it well or we simply got it wrong. If there were issues that came out of that we will pursue and investigate them, the next corporate planning cycle we would put problem right." S.

Appendix 9 Part C Comparative Analysis of Systems

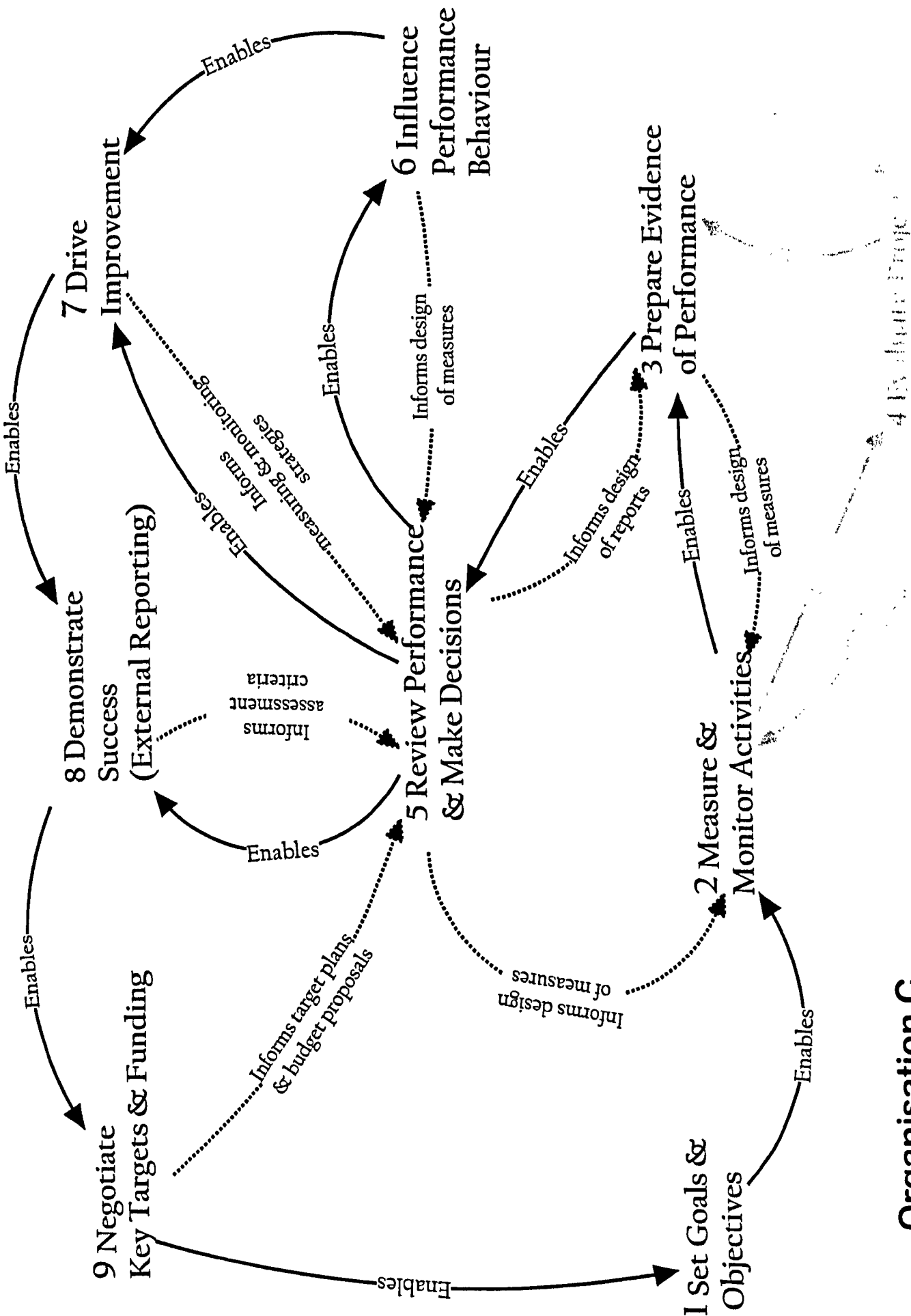


Organisation A

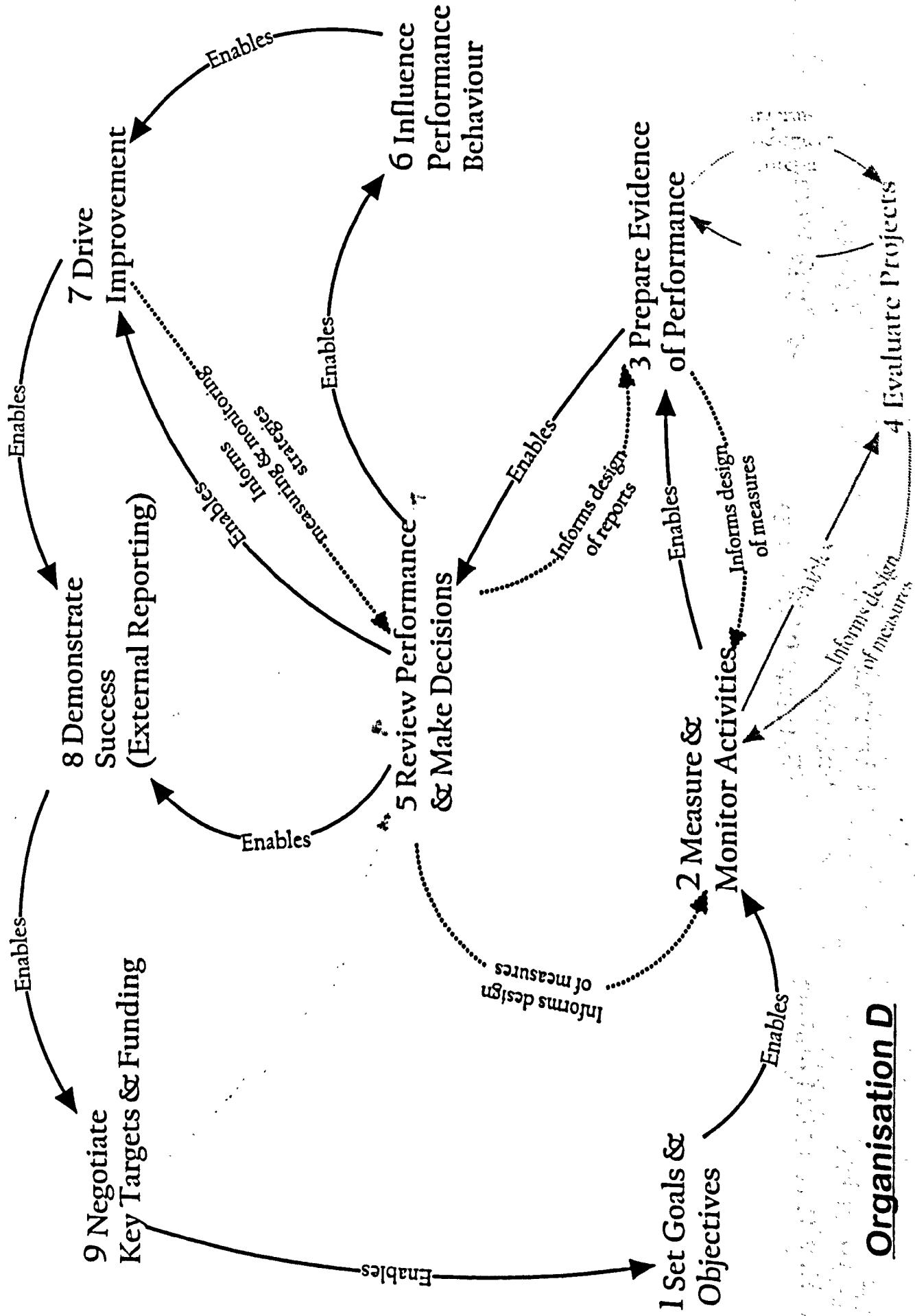


Organisation B

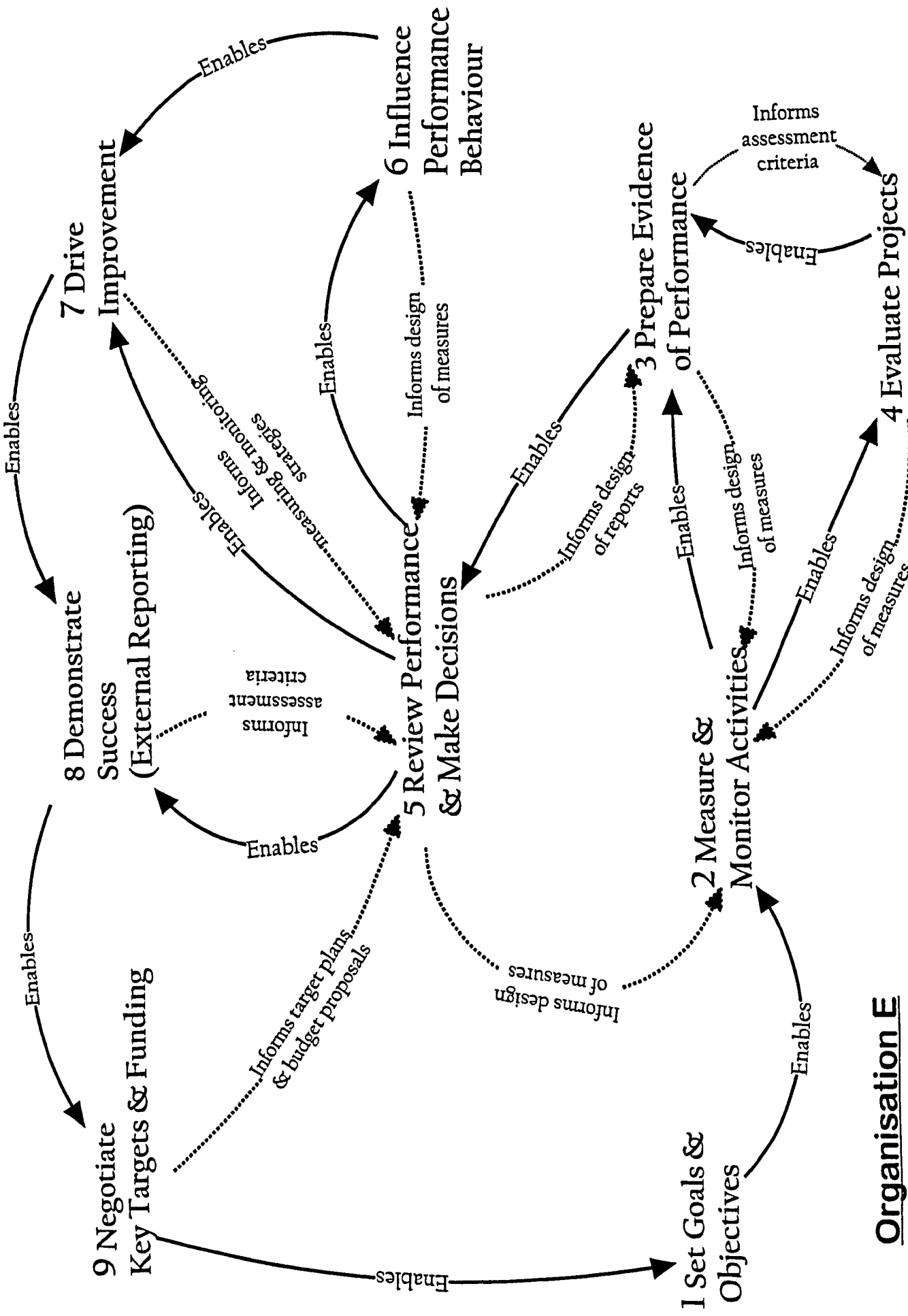




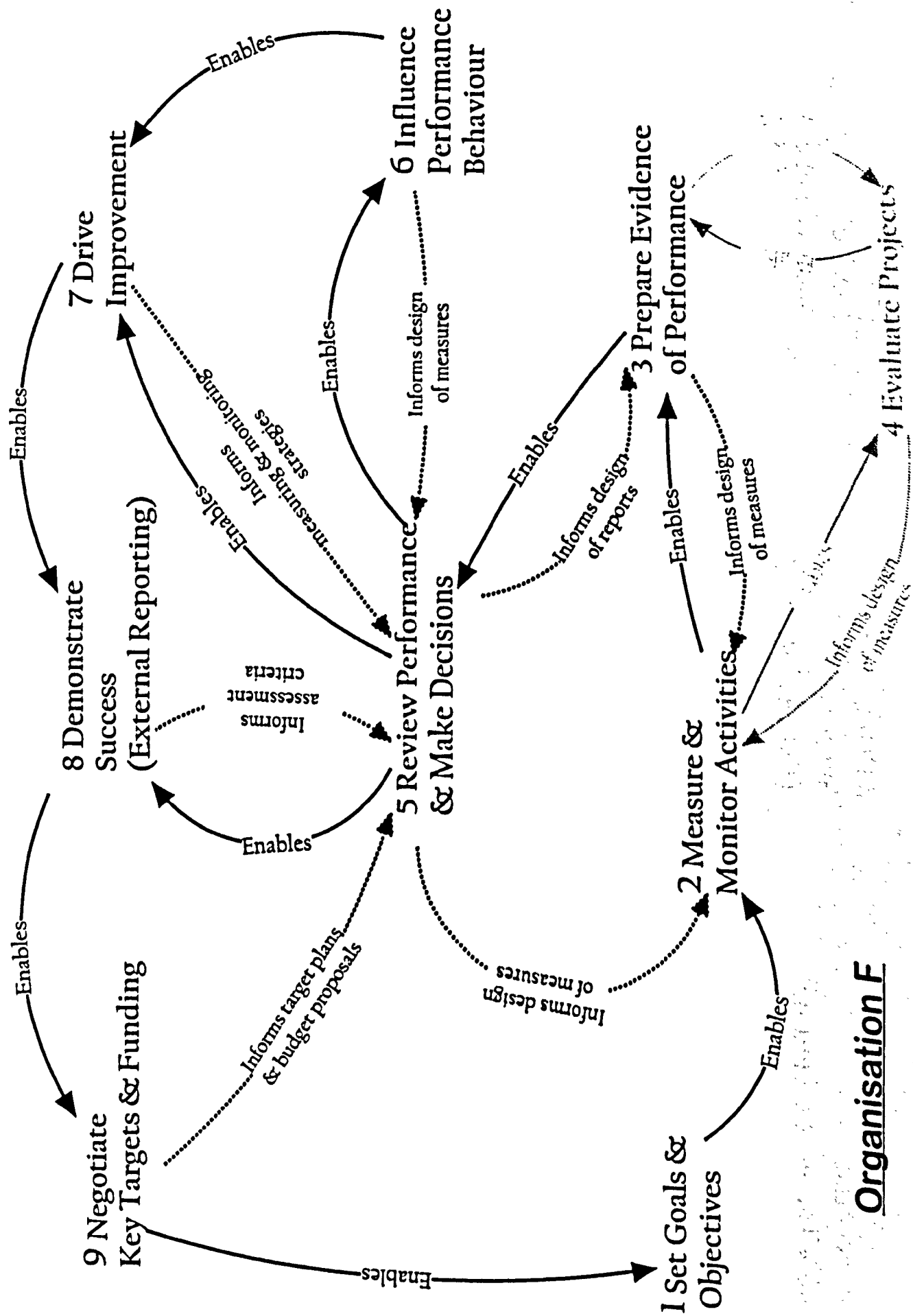
Organisation C

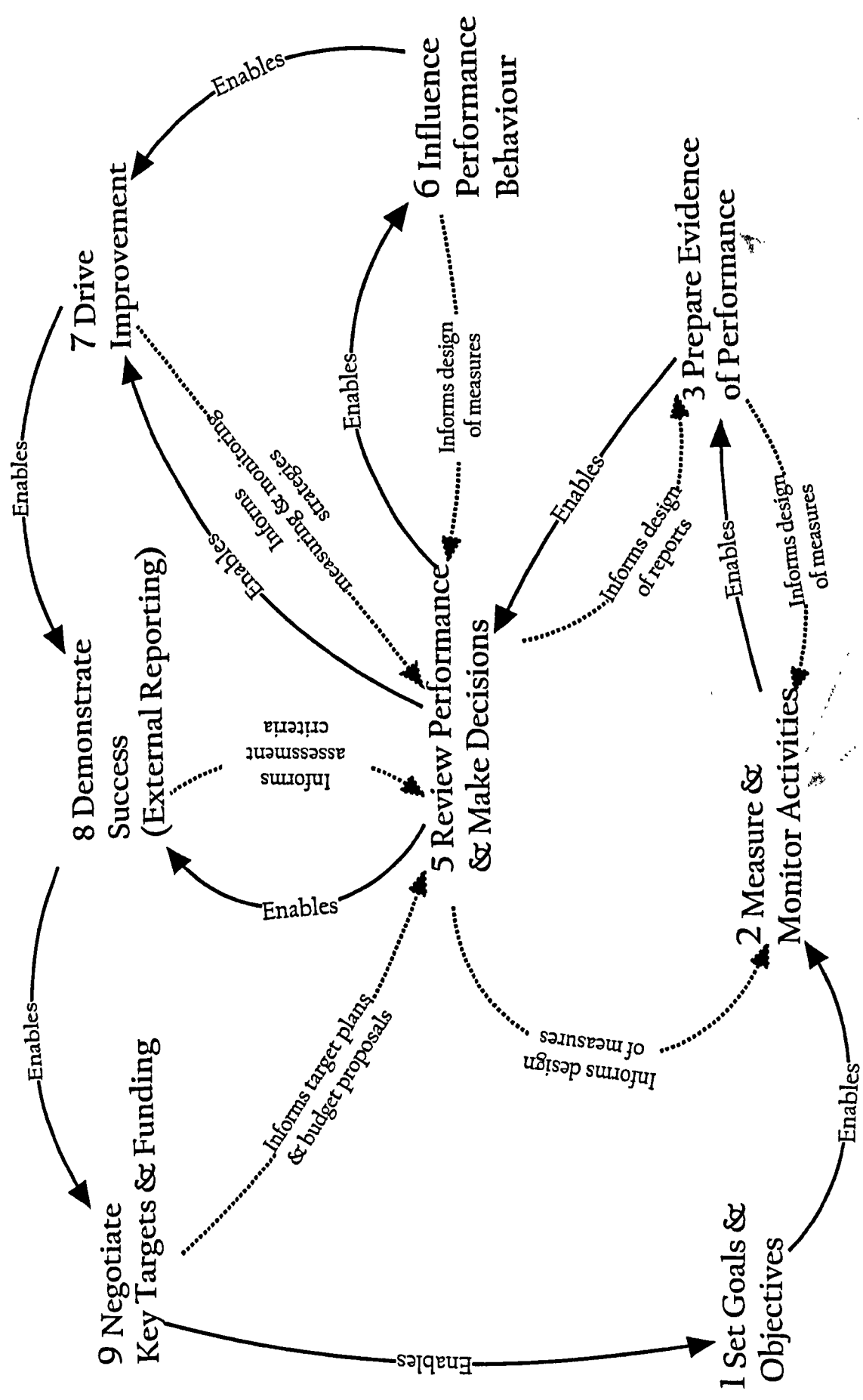


Organisation D

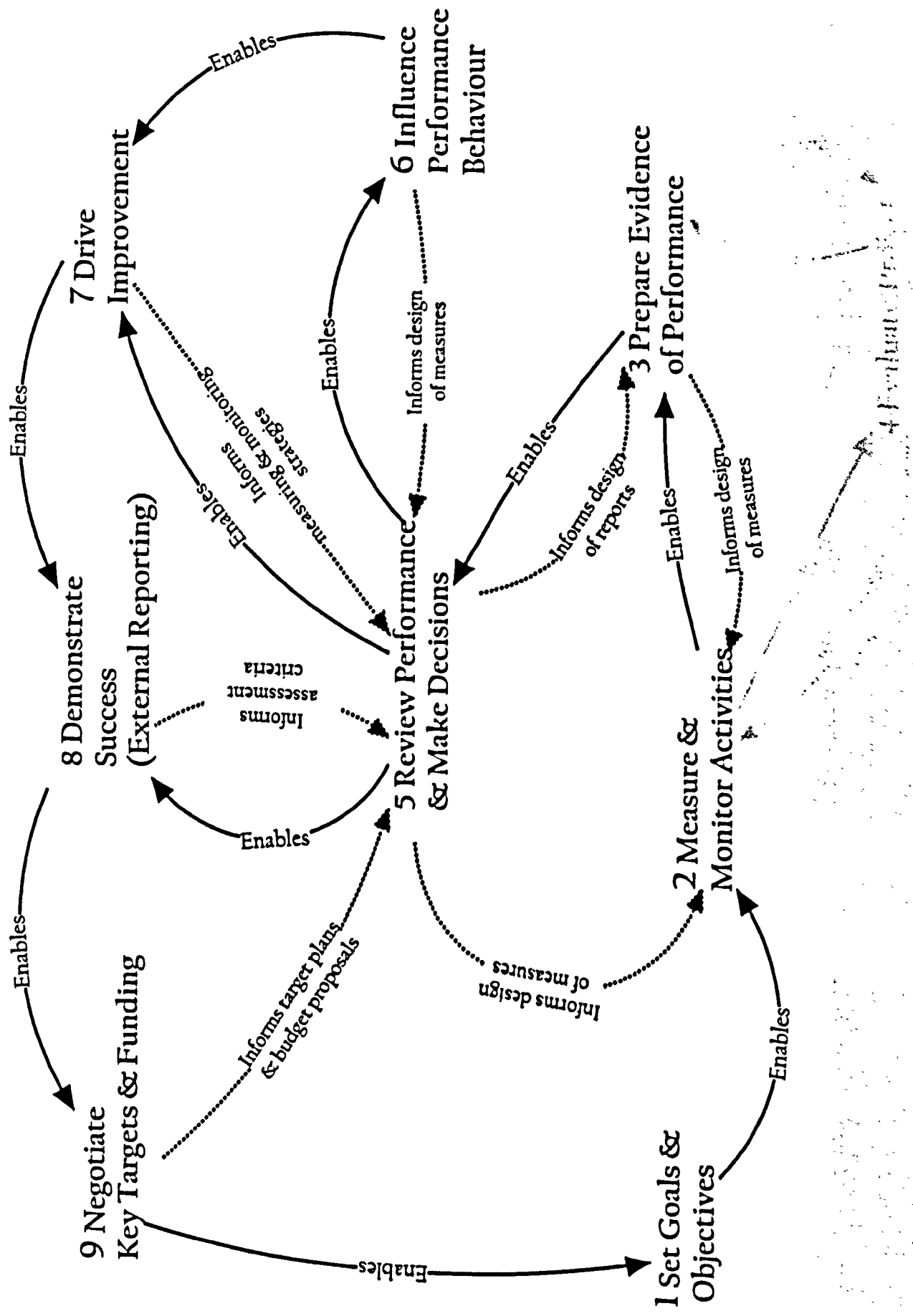


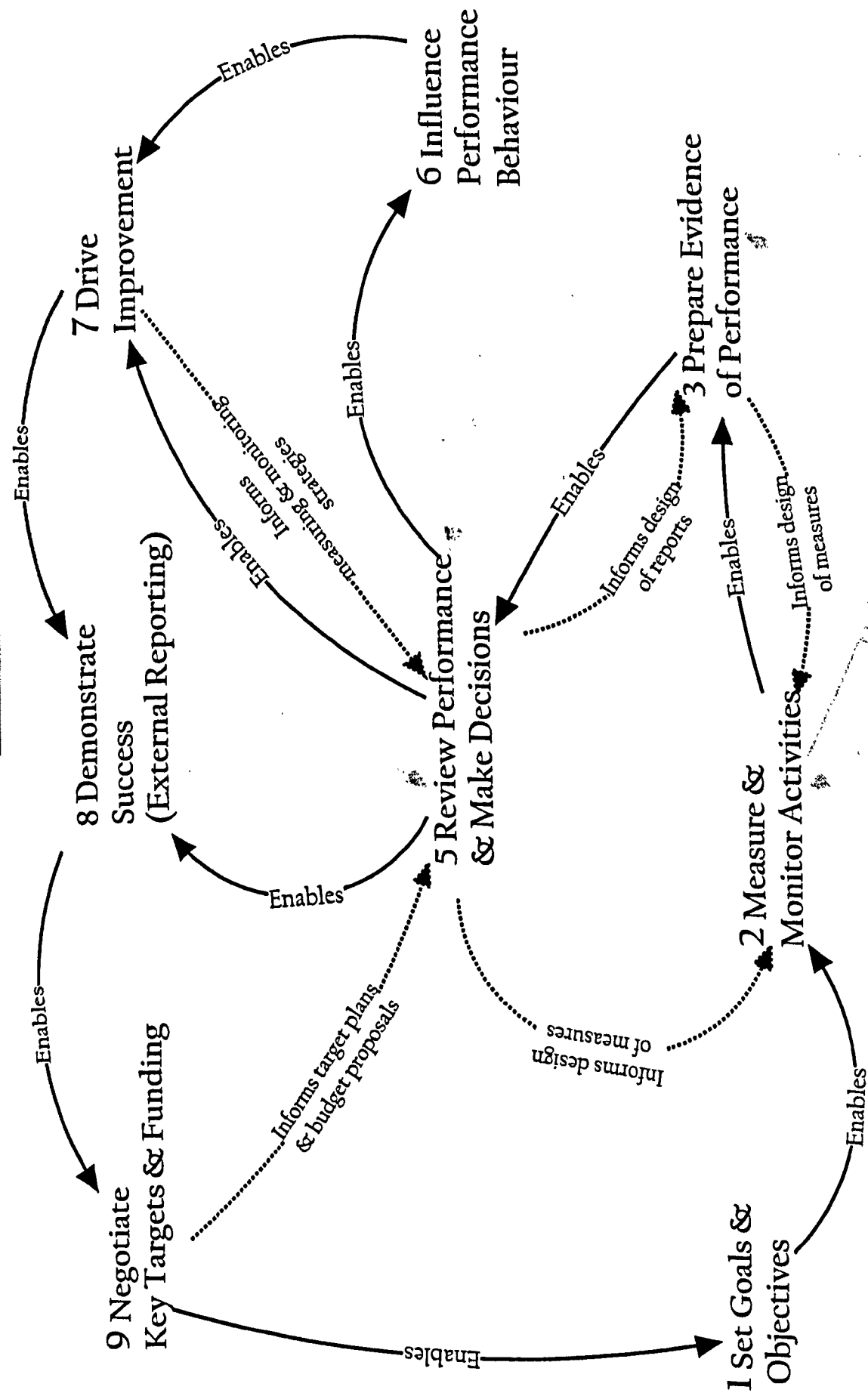
Organisation E



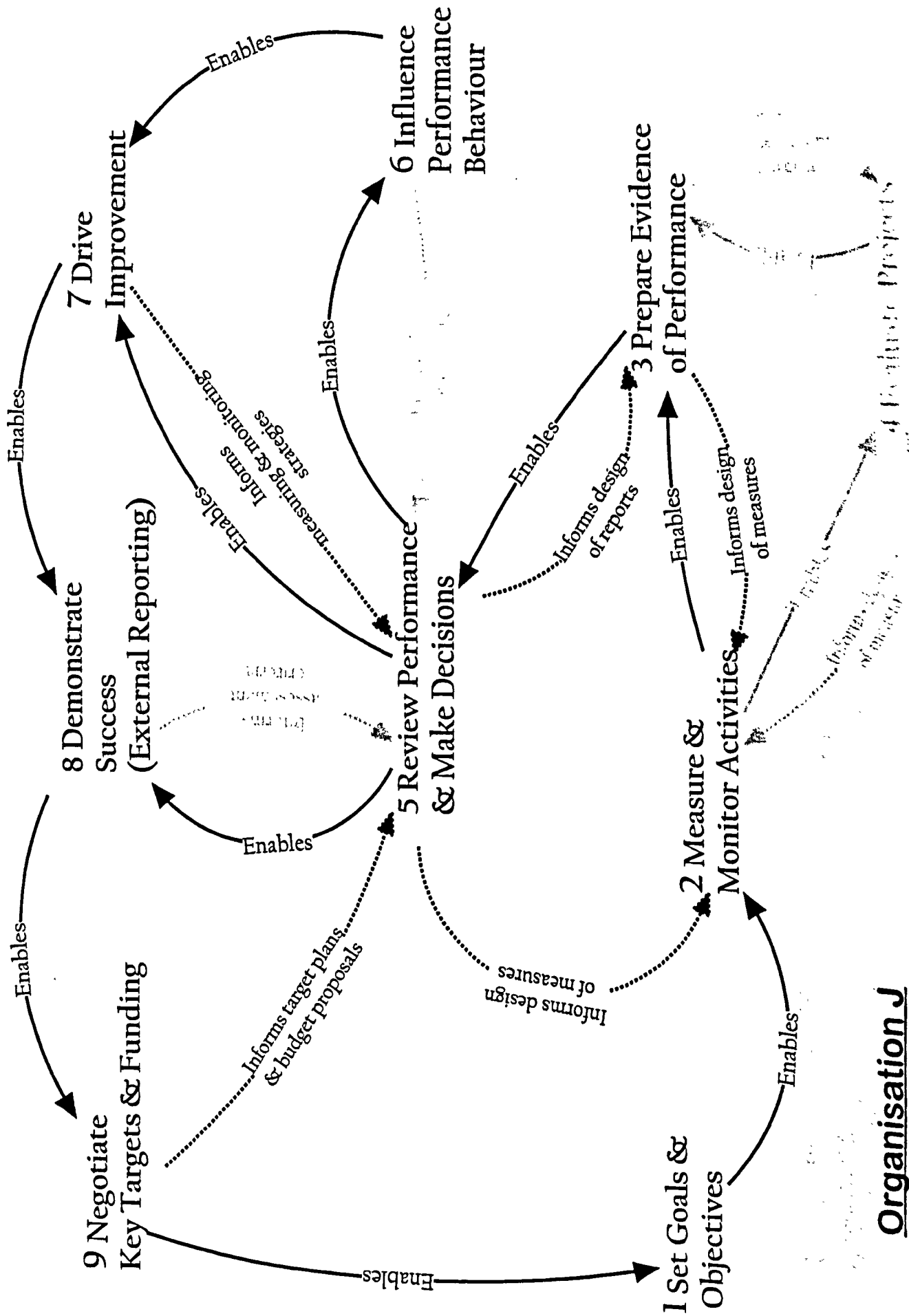


Organisation G

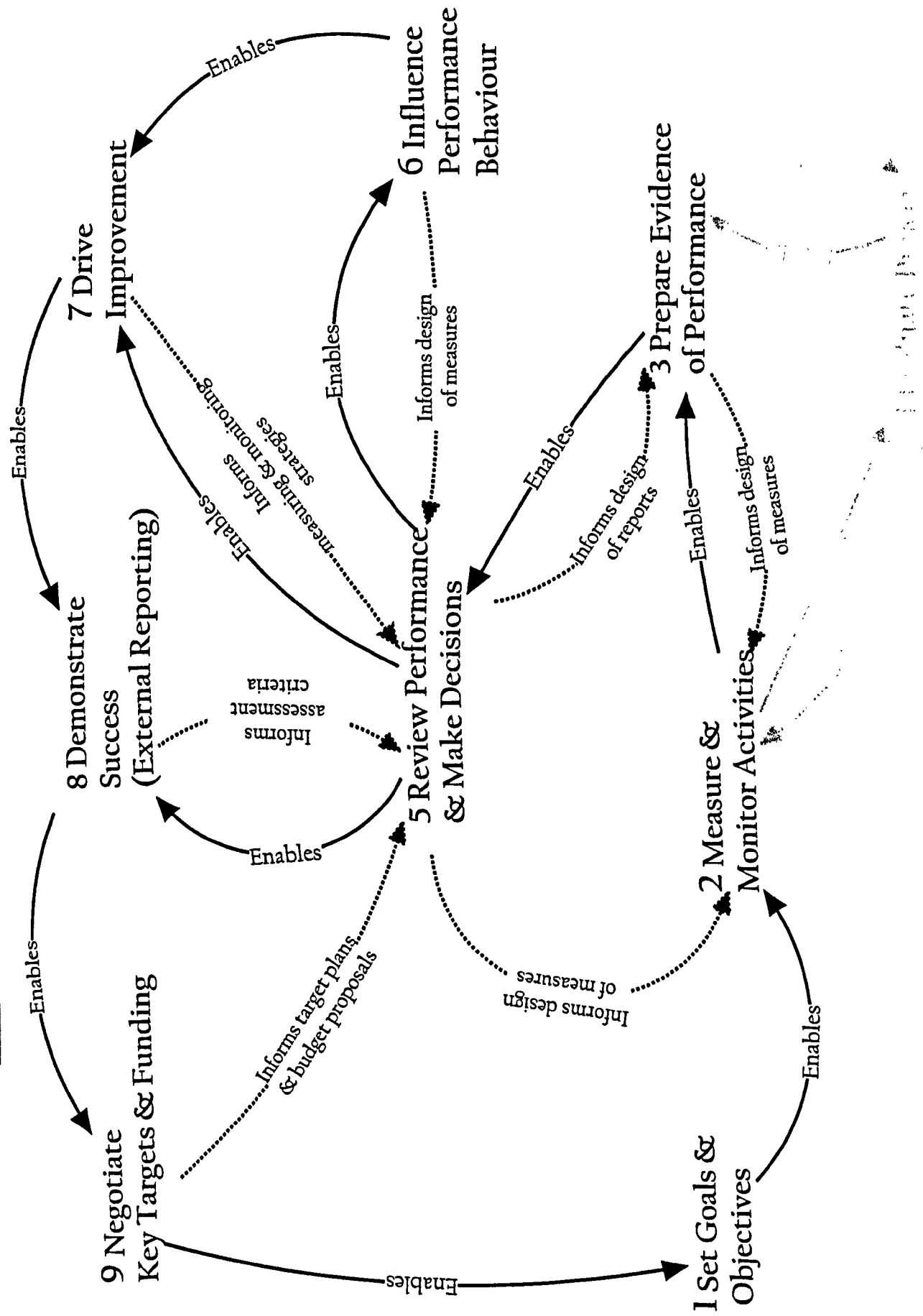




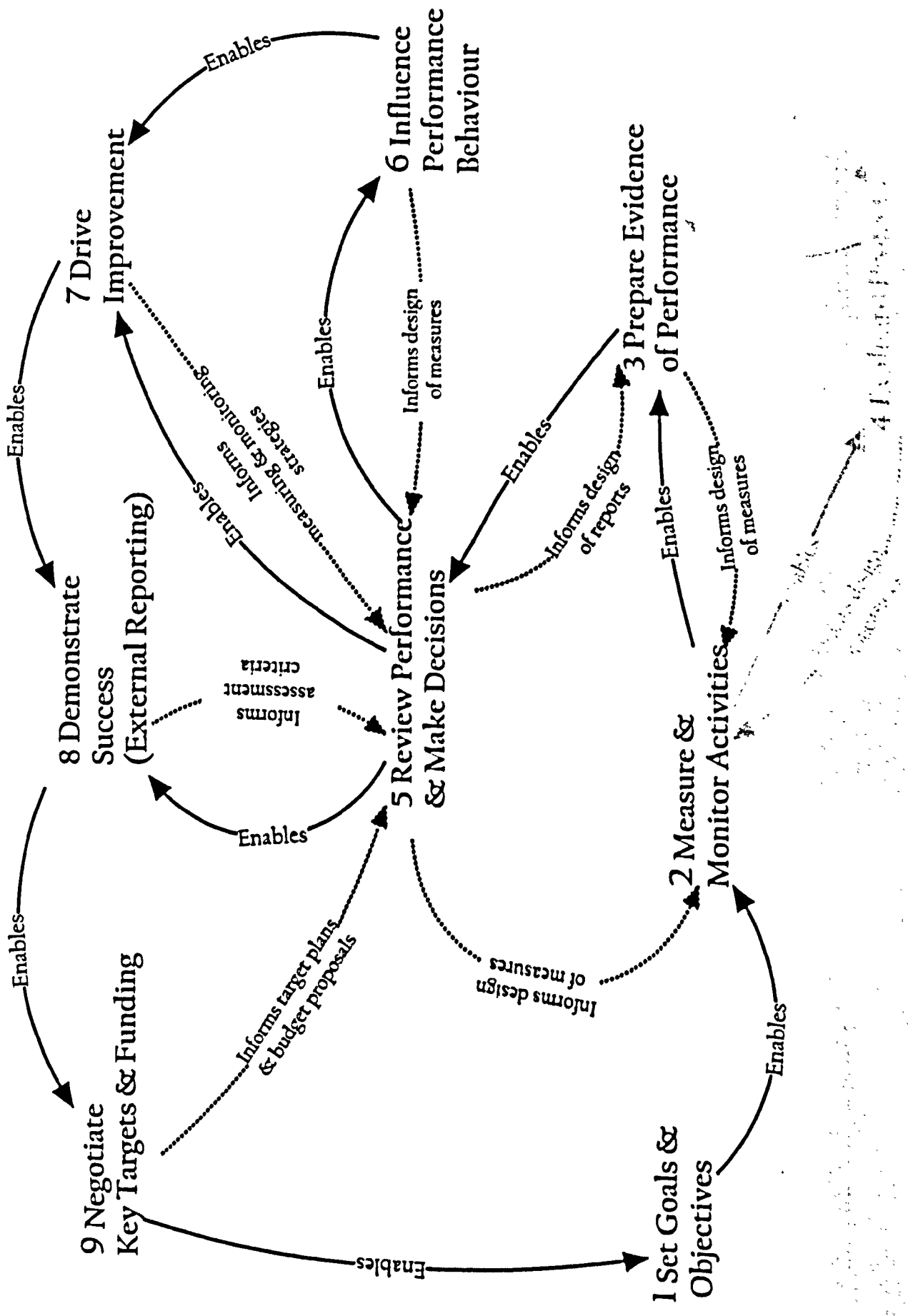
Organisation I



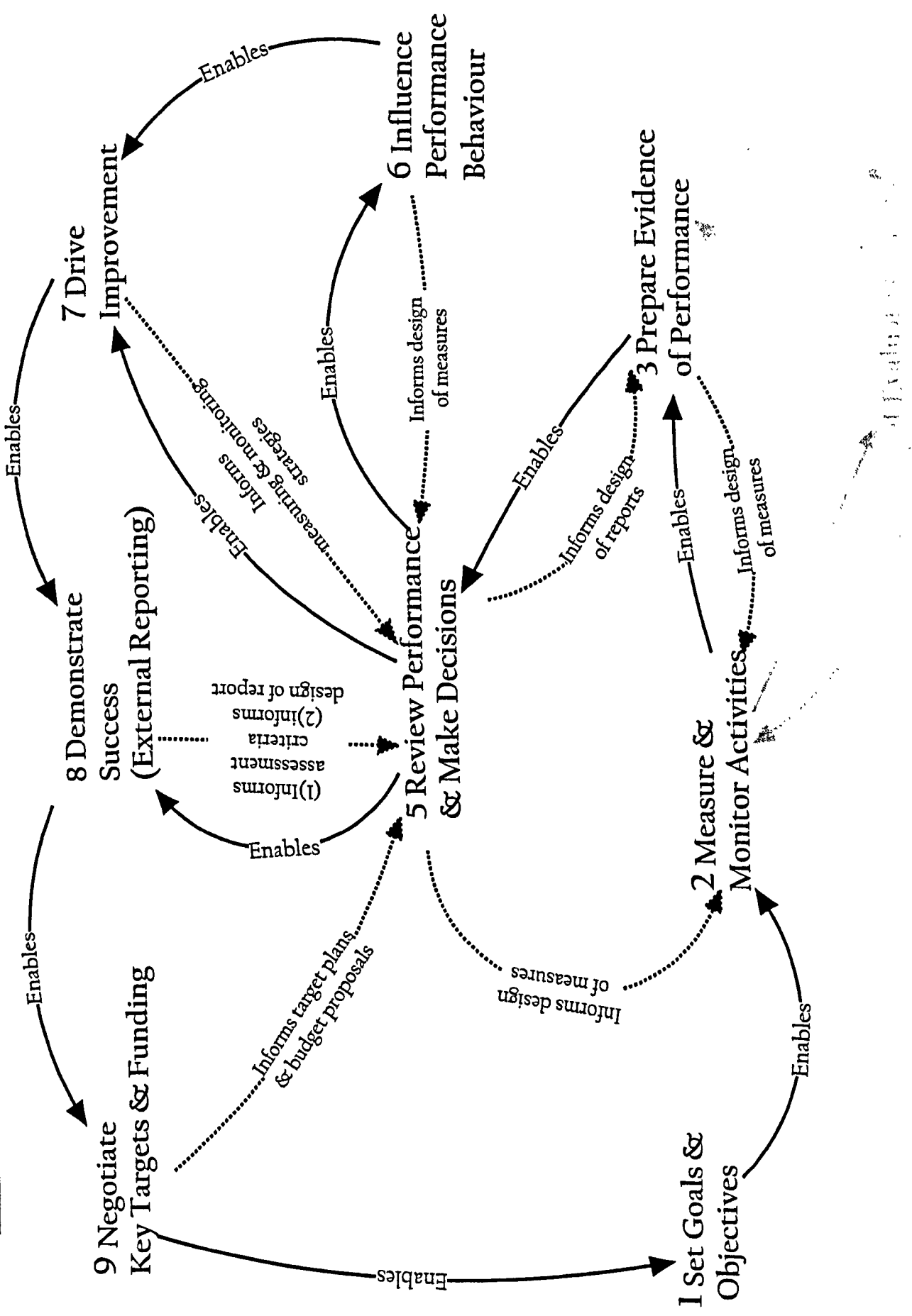
Organisation J



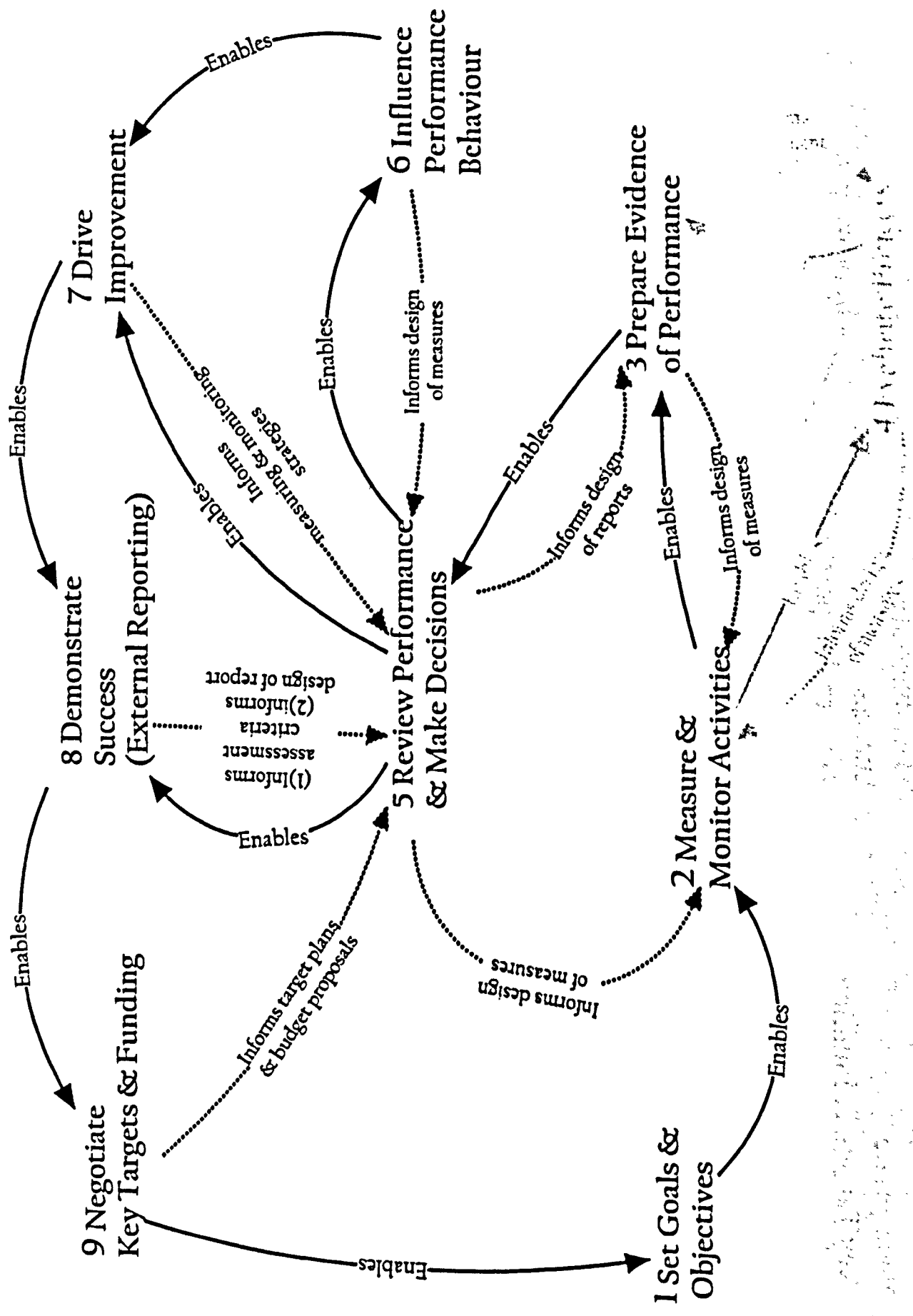
Organisation K



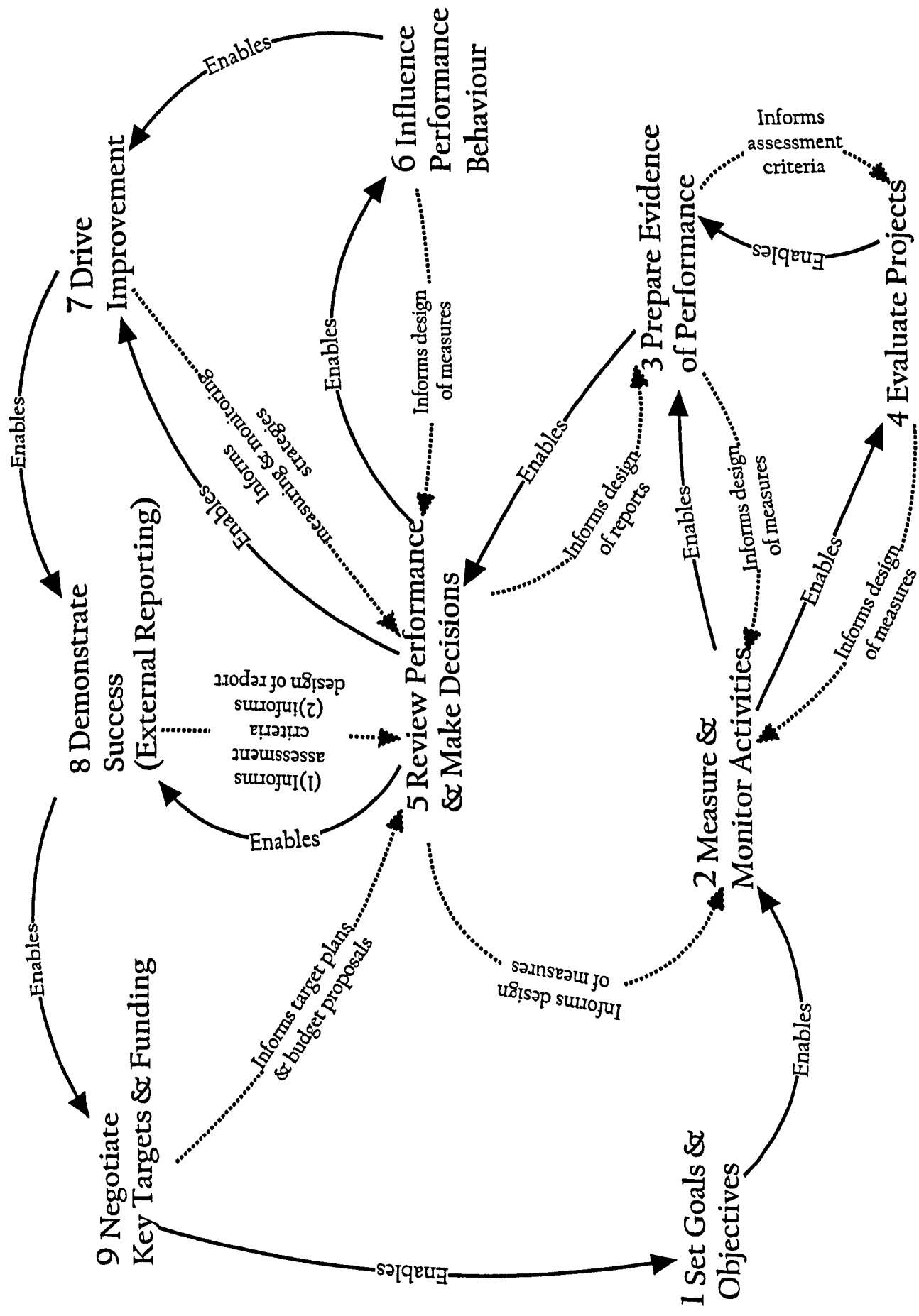
Organisation L



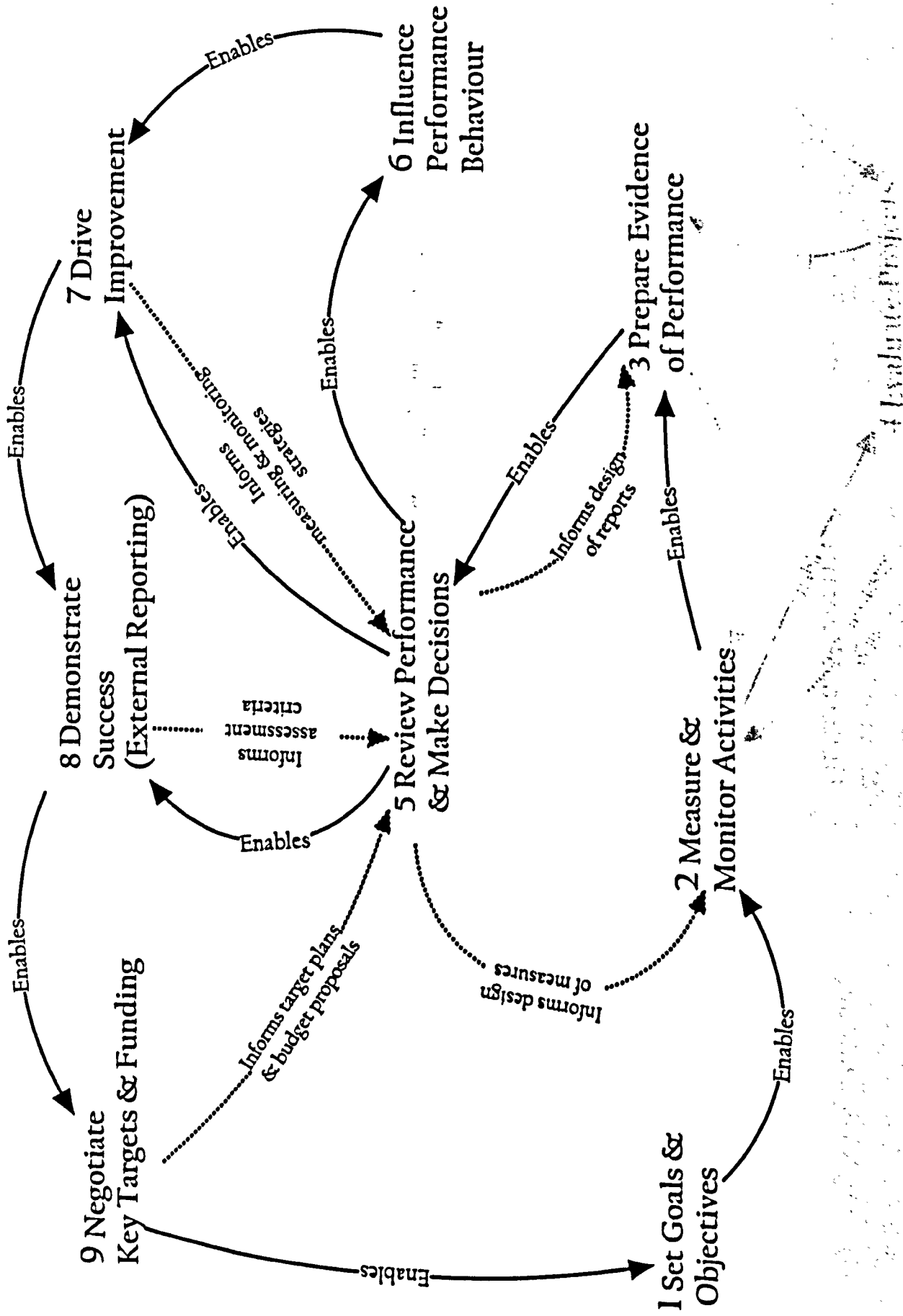
Organisation M



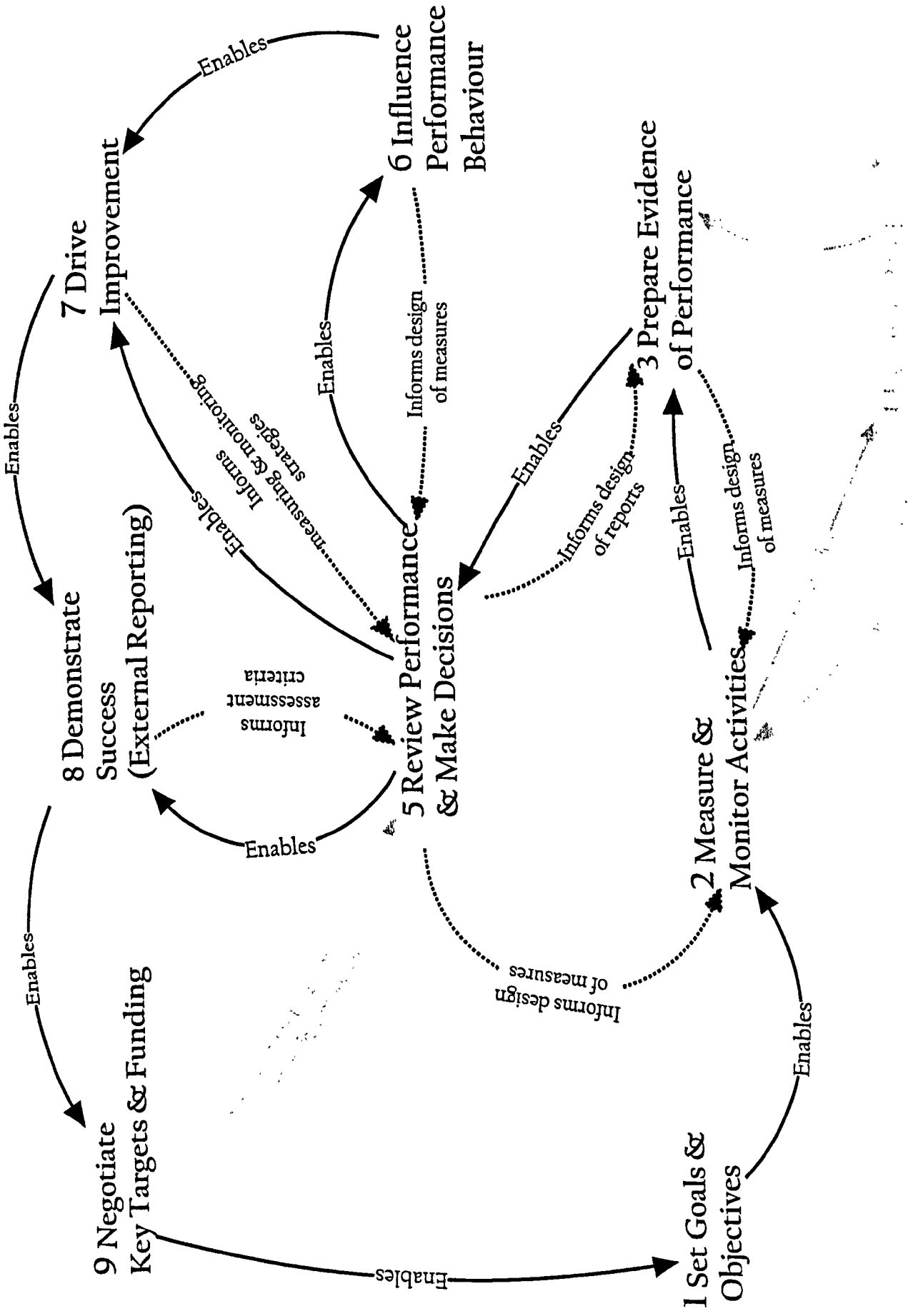
Organisation N



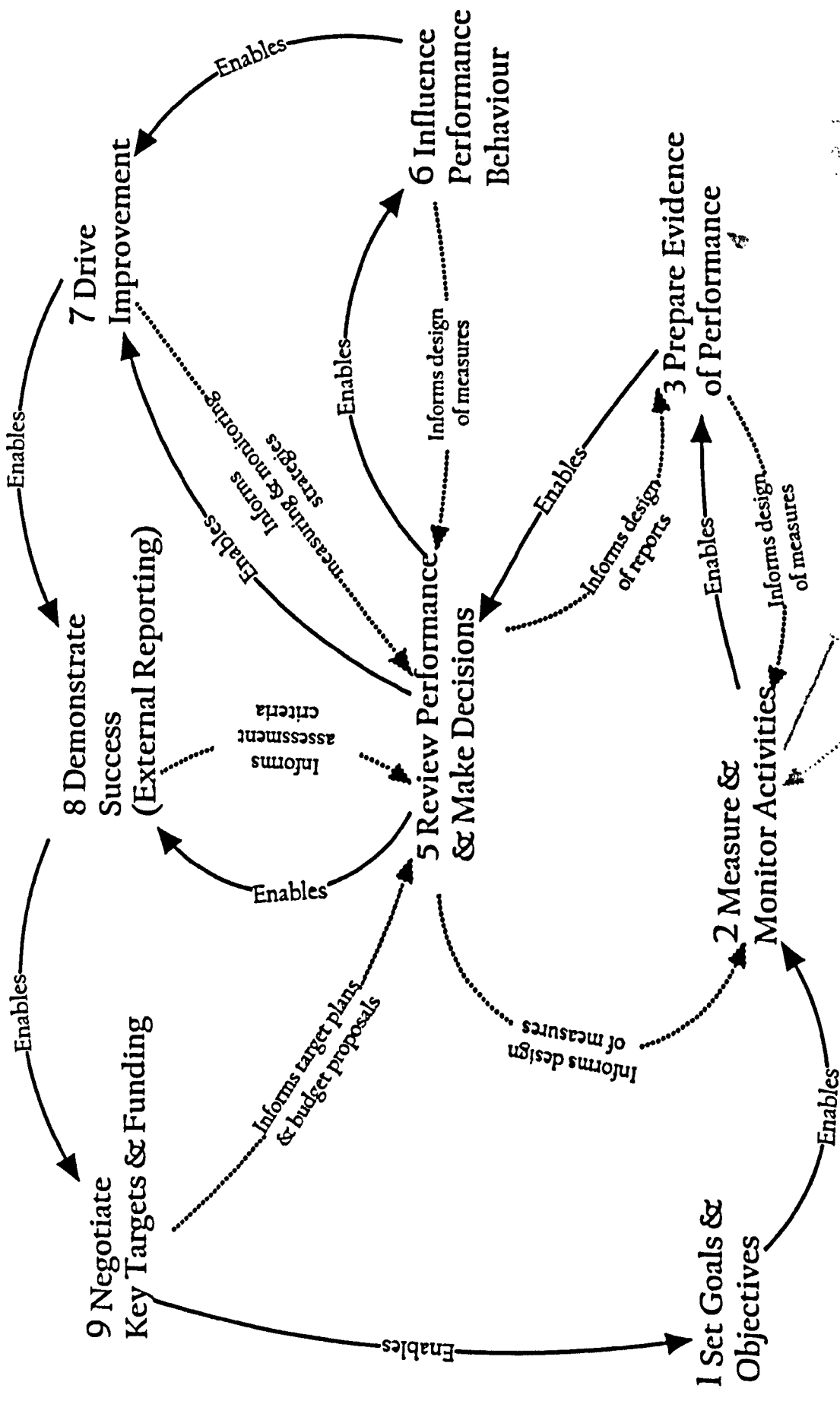
Organisation O



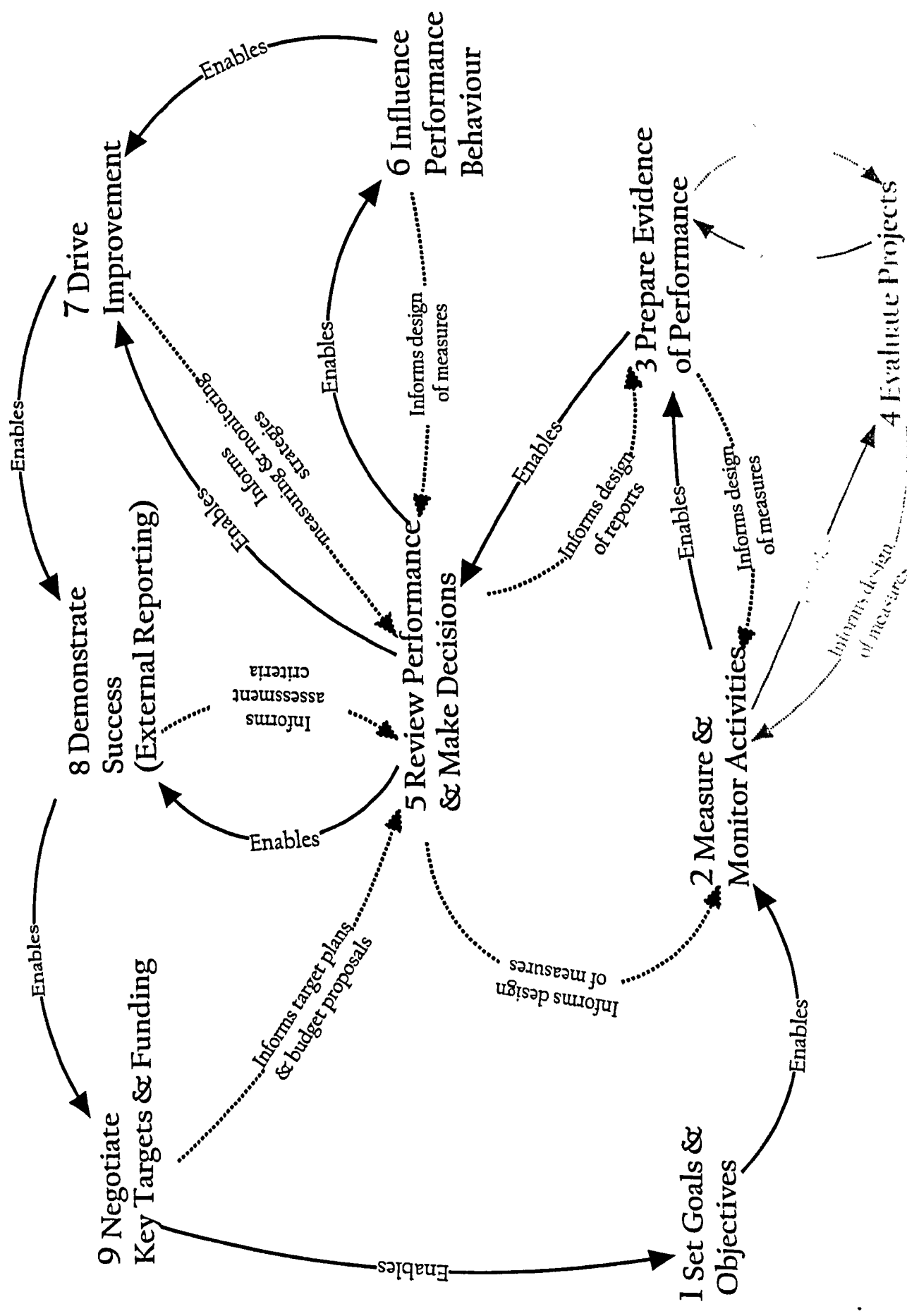
Organisation P



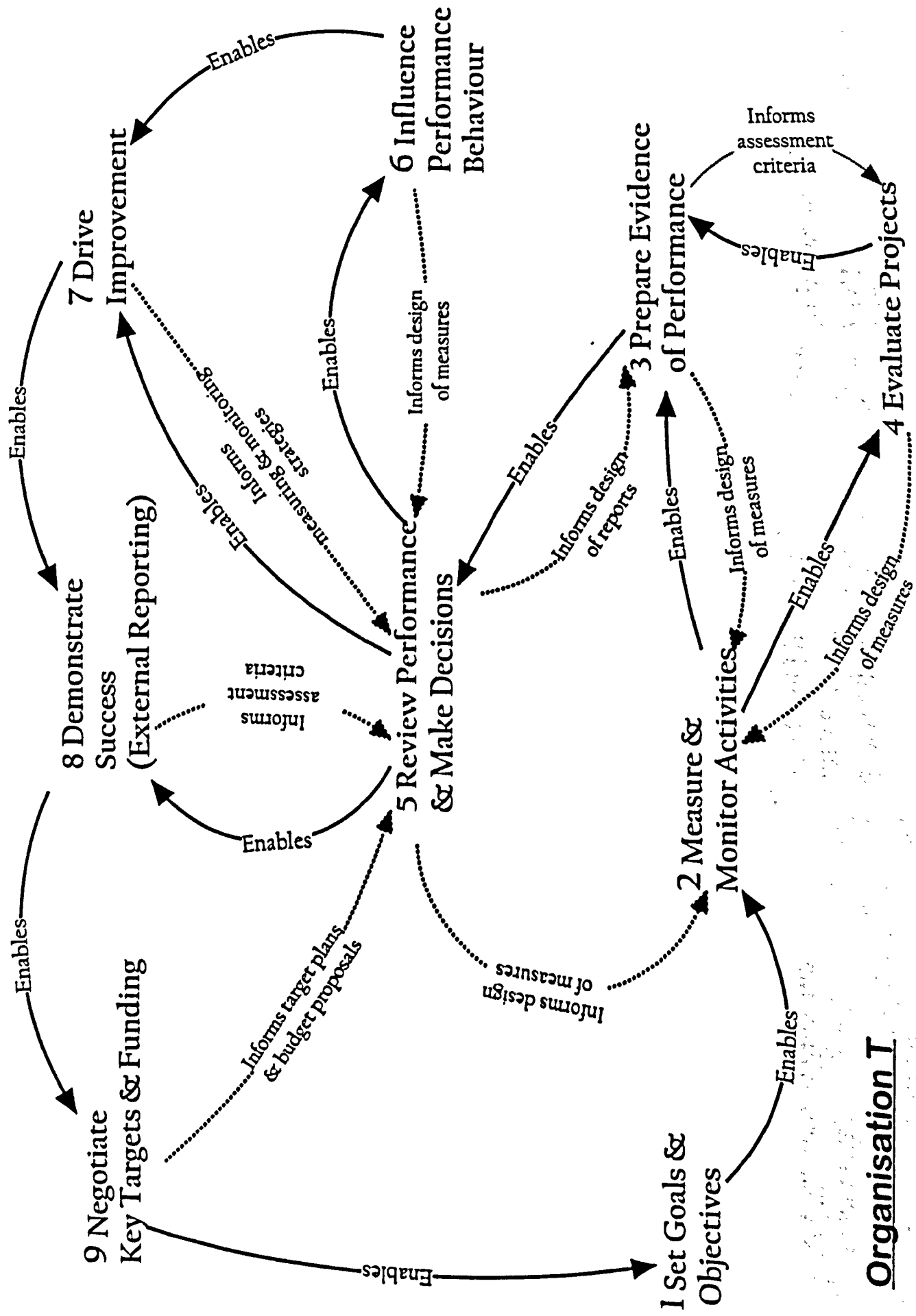
Organisation Q

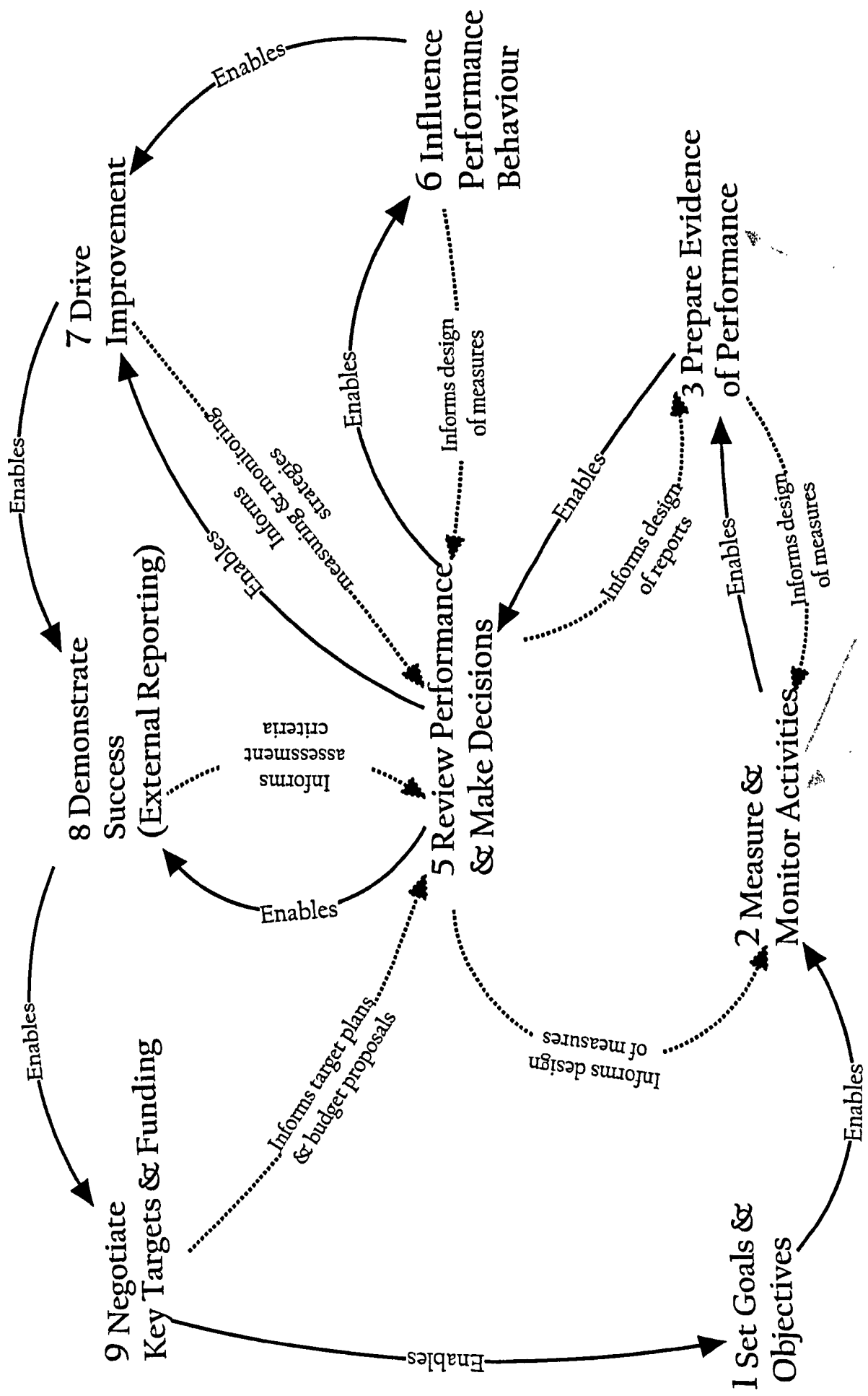


The diagram illustrates a cyclical process for performance management. It begins with setting goals and objectives, which leads to measuring and monitoring activities. This is followed by preparing evidence of performance, which then informs the design of measures. The next step is reviewing performance and making decisions, which informs the design of reports. This leads to influencing performance behavior, which then drives improvement. The process concludes with demonstrating success (external reporting), which informs assessment criteria, and negotiating key targets and funding, which informs target plans and budget proposals. The process then loops back to setting goals and objectives.



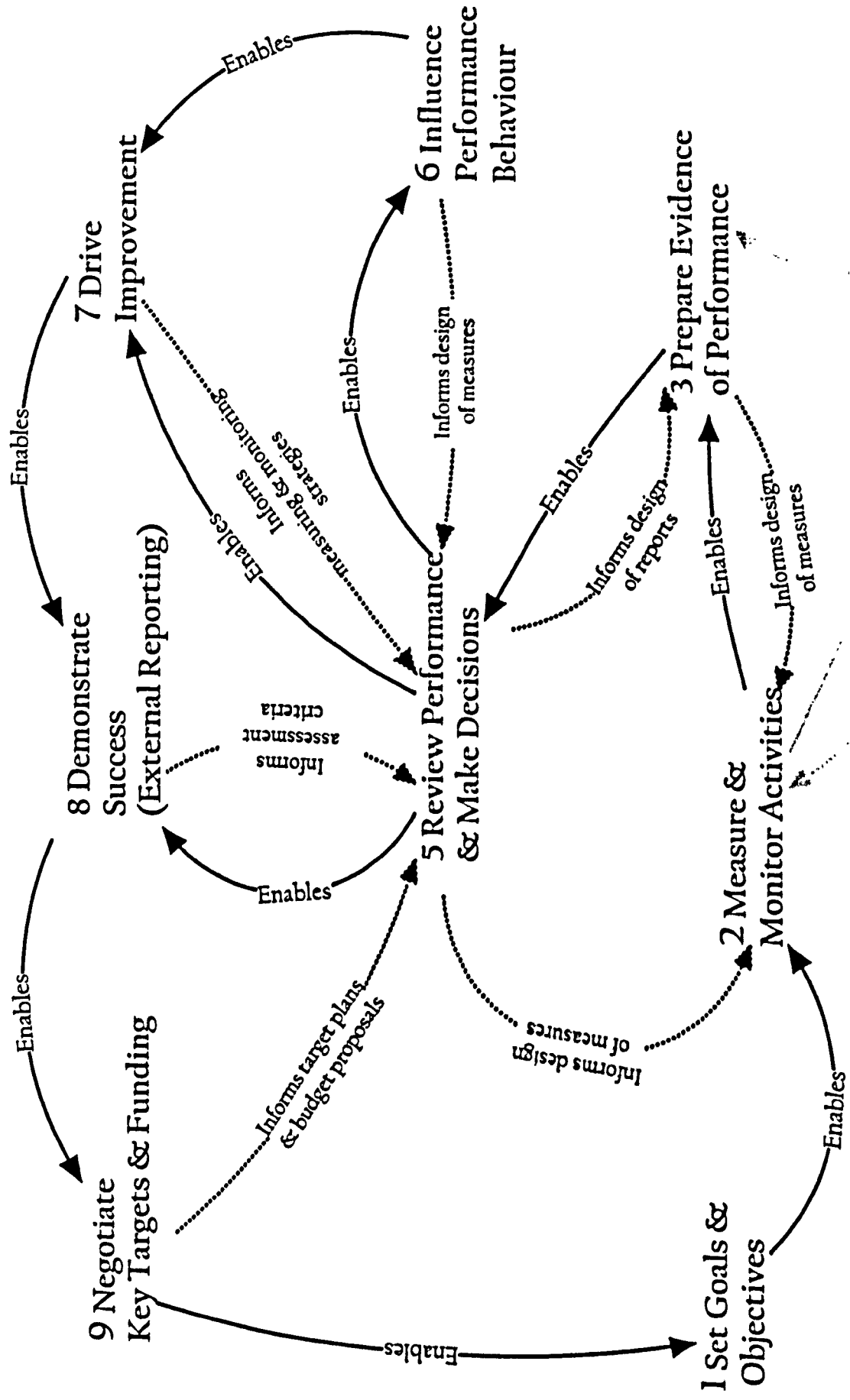
Organisation S





Performance Report

Organisation U



The diagram illustrates a cyclical process for an organization. It starts with setting goals and objectives, which leads to measuring and monitoring activities. This is followed by preparing evidence of performance, which then informs review and decision-making. The process continues with influencing performance behavior, driving improvement, and demonstrating success through external reporting. Finally, the organization negotiates key targets and funding, which feeds back into setting goals and objectives.

Organisation V

Appendix 10 Small Organisations and Key Elements

SMALL ORGANISATION	NEW	NEW	NEW	NEW
NEW/MATURE	UNSTRUCTURED	UNSTRUCTURED	UNSTRUCTURED	STRUCTURED
STRUCTURED/UNSTRUCTURED	GOOD	GOOD	LIMITED	ADEQUATE
SYSTEM EFFECTIVENESS	ENDPB	ENDPB	ENDPB	EA
EA/ENDPB	A	B	C	E
ORGANISATION				
KEY ELEMENT				
KE1 Set organisational Goals & Objectives	<p>Funding agreement</p> <ul style="list-style-type: none"> -sponsor's priorities Use corporate plan Stakeholders' input: -Concerns and needs 	<p>Funding agreement</p> <ul style="list-style-type: none"> -sponsor's priorities -how organisation being assessed. Use strategic plan 	<p>Stakeholders' input:</p> <ul style="list-style-type: none"> -Changing mindset from funding-led to strategically planning their activities. -identify needs of local community 	<p>Stakeholders' input:</p> <ul style="list-style-type: none"> -Stakeholder survey on impact and reputation -scoping to identify concerns & needs
KE2 Measure & Monitor Activities	<p>Design of measures:</p> <ul style="list-style-type: none"> to track progress; based on expectations and organisation's capabilities; the need to define measures for consistency in data collection and analysis purpose. <p>Stress on the need to gain staff buy-in:</p> <ul style="list-style-type: none"> involvement in setting targets and determining how performance information is being used. <p>Use IT to support data collection and analysis to eliminate human errors.</p>	<p>Develop measurement framework that mirrors government assessment</p> <p>Design of measures:</p> <ul style="list-style-type: none"> derived from objectives & priorities from output to outcomes to track impact set targets based on benchmarks <p>Stress on the need to obtain buy-in:</p> <ul style="list-style-type: none"> embed the process as part of work. <p>Use MIS to collate info from partners.</p>	<p>Stress on the need to gain staff buy-in through</p> <p>(1) Design measures to</p> <ul style="list-style-type: none"> Relevant to work; provide useful information <p>(2) Engage managers in setting their own budget.</p> <p>(3) better understanding of the use of data to ensure robust data</p> <p>Challenges:</p> <ul style="list-style-type: none"> Difficulty in measuring intangible outcomes Avoid being too bureaucratic Embed into work processes. 	<p>Design of measures:</p> <ul style="list-style-type: none"> to track progress and impacts, and to be relevant to work. Not process orientated outputs and outcomes orientated <p>Stress on the need to gain staff buy-in:</p> <ul style="list-style-type: none"> encourage better use of performance report external consultant helped clarify staff roles. <p>Use of IT: useful if data collection is too laborious but must be cost effective.</p>

<p>KE3 Prepare Evidence Of Performance</p>	<p>Design of report:</p> <ul style="list-style-type: none"> User requirements Highlight issues Exception reporting <p>Get feedback on what users need to see in reports</p>	<p>Quarterly report- key document Get feedback on:</p> <ul style="list-style-type: none"> how report presentation can be improved. Also in terms of content of report 	<p>Use reporting for transparency and accountability. -focusing on external reporting</p> <p>[No mention of using reports for staff communication]</p>	<p>Reports as a tool to drive improvement rather than an end itself.</p> <ul style="list-style-type: none"> Gain users engagement to improve reports User feedback on needs Report on all projects Not exception reporting <p>Scoping to identify project work</p> <ul style="list-style-type: none"> Create project teams to: <ul style="list-style-type: none"> Cross functional, skills & expertise Design local milestones and measures
<p>KE4 Evaluate Projects</p>	<p>Not applicable</p>	<p>Not applicable</p>	<p>Not applicable</p>	<ul style="list-style-type: none"> Change of strategy due to changes to policies Feedback informs the design of measures and the design of reports to keep in alignment with changes such as a reduction in funding. Feedback to motivate staff Commission consultants to advise on work mgt. Create performance culture. Communicate the reasons for performance measurement to obtain buy-in. Consult staff about measuring and monitoring activities and feedback informs design of measures. Work culture change
<p>KE5 Review Performance & Make Decisions</p>	<p>Improvement and resource allocation.</p> <ul style="list-style-type: none"> Feedback informs the design of measures and the design of reports to reflect the sponsor's priorities. Highlight organisation's capabilities in delivering outcomes. 	<ul style="list-style-type: none"> Improvement reports on contents on effectiveness Feedback informs the design of measures and the design of reports to reflect the sponsor's priorities. 	<ul style="list-style-type: none"> Consult staff what needs doing or improving Feedback informs the design of measures and the design of reports to reflect the link between performance and budgeting. 	<ul style="list-style-type: none"> Change of strategy due to changes to policies Feedback informs the design of measures and the design of reports to keep in alignment with changes such as a reduction in funding. Feedback to motivate staff Commission consultants to advise on work mgt. Create performance culture. Communicate the reasons for performance measurement to obtain buy-in. Consult staff about measuring and monitoring activities and feedback informs design of measures. Work culture change
<p>KE6 Influence Performance Behaviour</p>	<ul style="list-style-type: none"> Create performance culture. Communicate the reasons for performance measurement to obtain buy-in. Feedback on staff performance to drive improvement Communicate work standards and expectations. Celebrate achievements. 	<ul style="list-style-type: none"> Create performance culture. Communicate the reasons for performance measurement to obtain buy-in. Feedback on staff performance to drive improvement Move away from 'performance measurement is ALL about league tables and hitting targets' towards improvement. 	<ul style="list-style-type: none"> Create performance culture. Not use data against individuals to avoid gaming. Communicate the reasons for performance measurement to obtain buy-in. Manage a change of mindset from funding-led activities to strategically-led work. 	<ul style="list-style-type: none"> Create performance culture. Communicate the reasons for performance measurement to obtain buy-in. Consult staff about measuring and monitoring activities and feedback informs design of measures. Work culture change

<p>KE7 Drive Improvement</p>	<p>Catalyst:</p> <ul style="list-style-type: none"> ▪ Changes in the sponsor's priorities. ▪ Poor performance ▪ Need to demonstrate effectiveness ▪ Informs target setting 	<p>Catalyst:</p> <ul style="list-style-type: none"> ▪ Changes in the sponsor's priorities. ▪ Move from output to impact orientation. ▪ Informs design of measures 	<p>Catalyst:</p> <ul style="list-style-type: none"> ▪ Responding to sponsor's assessment criteria ▪ Becoming a more strategically led management process. ▪ Informs design of measures from output to outcomes orientated. 	<p>Catalyst:</p> <ul style="list-style-type: none"> ▪ A reduction in funding. ▪ A need to demonstrate contributions amongst partners. ▪ Move away from process to impact orientation. ▪ Focus on impact being delivered rather than mainly for reporting purposes
<p>KE8 Demonstrate Success</p>	<p>Catalyst:</p> <ul style="list-style-type: none"> ▪ Turnaround from a failing to an effective organisation ▪ Highlight organisation's capabilities or in-capabilities (to justify for additional funding for resources) ▪ Informs assessment criteria 	<p>Catalyst:</p> <ul style="list-style-type: none"> ▪ Meeting sponsor's demand ▪ Demonstrate a respond to a change in policies. ▪ Inform assessment criteria. 	<p>Catalyst:</p> <ul style="list-style-type: none"> ▪ Demonstrate effectiveness ▪ Highlight organisation's capabilities or in-capabilities (to justify for additional funding for resources) 	<p>Challenge:</p> <p>Limited resources to further develop measurement scheme to mirror sponsor's assessment criteria.</p> <p>Highlight organisation's capabilities or in-capabilities (to justify for additional funding for resources)</p>
<p>KE9 Negotiate Key Targets & Funding</p>	<p>Changes in government policies and priorities affect goals and objectives.</p>	<p>Changes in government policies and priorities affect goals and objectives.</p> <p>Informs assessment criteria.</p> <p>Maintain a flexible measurement system to adapt to changes.</p>	<p>The need to link performance to budgeting.</p>	<p>Changes in funding affect goals and objectives.</p>

Appendix 11 Medium sized Organisations and Key Elements

MEDIUM ORGANISATION	NEW	NEW	NEW	MATURE	MATURE
NEW/MATURE	UNSTRUCTURED	STRUCTURED	STRUCTURED	STRUCTURED	STRUCTURED
SYSTEM EFFECTIVENESS	GOOD	ADEQUATE	ADEQUATE	GOOD	GOOD
EA/ENDPB	EA	EA	EA	EA	EA
ORGANISATION	D	F	G	S	T
KEY ELEMENT	Reflect sponsor's priorities Clear link between targets and objectives	Reflect sponsor's priorities	Stakeholder's input: expectations and needs.	Use Corporate Plan Stakeholder's input: expectations and needs.	Use strategic plan Reflect sponsor's priorities.
KE1 Set organisational Goals & Objectives	<p>Design of measures:</p> <ul style="list-style-type: none"> Clearly defined for data collection purposes. Provide timely information. Review and update when necessary. <p>Data Collection:</p> <ul style="list-style-type: none"> Reliable and valid. <p>Use IT:</p> <ul style="list-style-type: none"> Facilitates the pulling of data from various sources to support analysis. A system flexible enough to adapt to changes without incurring most cost, such as programming. 	<p>Design of measures:</p> <ul style="list-style-type: none"> Derived from key business objectives. Difficulty in quantifying intangible outcomes Setting challenging targets. Cost effectiveness- do not impose too much overheads to collect data. Review and update when necessary. <p>Not using a more structured framework- such as the EFQM, as they were not ready.</p>	<p>Design of measures:</p> <ul style="list-style-type: none"> Derive from key business objectives. Performance information user expectations. Relevance. Review and update when necessary. Set relevant and appropriate targets. Provide timely data. <p>ABC:</p> <ul style="list-style-type: none"> Facilitates allocation of funds Demonstrate the links between allocation of funds and performance. Allows flexible accounting. 	<p>Design of measures:</p> <ul style="list-style-type: none"> Derived from key business objectives. Cost effectiveness- do not impose too much overheads to collect data. Relevance. Review and update when necessary. <p>Use EFQM:</p> <ul style="list-style-type: none"> Improvements on processes. Allows benchmarking with local authorities and other public agencies. <p>Use of IT:</p> <ul style="list-style-type: none"> Support data collection. Pulls together data for analysis. 	<p>Design of measures:</p> <ul style="list-style-type: none"> Derived from key business objectives. Performance information user expectations. Relevance. Review and update when necessary. Encourage ownership of measures through user participation in design. <p>EFQM:</p> <ul style="list-style-type: none"> Provides guidelines for review and for staff performance appraisals. Adopted as a tool for improvement in terms of organisational capabilities.
KE2 Measure & Monitor Activities					

<p>KE3 Prepare Evidence Of Performance</p>	<p>Presentation:</p> <ul style="list-style-type: none"> Informed by user requirements and feedback. Include Directors' commentaries explain performance. <p>Data analysis:</p> <ul style="list-style-type: none"> Staff to ensure information is robust. 	<p>Presentation:</p> <ul style="list-style-type: none"> Need to strike a balance between giving full picture and highlighting issues. 	<p>Presentation:</p> <ul style="list-style-type: none"> Informed by user requirements and feedback. Aims to highlight issues. 	<p>Presentation:</p> <ul style="list-style-type: none"> Informed by user requirements and feedback. Data analysis: <ul style="list-style-type: none"> Set up an improvement team. Ensure accurate and timely information. Inform design of measures. 	<p>Presentation:</p> <ul style="list-style-type: none"> Informed by user requirements and feedback. Exception reporting. Include Directors' commentaries explain decisions and actions taken.
<p>KE4 Evaluate Projects</p>	<p>Not applicable</p>	<p>Not applicable</p>	<p>Establish autonomous project team to manage performance; design measures and set milestones.</p>	<p>Not applicable</p>	<p>Establish autonomous project team to manage performance; design measures and set milestones.</p>
<p>KE5 Review Performance & Make Decisions</p>	<p>Review:</p> <ul style="list-style-type: none"> With an aim for improvement. Informs the design of measures. 	<p>Review:</p> <ul style="list-style-type: none"> With an aim for improvement. Informs key targets and budget proposal. 	<p>Review:</p> <ul style="list-style-type: none"> With an aim for improvement. Where necessary, review measures resulting from a review of strategies. Key targets and budget proposals. Flexible accounting. 	<p>Review:</p> <ul style="list-style-type: none"> With an aim for improvement. Updates measures to align with key business objectives 	<p>Review:</p> <ul style="list-style-type: none"> With an aim for improvement. Updates measuring and monitoring system to ensure less bureaucracy.

<p>KE6 Influence Performance Behaviour</p>	<ul style="list-style-type: none"> ▪ Create performance culture. ▪ Feedback on staff performance. ▪ Feedback on design of reports. ▪ Celebrate achievements. 	<ul style="list-style-type: none"> ▪ Create performance culture. ▪ Create safe environment to report failures. ▪ Celebrate achievements. ▪ Feedback on staff performance. ▪ Consult staff about measuring and monitoring activities to inform design. 	<ul style="list-style-type: none"> ▪ Create performance culture. ▪ Feedback on staff performance. ▪ Link performance measurement to staff appraisals, rewards and incentives. 	<ul style="list-style-type: none"> ▪ Create performance culture. ▪ Feedback on staff performance. ▪ Consult staff about measuring and monitoring activities and inform design of measures. 	<ul style="list-style-type: none"> ▪ Create performance culture. ▪ Feedback on staff performance. ▪ Consult staff about measuring and monitoring activities and inform design of measures. ▪ Feedback on design of reports.
<p>KE7 Drive Improvement</p>	<p>Meet targets</p>	<p>Provide better services Feedback from consultation with all key stakeholders</p>	<p>Benchmark with others in the sector. Share good practice Keep customer happy</p>	<p>Provide better services Benchmark with other regions</p>	<p>Improve performance Ensure value for money, effectiveness</p>
<p>KE8 Demonstrate Success</p>	<p>Hitting targets</p>	<p>Demonstrate effectiveness with public funds</p>	<p>Demonstrate delivery of services</p>	<p>Hitting targets and improved performance year-on-year</p>	<p>Improved performance Effectiveness and Value for Money</p>
<p>KE9 Negotiate Key Targets & Funding</p>	<p>Minister set targets (no mention of negotiation)</p>	<p>Maintain a good relationship with the sponsoring department to have a dialogue on the proposal of key targets.</p>	<p>Maintain a good relationship with the sponsoring department to have a dialogue on the proposal of key targets.</p>	<p>Maintain a good relationship with the sponsoring department to have a dialogue on the proposal of key targets.</p>	<p>Maintain a good relationship with the sponsoring department to have a dialogue on the proposal of key targets.</p>

Appendix 12 Large sized Organisation and Key Themes

LARGE ORGANISATION	MATURE	MATURE	MATURE	MATURE
NEW/MATURE	UNSTRUCTURED	UNSTRUCTURED	STRUCTURED	STRUCTURED
STRUCTURED/UNSTRUCTURED	ADEQUATE	ADEQUATE	ADEQUATE	ADEQUATE
SYSTEM EFFECTIVENESS	ENDPB	EA	EA	EA
EAI/ENDPB	Q	R	U	V
ORGANISATION	Mirrors sponsor's assessment criteria Stakeholder's input: expectations and needs.	Stakeholder's input: expectations and needs. Understand sponsor's assessment criteria	Use Corporate Plan Stakeholder's input: expectations and needs.	Use strategic planning Stakeholder's input: expectations and needs.
KEY ELEMENT				
KE1 Set organisational Goals & Objectives	<p>Design of measures:</p> <ul style="list-style-type: none"> Performance information needs. <p>Data collection:</p> <ul style="list-style-type: none"> Use of IT to support the collection of dispersed source of data. <p>Validity and reliability</p>	<p>Design of measure:</p> <ul style="list-style-type: none"> Qualitative measures for unquantifiable outputs/outcomes. Outcomes orientated measures. Have a manageable number of measures. Divisions or work areas to set local measures to best reflect what they do to encourage ownership. <p>Data collection:</p> <ul style="list-style-type: none"> Ensure validity and reliability. <p>Use of the BSC:</p> <ul style="list-style-type: none"> Focus on national goals rather than regional goals. 	<p>Design of measure:</p> <ul style="list-style-type: none"> Measure the 'right' things: business critical. Update and review when necessary. Performance information needs. Track corporate performance rather than silos. Measures to track intangible outcomes. <p>Data collection:</p> <ul style="list-style-type: none"> Define measures to ensure valid and reliable data. 	<p>Design of measure:</p> <ul style="list-style-type: none"> Quantitative & qualitative measures. Embed in existing work rather than being some extra responsibilities. <p>Use of EFQM:</p> <ul style="list-style-type: none"> Structure measures Assess organisational capabilities for performance. Formalised operational procedures but insufficient to support strategic planning. Facilitate the mapping of key process for the development of scorecards.
KE2 Measure & Monitor Activities				

<p>KE3 Prepare Evidence Of Performance</p>	<p>Design of report:</p> <ul style="list-style-type: none"> Informed by user needs. Consistent presentation for ease of understanding. Facilitate performance review. 	<p>Design of report:</p> <ul style="list-style-type: none"> Informed by user needs. Highlight issues. Easy to understand. Verified by audit process. Use traffic light system to highlight issues. Directors' commentaries to explain intangible outcomes. 	<p>Design of report:</p> <ul style="list-style-type: none"> Informed by user needs. Highlight issues. Easy to understand. How the organisation is being assessed informs design. 	<p>Design of report:</p> <ul style="list-style-type: none"> Informed by information needs. Strike a balance between reporting historical data and forecasting. Appoint analyst to interpret data with strategic intent.
<p>KE4 Evaluate Projects</p>	<p>0</p>	<p>0</p>	<p>0</p>	<p>0</p>
<p>KE5 Review Performance & Make Decisions</p>	<p>Review:</p> <ul style="list-style-type: none"> With a view to drive improvement. Regular review and plan ahead. Review business plan to keep afresh and in alignment with organisation's goals and objectives. 	<p>Review:</p> <ul style="list-style-type: none"> With a view to drive improvement. Feedback from departments on targets plans and proposals for changes. 	<p>Review:</p> <ul style="list-style-type: none"> Regular review (quarterly) rather than review being an annual affair. With a view to drive improvements. Responsive to forces of change- change of government policies. Update measures when necessary. Outcomes orientation. 	<p>Review:</p> <ul style="list-style-type: none"> With a view to drive improvements. The need to understand organisational capabilities when planning for key targets proposals. With strategic intent-where the organisation ought to be in a specific period of time.
<p>KE6 Influence Performance Behaviour</p>	<p>Create awareness of performance measurement activities.</p> <p>Staff feedback informs measuring and monitoring activities.</p>	<p>Create awareness of performance measurement activities.</p> <p>Create awareness of role staff play and how they contribute towards the organisation as a whole.</p> <p>Staff feedback informs design of measures.</p>	<p>Create awareness of performance measurement activities.</p> <p>Create buy-in through engagement in measurement activities.</p>	<p>Use of scorecard to help staff identify with their role, and how their work area impact organisation's performance.</p>

KE7 Drive Improvement	Learn from poor performance. Highlight organisational capabilities or in-capabilities Learn from customer feedback on service with a view to improve	Learn from poor performance. Highlight organisational capabilities or in-capabilities Learn from customer feedback on service with a view to improve Improved services, effectiveness, value for money. Highlight organisational capabilities or in-capabilities.	Change of strategic directions Globalization and standardisation of image/presentation Managing global corporate reputation Build a case for Comprehensive Spending Review Emphasized on accountability Demonstrate effectiveness	Learn from poor performance. Improving processes
KE8 Demonstrate Success	Effective delivery Informs sponsor's assessment criteria	Highlight organisational capabilities or in-capabilities. Maintain good relationship with sponsor through dialogue.	Build a case for Comprehensive Spending Review Emphasized on accountability Demonstrate effectiveness	Build a case for Comprehensive Spending Review Emphasized on accountability Demonstrate effectiveness Highlight organisational capabilities or in-capabilities. Highlight organisational capabilities or in-capabilities. Maintain good relationship with sponsor through dialogue.
KE9 Negotiate Key Targets & Funding	Highlight organisational capabilities or in-capabilities – justify for adjustments to targets. Maintain good relationship with sponsor through dialogue.	Highlight organisational capabilities or in-capabilities. Maintain good relationship with sponsor through dialogue.	Build a case for Comprehensive Review- justify for an increased of budget.	Build a case for Comprehensive Spending Review Emphasized on accountability Demonstrate effectiveness Highlight organisational capabilities or in-capabilities. Highlight organisational capabilities or in-capabilities. Maintain good relationship with sponsor through dialogue.

Phase II Data Display: Large-sized Organisation

ORGANISATION	NH	PT	IN	JB
SYSTEM EFFECTIVENESS	GOOD	GOOD	GOOD	GOOD
NEW/MATURE	NEW	NEW	MATURE	MATURE
STRUCTURED/UNSTRUCTURED	STRUCTURED	STRUCTURED	UNSTRUCTURED	UNSTRUCTURED
EA/ENDPB	EA	ENDPB	EA	
KE1: Set Goals & Objectives	<p>Corporate plan being list of things of what we intend to achieve for 3 years. Annual report being progress against the corporate plan, a report we produced every year.</p>	<p>At the top level we call our 4 themes, which describe the things that the organisation does. Under each theme we've got a number of outcomes and there are 3 outcomes per theme. And under those outcomes there are a number of actions, each of those actions there are a number of measures, and it's those measures at the bottom level of the corporate plan that we actually measure.</p>	<p>Set key objectives: At the beginning of the year, identified and agreed with the Board on what are our critical success factors, those things we need to get right. Within our corporate plan, government set us some PSAs we need to do something about, here are some key outputs which we should be spending on. we have to do words how we're doing for the PSAs and set targets for those output headings, we do add extra targets that we want to add on, but we don't have to demonstrate this.</p>	<p>I suppose meaningful takes us back to why our organisation exist, our framework document sets out 5 key aims that set above everything, if we are to deliver on these aims what activities do we need to engage in, and then it comes down to how do we measure it? There is a joint framework document aims down to the key performance targets. 9 key performance targets, and if I couldn't directly attribute each of these targets to one of the 5 framework document aims, then I would say 'why is this a key performance targets'? We have been set up to deliver 5 aims.</p> <p>Stakeholder input: The main reason for conducting a stakeholder research was to basically to get a better grip of our stakeholder base and what they thought of what we did and how they thought, an opportunity to guide us, to help us to see what the perception of others towards us was, if you don't ask, you don't actually ever know, you might think that you're doing quite well, you need to know what other people think. That's breaking new ground for us. There are huge number of stakeholders.</p>

<p>ranging to the public to lots of other partner organisations, people who regulatory role such as local authorities, it's quite a big web of interested parties. We can't just wheel down the track, it has to take into account the range of views from other people to shape the way forward, including of course wider government policies.</p> <p>The corporate plan also sets other objectives, more operational objectives, we also have identified a range of important measures, which are not necessary in our control but which we want to measure and monitor.</p>			
<p>Leadership:</p> <p>There is a change of top management which in turn drive the change in culture in the organisation. Leading by example, the new senior management who now have a completely fresh outlook from the way we have been doing things for decades. We have listed buildings and ancient monuments, different government departments dealing with different legislation, and eventually [this organisation] came together, now we have simple one chief inspector who deals with all monuments and buildings, and we now work in teams, instead of separate teams for listed buildings and separate team for scheduling, we have integrated area teams dealing with casework by geographical region.</p>			

KE2: Measuring & Monitoring Activities

Something that produces information on a regular basis, I would love to get real time information for some of this stuff but we don't have. Making sure that it's correct. The coverage of performance has to be appropriate, eg, if you only cover things like staff turnover, you wouldn't know if you'll have the people to achieve the things that you are meant to achieve. Sometimes people measure what they happen to be able to access easily, and I think that's a mistake. I think you have to measure the right things. And if you haven't get the information, get it.

Link performance measurement to assessment criteria:

The scorecard is based entirely of our corporate plan. The corporate plan is the key document at the moment. How did the corporate plan emerge? The timing depends on the Government's spending review time table, we get our spending review every 2 years, so we know how much we are getting, so that we put our corporate plan together. We look at the existing corporate plan, we then identify the area of the corporate plan that relate to a director.

We've already a corporate plan, which have our 3 year type period, what we decided to do is to slightly refresh the format of the corporate plan, and measure that rather than these individual unit plans.

We have these 4 different levels within the corporate plan. At this bottom level there is measures which are the ones that we actually report against. The way we do that at the moment, is that, identify someone in the organisation whose role is to essentially own the measures (manage the measures) on importance that it made is that our unit, we write out, give them a form which identifies the measures that are owned by the person, here are the milestones that you've already identified in advance in the process, tell us what the progress has been in a traffic light format and also to monitor the 2 future quarters, what do you think the future will be in 1 quarter ahead/ 2 quarters ahead.

Design of measures: measures beyond statutory requirements:

We have in terms of internal reporting and corporate plan, some of the elements of performance monitoring that are beyond which the government expecting us to do. We relate our performance measurement back to understanding our contribution in the strategic document, there are certain headings in here, which may not be required the government, we thought it's important to us.

How: derive measures from strategy & corporate plan

We develop our own to relate it back to the strategy. Within the strategy we measure on behalf of the region as opposed to attend to our performance, there are ones in here which are about measuring progress in terms of our focuses what are the indicators we want to follow to demonstrate progress against those.

Performance review informs design of measuring and monitoring activities:

Cascade of broad statement of intent:

What are the key things that objective is, is it about employment, is it opportunity? Once we have identified the key things, if it unemployment, what are the natural trend be for unemployment for that area if

Our main method of measuring performance is through key performance targets in our corporate plan, we have 9 key performance targets. They collectively cover the main areas of our work, they cover listing, scheduling which unpins the conservation of properties, conservation, customer care, customer care in terms of school visits (free) and efficiency target.

Use of IT:

At this moment we are trying to improve the information generated by the IT system. The information we want for the Key Performance Targets are often arrived at manually, parts of the system are sophisticated enough at this moment. Eg, we have a listed building consent which in theory at least should deliver electronically information relating to that target, whereas on condition surveys for buildings in care, it's basically about adding up the ones we've done manually. That's is fit for purpose.

	<p>we did standard protection, where would that go to? It should do better for the trend; we might set a trend of how much better. Understanding have that area forming the trend you expect gives you some indication whether our intervention is having any impact. So you got a number of measures about economic performance and sort of linking it.</p>		
<p>Use of a structured framework: BSC (adapted) allows consistency in management processes:</p> <p>I would need some tool to help me do the job, you look at the tasks that you've been assigned to, you've got a year, you go through them on a periodic basis, to say how we are doing with this task, is there any problem, why, can we redeploy staff, could we put the project off till next year, do we really need to do that project. From my point of view, the scorecard is a useful tool to help structure that discussion within a management unit. Within our unit we have a system where we look at the list of tasks which we have to do in 1 year, where we sit down and we go through the list of tasks, we discussed each one in detail, and then where we went wrong.</p> <p>Streamline data collection to save time:</p> <p>Staff involvement- minimise the amount of staff time required, we need to have a streamline process. Process that is running at this moment, we have measure owners, who know exactly about the particular area of work that we are talking about, we have a central unit we have a dialogue with them, that to me is a streamline process. Filling in spreadsheet, we could also allow measure owners to update the spreadsheet themselves directly- that would streamline it more.</p>			

<p>KE3: Evaluate Projects</p>	<p>Not applicable-</p>	<p>Not applicable</p>	<p>Enable review of performance:</p> <p><i>Integrated evaluation framework. It's a structured framework for understanding how you do the evaluation to get to the outcome and impact, we all agreed that we will fully implement that across all our activities over the next three years, we are going to put in place a program of how we are going to do those proper evaluation of our activities for the next 3 years.</i></p> <p><i>Use of external consultant for big projects:</i></p> <p><i>Integrated evaluation framework. It's a structured framework for understanding how you do the evaluation to get to the outcome and impact, we all agreed that we will fully implement that across all our activities over the next three years, we are going to put in place a program of how we are going to do those proper evaluation of our activities for the next 3 years.</i></p> <p><i>Smaller project : owners conduct evaluation</i></p> <p><i>For smaller projects, the project owners will do the evaluation on the impacts by themselves; we don't have resources to do it ourselves. Although there might be biasness to have the owner doing the evaluation but it also means the person doing the evaluation understand the project. It's a balance between recruiting people whose sole job is evaluating small project, and we have no funds to have someone to look at that.</i></p>
			<p>Not applicable.</p>

<p>KE4: Prepare Evidence of Performance</p>	<p>Evidence of achievements:</p> <p>The past 4 years, we didn't have quarterly report. Previously we told stories about what we did not necessarily: this is what we did what we said we would do. We changed that, we now produce this (referring to the quarterly report on their intranet) every quarter that is provided to Board to assess our progress (demonstrate success).</p> <p>Design of report:</p> <p>Use of traffic light indicator</p> <p>Highlight outcomes</p> <p>Not a functional report</p> <p>It's about 30-40 pages, mostly narrative with some graphs with typical traffic light approach, these are the outcomes of things that we want to achieve and it's reported in that fashion. It pays not regard to our organisational structure, it's not a functional report of how each of our main departments are achieving.</p> <p>Different types of report for different purposes:</p> <p>(1) Annual report: accountability purpose</p> <p>The annual report is a very thorough, incredibly thorough document that we produce each year, everything that we said we would do in the corporate plan; the target, the high level/high profile target, statement of intent. We will do</p>	<p>Directors to make commentaries:</p> <p>Do they think there will be any issues, if it is all green, we don't specify that they need to put in any narratives. If there is any issues, we now suggest that they need to put in some description, that information will come back to us and we can update our scorecard, this is not a traditional BSC. We have adapted it slightly.</p> <p>Corporate planning unit responsible for analysis and data check:</p> <p>Feedback informs measuring and monitoring activities (KE2):</p> <p>That's one of the functions of our unit- the corporate planning unit. We kick off the process- sending out reminders, forms, that people have to fill in for measures of what they've done for the quarter, when that becomes in we ensure that the information are understandable, the assessment are correct, sometimes people are harder on themselves than they need to be, they will score the measure as red/amber, we look at the written text, in reality that's may be just a minor issue, we then have a dialogue with them, and go back to them, there is a mechanism in the scorecard that we have interaction between ourselves and the data provider, we note down our dialogue date, changing amber to green.</p> <p>Directors to review reports</p>	<p>Design of report to enable performance review:</p> <p>(1) User requirements:</p> <p>In this case simplistic presentation had an impact recognising the need to do something, the answer wasn't simple, it doesn't tell you that the answer was, it tells in that area there is a big question, there is a need to think about what we need to do about it.</p> <p>(2) Dangers of simplistic presentation:</p> <p>Simplistic performance measurement tells you only part of the story, there is always a note behind it to understand the difference. Simple presentation is always best but then there is a danger of unfair and unrealistic comparisons. Again, the point about outcome not being too far away, we do report which says, here is the level of unemployment in the region, over the last few years, level of unemployment has gone up (showing the line graph) here is the money we spent on job creation, here is the number of jobs we've created. We've done that but level of unemployment is still going up. Does that mean us inefficient? It might not be, because the reason the level has gone up has nothing to do with what we are doing. But people might leap to faith, between our activity and outcome and what the input.</p> <p>(3) Strike a balance between simple and tell the story:</p> <p>our report can make it appear like inefficiency of achievement, because the world hasn't changed of what we have</p>	<p>Enable Performance Review:</p> <p>Clearly we have delivered, and performance measurement shows that we have delivered, has there not been target, then you could have a pocket of the organisation just working quite happily possibly delivering the same or possibly not, not giving it the priority that it needed and other things have got in the way, the fact that it is a target, completion of these surveys is a priority and the transparency of the target shows that we have delivered.</p>
--	--	---	--	--

<p>(something)". When you are a public body you are ultimately accountable, you have to be transparent and be able to justify what you have spent public money on and what you have been achieving.</p> <p>(2) Internal management:</p> <p>We have different types of performance reports. Each plays a role. Some reports tells us how far we are from where we are trying to get to, some reports tell how the organisation is functioning eg. how you are spending money have we got, how many vacancies have we got; its telling if the organisation is fit to get there, some will tell you what you see on the way, which is not necessary vital but it adds colour and context, it tells you how difficult the journey was. if the report tells you where you are going but does not tell you how hard the journey was, you don't get the context. There are lots of different ways of reporting performance. All of each has a place. Some people fix on numbers, if you don't have a number they don't value the information. I don't believe that, if you have a professional opinion that's also valid. You can't have just one solution to report performance. You haven't got the numbers you can still report something whilst you get the numbers.</p> <p>Link measuring and monitoring activities to reporting requirements:</p> <p>The report is set out on 4 main sections, telling the story of what we do and our achievements. Our corporate plan is our contract with the Scottish Executive about what we are trying to do and reporting how we are doing.</p>	<p>before submission to the Board::</p> <p>Another check before the report goes on to the management team, we send out the combined bunch of measures to the director of a support team Director support unit, the measures, the scores and the text that we collated from the data providers. Getting them to do the 2nd audit they can recommend changes if they felt it is necessary. Once that discussion has happened at the management team, the whole scorecard goes up to the Board, and the Board meet just to reassure them that there is no big issue within the organisation.</p>	<p>done. That's not their expectation of what we should be doing. Then we are automatically on the defences, we don't need to change the world". Government requirement on our reporting is spent and output, that's what is publicly available, nothing else is required in a formal way. That again gives them a very small proportion of the real picture what we are trying to do. So trying to create a full picture of what you do in reporting is hard. But if we have too much information that we might loose the point. It's a balance between simple to get the clarity to get people to understand our performance and enough sophistication to tell the story, but getting the balance right is a skill.</p>
---	---	---

	<p>Feedback informs design of reports:</p> <p><i>The main users of the report, the corporate management team, head of HR and the head of IS.</i></p> <p><i>They often come back to us with comments about "could you provide more information on something", few meetings ago, the deputy chairman, held up the two reports: the chief executive report and this quarter report, and said "These 2 are perfect, that's exactly what we need to be on Board and to manage things."</i></p> <p>Feedback informs what needs tracking, i.e. design of measures:</p> <p><i>This report started, developed and evolved by asking directors "what worries you on a Sunday evening, what keeps you awake" identify things we need to track on their behalf, we started 2 years ago. It's a really data rich report, and we worked really hard to get the data in. Again it's not structured to reflect our functional performance, we worry about monitoring and protecting the environment, our customer service, our financial system and information system, staff issues and managing big project.</i></p> <p>Feedback from users clarifies their needs:</p> <p><i>The way I expect them to use them, it took a while to use it the way I expected them to. It took about 6 months for the directors to be happy with the way information is presented to them. We didn't get it right the 1st time, because we didn't really know what they want, and</i></p>		
--	--	--	--

			<p>they didn't know what they want from it and how they wanted it. We didn't know about the colour blind issue thing. But I expect them to look at them : " ok here is something that does not seem to work, we have our plan in place, and our action in place, what do we do about it, why are slipping below our target"</p>	
			<p>Feedback informs design of measures:</p> <p>we also don't let people get away with avoiding putting in information that we think is important. We will suggest to them "we think you should report this, we try to get source it and report it." My boss also sits in every meeting gives us feedback after every meeting "How did it go?" "Not good yet". It took us 6 months, of being introduced to the report and having it presented 6 times before we feel comfortable of having the right information and right format be able to use it properly.</p>	
			<p>Use of reports for review and decision making with a view for improvement (KE7):</p> <p>I expect them to use it to manage performance. It took them a while, they are not accustomed to see information from their colleagues' area of work, for example, the science director may not be familiar to see information from finance director, cross functional, that is the culture the CEO wanted us to have, wanted to have a collective culture. The top people must be interested in all aspect.</p>	
			<p>Feedback to staff to influence</p>	

			<p>performance behaviour(KE6) and design of report(KE3)</p> <p>We would actually gather all the staff who contribute to a single report together. "OK this is the report, this is the final product that you contribute to." And perhaps have some anecdotes about what corporate management learn think of the report, to give the contributors an idea about how the information they provide is perceived on the other end. So they can now "oo ok, they don't understand that, and why?" That's when they need to change it and make it more assessable.</p>	
			<p>Use of IT: reduces flexibility to cope with changes with user requirements:</p> <p>we need huge flexibility for performance reporting. So if something became less interesting it would then can be chopped off or something has become more important, we might want to provide more information on it. What tends to happen when we build IS, anything more sophisticated than Excel or a simple database, once we build a system around that, we drastically reduce our agility in terms of manipulating or playing around with data. Systems that really do all that we really need would cost a lot. That's why I am a little bit averse to investing in it.</p>	

<p>KE5: Review Performance & Make Decisions</p>	<p>Review design of annual report:</p> <p>The annual report we specifically go out to asked the Board, "How is this working for you? Is this useful for you? What they think of that?" For the key performance indicators report, we now sit in on the meetings where it is discussed, and it's been asking for that for sometime, and it's just happened only now we get 1st hand whether its been used the way it should be, whether it's been used to its best, most usefully. I am aware that some people might be polite if I asked them "yes it's absolutely fine." So I try to use lots of different routes to find out if it's actually working, and I repeatedly say to people that, "if it's not right, just tell us and we'll change it and we'll make it work for you." It has to work. If something is not right we'll just scrap it and change it, it's very flexible.</p> <p>Review identifies areas for improvement:</p> <p>The way I expect them to use them, it took a while to use it the way I expected them to. It took about 6 months for the directors to be happy with the way information is presented to them. We didn't get it right the 1st time, because we didn't really know what they want, and they didn't know what they want from it and how they wanted it. We didn't know about the colour blind issue thing. But I expect them to look at them. "ok here is something that does not seem to work, we have our plan in place, and our action in place, what do we do about it, why are slipping below our target"</p>	<p>Enable the Influence Performance Behaviour:</p> <p>Use scorecard to display data: Gain ownership and buy in Encourage discussions:</p> <p>we introduce nice little application for display to our management team on a quarterly basis. We then go to the management team meetings, which essentially are our board, the directors of our organisation, and they meet quarterly they look at the performance of the organisation. We'll display this scorecard to them, live, we show the position of the organisation now and the position forecasted 2 periods in the future, and you can actually click on the measure itself to see what the owner has feedback to us. In the past, we had difficulty in getting director to take ownership of their bit of the organisation, each director has been given ownership of a theme, or a number of outcomes or measures, they are then when we display this scorecard to them, immediately we manage to get more buy-in from directors in terms of ownership of all the measures. Now we have somebody to say that 'yes that's my responsibility and I can give you an update on that. The current system, by clearly displaying owners at all levels of the organisation, and they take responsibility and much better buy-in for the corporate plan.</p> <p>Enable the drive for improvement: Use of scorecard display highlight performance issues:</p> <p>The director is involved at the outset in</p>	<p>Demonstrate success:</p> <p>So our monitoring progress [evidence] is saying well, we got this number of strategy, and how are we performing, how money is spent, what t outputs? [Performance Review]. The other thing which is important to us, is how much money from others have we brought in to these process. We have a target in our corporate plan that we will influence and change the way, in which £5 million of other spent over the years, as a result of our money spent, how the NHS changed the way in which they procure services/goods. [Demonstrate Success].</p> <p>Drive improvement:</p> <p>Inform strategic planning:</p> <p>if there is appearance of not good performance, ask questions, look at what you're doing, see what you're doing right. I always think that performance report is to ask questions and not to give answers. It's more for them to reflect and learn, take a check, performance report can help you sort of stand back slightly and ask a few questions outside of just getting the job done?</p>	<p>Although key performance indicators are flawed but nevertheless it's a measurement and it keeps us on our toes, we deal with decisions within the target time, we suppose in some way, we measure customer satisfaction which is easier, we do by survey and speak to people, we get quantitative and qualitative information feedback and we can end up with a score in terms of customer satisfaction then the grant scenario or in terms with dealing with applications that change listing buildings, we can measure speed of turnaround time of application fairly easily, what you can't do is measure the quality of that decision- our target is 97% of application within 4 weeks, we can easily meet a target of 100% if we didn't bothered about quality. It's the impact that we are trying to get a grip on.</p> <p>Drive improvement:</p> <p>Customer care, we have very clear measurement, if we saw our customer satisfaction level dipping, we would have to ask serious questions about it. Why is this? Is this perhaps we are not training of staff well enough or our admission prices are too high?</p> <p>The change of organisational structure was essential to improve the quality of what we deliver, although it hasn't been bad quality, but we are trying to achieve a softer/friendlier approach. Often it's not what you do, but how you do it and how you present it that can actually help the impact. Better communication at the end of the day that's making a difference to improve customer service, eg, rather than saying 'NO' and chase the applicant away, we say 'No you can't change the</p>
--	--	--	---	--

<p>building this way but would you like to do any way.</p>	<p>Feedback informs design of reports and implicitly review tracking of performance:</p> <p>We also don't let people get away with avoiding putting in information that we think is important. We will suggest to them "we think you should report this, we try to get source it and report it." My boss also sits in every meeting gives us feedback after every meeting "How did it go?" "Not good yet". It took us 6 months, of being introduced to the report and having it presented 6 times before we feel comfortable of having the right information and right format be able to use it properly.</p> <p>Feedback informs</p> <p>(1) assessment criteria, which in turn affects measuring and monitoring activities.</p> <p>(2) design of report</p> <p>Our report was evaluate using a number of criteria (referring to the report) How transparent is your information? What does your organisation do for the public, have you demonstrated that? Do you look forward? It is really thorough. They use a score of 1-5. In some areas we did very well, while some we didn't. The questions they use for the evaluation are very simple. (accountability and scorecard)</p> <p>We also use the Mercatus Centre Assessment. It subjected me to analyse how you disclose information as a public body. I find it useful. There are 12 very simple questions that they asked, how transparent how simple things are reported, how it illustrated what benefits</p>	<p>appointing or suggesting who is the owner of that measure, as soon as they get the assurance, they can be fairly convinced that what is showing on the screen is their areas of responsibility. Essentially what it (performance information on a scorecard display) allows them to get a much quicker operation to do this process, the organisation appears to be going to the right direction. I know there is a problem on this area let home in on that, it allows them to concentrate on that area rather than struggling trying to understand where the problem lies in the organisation.</p> <p>Directors use scorecard to identify areas needed improvement:</p> <p>they use it to manage the organisation, they are looking at the areas where there are problems so that they can focus on those areas, and then start to make changes, eg. if they see a problem area, like change of legislation coming from the Scottish Executive, we need to appoint someone to manage the specific issue or re-deploy some staff, any management function that they deem necessary and allows them to direct the effort.</p> <p>Inform the updating of corporate plan and design of measures:</p> <p>We go to that director and have a face-to face meeting. We go through themes that they are in charge of, the outcomes, the actions, and the measures. We have discussion of those, we have some views on it, in terms of monitoring the</p>	<p>appointing or suggesting who is the owner of that measure, as soon as they get the assurance, they can be fairly convinced that what is showing on the screen is their areas of responsibility. Essentially what it (performance information on a scorecard display) allows them to get a much quicker operation to do this process, the organisation appears to be going to the right direction. I know there is a problem on this area let home in on that, it allows them to concentrate on that area rather than struggling trying to understand where the problem lies in the organisation.</p> <p>Directors use scorecard to identify areas needed improvement:</p> <p>they use it to manage the organisation, they are looking at the areas where there are problems so that they can focus on those areas, and then start to make changes, eg. if they see a problem area, like change of legislation coming from the Scottish Executive, we need to appoint someone to manage the specific issue or re-deploy some staff, any management function that they deem necessary and allows them to direct the effort.</p> <p>Inform the updating of corporate plan and design of measures:</p> <p>We go to that director and have a face-to face meeting. We go through themes that they are in charge of, the outcomes, the actions, and the measures. We have discussion of those, we have some views on it, in terms of monitoring the</p>
--	---	--	--

there are for the public, very simple stuff.
 It allows me to see more objective assessment on how I am reporting our performance and in some areas that are important whether in the States of the UK that, there are some areas in the States particularly address to do that, we don't have the same interest here, so we could put those aside. You can have a look at the results of analyses across all the federal agencies and compare it with our report, and get our report and see what we are doing here that we can copy, which is what we've done. That ought to give yours an independent assessment of how your disclosure is rated.

Devise strategy (feedback to KE5) to influence performance behaviour (KE6)

I would think about "What can we do to help the staff understand their contribution is and how important the data is, and how important it is for what they contributed to be correct." I insisted on attendance on the meeting where the reports are being discussed.

Challenges:

It's hard to get the data together and putting the report together, but the hardest bit is actually using it to affect performance, you can look at the report and say "ah that's great but do nothing." Pushing people to use it a bit more.

performance which ones are working well and which weren't, did we have problems getting information about these. Is the answer to the question we ask every quarter always the same, i.e. 'I don't know this project, it has been cancelled' so there is case by that measure should be taken out from the corporate plan. We would then put together a draft corporate plan after those discussions put in place. The management team would then sit down as a group and discuss it. They know the external drivers that are coming- policies change or government change, eg. Sustainability was once quite a big issue. We knew these issues were coming from the government, are we reflecting those issues that the government is asking us to do in our corporate plan, reflecting how well our corporate plan is working well from bottom-up as well.

Demonstrate success:

Changing environment informs (1)strategic planning, (2)budgeting and (3) assessment criteria (measuring and monitoring activities)

The climate we are working in is changing, eg Scottish Exec have come out with a new list of 10-12 key outcomes, and all the family of non-dept bodies, we are clearly be driven but these outcomes, it maybe that we have to change our corporate plans to match those outcomes. The other big issue that is happening, we trying to make savings in the public sector by sharing resources, office, HR there is a lot of changes going on, we've been asked under a project called the Effective Government Initiative £2 million savings for the next year, it's

not the cash savings, we need to save on back office functions, support functions, redeploy the money. You can see that there are a number of things that are going on, the organisation is changing, the environment is changing, so the management feel that it is time to have a look at the corporate plan and the planning process to see if we can sharpen things up.

Feedback from the Board and the sponsoring department on changes of policies informs changes to corporate plan (and key targets proposal):

We go to that director and have a face-to-face meeting. We go through themes that they are in charge of, the outcomes, the actions, and the measures. We have discussion of those, we have some views on it, in terms of monitoring the performance which ones are working well and which weren't, did we have problems getting information about these. Is the answer to the question we ask every quarter always the same, i.e. I don't know this project, it has been cancelled so there is case by that measure should be taken out from the corporate plan. We would then put together a draft corporate plan after those discussions put in place. The management team would then sit down as a group and discuss it. They know the external drivers that are coming- policies change or government change, eg. Sustainability was once quite a big issue. We knew these issues were coming from the government, are we reflecting those issues that the government is asking us to do in our corporate plan, reflecting how well our corporate plan is working well from bottom-up as well.

<p>KE6: Influence Performance Behaviour</p>	<p>Publish reports on intranet: staff awareness of organisational performance:</p> <p>Senior staff needs to know how the organisation is doing. Staff have different levels, the most senior staff-directors, CEO, and heads of 2 key departments-that's our corporate management team. The people that report to them; those people need to know general how we are doing? They should have an interest in it.</p> <p>Drive improvement:</p> <p>I would think about "What can we do to help the staff understand their contribution is and how important the data is, and how important it is for what they contributed to be correct." I insisted on attendance on the meeting where the reports are being discussed. (to improve reporting).</p>	<p>Measures and plans regularly updated due to external forces of changes:</p> <p>Things do change in the public sector continually. The senior management need to keep refreshing the system to make sure that it still is doing the job that they want it to do. New staff who just came in from different environment from outside, they see things differently. There is nothing wrong to update the system periodically. I think the current system works quite well. In discussion with other NDPBs, I think our system is quite detail, I am getting impression that perhaps management in losing staff, trying to get savings from back office, we have no choice.</p>	<p>Linking individual measures to corporate plan:</p> <p>Linking the top to the bottom is important because it will help people to understand what they are contributing, and manage their time better, at this moment, I am not entirely sure if are the 800 people in this organisation know that they are contributing towards organisational goals.</p> <p>Publish performance information internally to raise awareness of organisational performance to gain ownership and buy-in to monitoring activities:</p> <p>Publishing performance information on the intranet allows people to understand where their particular bit of work fits in to the overall performance of the</p>	<p>Self assessment enable the drive for improvement and informs KE5:</p> <p>In the end those people who have not be honest with their self assessment will get at the worst final assessment, because lack of self awareness is a huge crime, self awareness that you're weak and you're working on something is less of a crime, then totally belief that you're fantastic. I think that sort of NAO push to do this self assessment, it's a very good way of pushing the executives and the board to be honest in understanding areas where we could improve our performance. Self assessment is actually a better way than external assessment of bringing out our weakness, if we are honest. Well if self assessment with no external pressure, people would lie. If self assessment is shared externally, there is a bigger pressure to really use</p>	<p>Drive improvement:</p> <p>Management training to drive the change in how we work (for head of each department), staff are assessed once a year to identify what individual training needs are, could also be team training needs.</p>
--	---	---	--	---	---

		<p>organisation, so if you are involved in a project, you can see the corporate plan, the scorecard, where your role is, it allows staff throughout the organisation to view how well/ the progress of the organisation. We tried a few methods to get over that problem of ensuring staff of the organisation how they are doing, one of the ways we did that is that we introduced a system where people can write a text of projects that have gone well, snippets of things that they think have done well. We put them together into a level 1 side/2 sides of A4-size paper and put them into management notice to be distributed throughout the organisation. To overcome the problem of a connection between the organisation priorities and the people who are actually doing the work.</p> <p>This idea that people have access to the scorecard, and they know that it is a 'live' scorecard, they know this is the one that the organisation is using to manage, I think it allows them to have the ownership and buy-in to the performance of the organisation.</p>	<p>performance information to do something (informs strategy making KE5). It would work if there is external assessment following the self assessment.</p>	
<p>KE8: Drive Improvement</p>	<p>Review identifies areas for improvement:</p> <p>The way I expect them to use them, it took a while to use it the way I expected them to. It took about 6 months for the directors to be happy with the way information is presented to them. We didn't get it right the 1st time, because we didn't really know what they want, and they didn't know what they want from it and how they wanted it. We didn't know about the colour blind issue thing. But I expect them to look at them: "ok here is something that does not seem to work, we have our plan in place, and our action</p>	<p>Review enables the identification of problem areas for improvement</p> <p>Essentially what it (performance information) allows them to get a much quicker operation to do this process, the organisation appears to be going to the right direction, I know there is a problem on this area let home in on that, it allows them to concentrate on that area rather than struggling trying to understand where the problem lies in the organisation.</p>		<p>I suppose for the performance measurement to be working well is that you should be able to see improvement, change of the better, and confirmation of what you're doing is right.</p> <p>(a) to satisfy that that is performance measurement is telling you something, they (targets) have to meaningful and well understood. The people who are delivering them have to understand the importance of the key targets. They have to understand the key of what;</p> <p>(b) to improve, why do where set targets? If it's not for improvement, if it's not for the</p>

<p>organisation to learn something, then why bother?</p> <p>We continually look for looking for new ways of better measurement, we talked to other organisations to try and learn from their experience, eg we have a grant budget for building appearance, that's about £30 million per year, we feel that there should be target for that expenditure, how can we measure the success or otherwise of the money we are spending and it's very difficult.</p>			<p>in place, what do we do about it, why are slipping below our target"</p>	
<p>So we set a target and gradually we have now progressed to 31 March 2006, we would have completed Condition Surveys for all our properties in care. Clearly we have delivered, and performance measurement shows that we have delivered, has there not been target, then you could have a pocket of the organisation just working quite happily possibly delivering the same or possibly not, not giving it the priority that it needed and other things have got in the way, the fact that it is a target, completion of these surveys is a priority and the transparency of the target shows that we have delivered.</p> <p>Feedback informs assessment criteria:</p> <p>I suppose it's important to keep us on our toes, you can argue that a board without external challenge could create a comfort zone or complacency; or the 3 non-executive directors come from different walks of life and they bring freshness to the Board, they do ask questions that we might of ourselves, and it's also a sort of trend of accepted good practice to have external challenge on board.</p>	<p>Review enable the demonstration of success:</p> <p>The government has been pushing us to spend the money for the 1st 3 years; now it is more on the evaluation, as a result of all the money you've spent, so what's happened? What the outcomes of it?</p>	<p>Once you've got your themes, your outcomes and your actions, that's narrowing down, once you've got your action, eg. something to do with educating the public about the conservation, within that we might have measures like 'agricultural shows' - produce publications, the actions give us the direction of what kind of job we are doing, the measures are actually things that we can say things 'yeah we've done that within the year and they all add up to make that action. We can say we've accomplished the action so we should achieve the outcomes.</p> <p>Feedback informs (1) strategic planning, (2) design of report (3) implicitly design of measuring and monitoring activities:</p> <p>The management team would then sit down as a group and discuss it. They know the external drivers that are coming- policies change or government change, eg. Sustainability was once quite a big issue. We knew these issues were coming from the government, are we reflecting those issues that the government is asking us to do in our</p>	<p>When you are a public body you are ultimately accountable, you have to be transparent and be able to justify what you have spent public money on and what you have been achieving. Our corporate plan is our contract with the Scottish Executive about what we are trying to do and reporting how we are doing. Scottish Executive discusses the quarterly report with us in our meeting.</p> <p>Feedback inform design of report:</p> <p>The annual report we specifically go out to asked the Board, "How it this working for you? Is this useful for you? What they think of that?" For the key performance indicators report, we now sit in on the meetings where it is discussed, we've been asking for that for sometime, and it's just happened only now we get 1st hand whether it's been used the way it should be, whether it's been used to its best, most usefully. I am aware that some people might be polite if I asked them "yes it's absolutely fine." So I try to use lots of different routes to find out if it's actually working, and I repeatedly say to people that, "if it's not right, just tell us and we'll change it and we'll make it work for you." It has to work. If something is</p>	<p>KE9: Demonstrate Success</p>

	<p>not right we'll just scrap it and change it, it's very flexible.</p> <p>External benchmarking for external reporting:</p> <p>We had our annual report assessed 1st year was free and we had to pay Mercatus (www.Mercatus.org) last year. Our report was evaluate using a number of criteria. How transparent is your information? What does your organisation do for the public, have you demonstrated that? Do you look forward? It is really thorough. They use a score of 1-5, in some areas we did very well, while some we didn't. The questions they use for the evaluation are very simple.</p> <p>Assessment criteria inform (1) informs strategies for improvement (2) design of report and (3) measuring and monitoring activities. (as above):</p> <p>We asked them (the auditors) to evaluate the programs we've got using these questions (with reference to Mercatus) and see how we rate. They weren't great but we didn't compare badly with some organisations in the State. It makes us think a bit about what we do, do we make any difference, what we've done, what we've achieved.</p>	<p>corporate plan, reflecting how well our corporate plan is working well from bottom-up as well.</p>		
--	--	---	--	--

<p>KE10: Negotiate Targets and Budgets</p>	<p>No evidence.</p>	<p>Prepare target plans and budgets:</p> <p><i>This (the corporate plan) is a good statement of the work that we have to do for the next 2 years. We then actually have a board in the organisation, which is an independent body appointed by ministers, they are non- exec sit as a group and they have agree the corporate plan and sign-off the corporate plan; then the plan have to go up to the Scottish Executive to sign off, they are the paymaster, this is our contract with them, to say that looks like the things that they want us to do over the next 3 years.</i></p>	<p>Demonstration of success enable the Negotiation for key targets and budgets:</p> <p><i>We do an annual report on progress against the corporate plan, using those measures and qualitative assessment. We do an assessment with them of what progress we've made against that, have we done what we intend to do, if not what are the barriers getting in our way of doing it, have the requirements changed? We do annual report back to them (the Board), saying this is currently region is been changing and this is what've been achieved of what we said we are going to achieve, what does that mean for the next year. [Informs target plans and budget proposal].</i></p> <p><i>Within our corporate plan, government set us some PSAs we need to do something about, here are some key outputs which we should be spending on. we have to do words how we're doing for the PSAs and set targets for those output headings.</i></p>	<p>Feedback informs key target plans and budget proposal:</p> <p><i>Indeed, the last Board meeting, last February, we put to them on performance measurement, we put them a paper on we plan for 2006-2007. We wanted the Board to agree the approach we plan to take for setting the key performance targets for 2006/7. The process after the Board agreeing the approach is to set the numbers and get the ministers to sign up for these. In practice we suggest these measures, and send to the ministers for approval.</i></p>
---	---------------------	--	--	---

Data Display: Large-sized Organisation

	I	J	K	L
ORGANISATION	EXCELLENT	GOOD	GOOD	GOOD
SYSTEM EFFECTIVENESS	NEW	NEW	NEW	NEW
NEW/IMMATURE	STRUCTURED	STRUCTURED	STRUCTURED	STRUCTURED
EA/ENDPB	ENDPB	EA	ENDPB	EA
KE1: Set Goals & Objectives	<p>Set goals and objectives based on funding agreement:</p> <p>Front page on the management plan has our corporate mission and responsibilities, objectives and values. It also incorporates the targets that we report to DCMS for our funding agreement. It the way we can capture the targets to make sure that we're looking at them regularly.</p>	<p>Setting organisational goals:</p> <p>My view on the improvements that need to be made in terms of public sector, we really need to understand differentiating much more between what we are trying to achieve and what we actually do, typically public sector is driven by the mentality that we need to do lots of projects and things, the more we do the better. I think we need to ask the question of what we are trying to achieve before we worry about what we do. We need to concentrate a little bit more on the 'what effect' then you stand more chance of being successful, that's the key to a good performance framework. Back to the pyramid, you need to think much more here (refer to the top of the pyramid) 'what would success really look like?', rather than say 'how can we get more money and keep stuffing more into the sausage machine. We are trying to do that by having a well-defined strategy, trying to get more out of the people in the delivery role in the organisation understanding the strategy contributing to the strategy (Influence Performance Behaviour), because they are in the better position to ask 'why' rather than just ask 'how', again that takes time. We</p>	<p>Things like corporate plan and work planning which inevitably get involved in set objectives how do we know we've met them.</p>	<p>Public Service Agreement dictates organisational goals and objectives:</p> <p>Our vision is longer term than the PSA targets but they have to reflect what the central government wants us to achieve. So in that sense the PSAs sits over everything we do. Through the things we want to achieve we will deliver the PSA targets.</p> <p>Link organisational objectives and targets set by sponsor.</p> <p>You need to be very clear linkage between the overall objectives of the organisation either defined by the executive or our sponsoring Dept (DCS) very high level objective and the day-to-day targets that you expect people to manage to achieve. They have got to see that connection.</p>

	<p>are investing time into building people's capacity in understanding both the strategy so that they can ask questions around 'what they do, what are their contributions to strategic intent.</p>	<p>Design measures to track high level targets:</p> <p>A mix of qualitative and quantitative measures:</p> <p>We adopted a new strategy in 2004 and the KPIs really gave the senior management quite a good feeling of how much we are on track with meeting goals in that sort of high level strategy. The strategy that we've adopted quite clearly divided on various section, access, collection and so on, with the KPIs we have a number of measures, we have 4 measures to look on the development of collections, and we've got 6 widening access. They are devised to track high level things that would help our management to see if the strategy is being implemented. There are 22 measures in total. 6 of those qualitative, a nominated director has to put in 2 page report every 6 months; developing partnership, where there is no statistical indicators that say how many partnership we are involved in. there is a mixture of quantitative and qualitative measures.</p>	<p>Performance culture: encourage understanding</p> <p>The understanding of people as to what we are trying to achieve through measuring is an issue as well. I think it is important that people don't simply capture data because that's what we have to do, but they have to understand their purpose of why we want to know these things.</p> <p>Manageable number of measures:</p> <p>What's worked well during that time is focusing a smaller number of KPIs now than we have before. We used to have a whole range of things that we measured and reported on, the reports were being nobody ever took any notice of them. Over the last 2.5 years we are down to around about 10 high level performance measures that are what we judge the success of this organisation year by year. They link very closely to the vision that we want to achieve. And also the PSAs sponsoring dept DCA wants to achieve.</p> <p>Link measures with targets:</p> <p>Our vision is longer term than the PSA targets but they have to reflect what the central government wants us to achieve. So in that sense the PSAs sits over everything we do. Through the things we want to achieve we will deliver the PSA targets.</p>	
<p>KE2: Measuring & Monitoring Activities</p>	<p>Design of measures:</p> <p>What we try to do is to capture a broad range of our activities. It can't be perfect. The aim of everything we do goes back to our strategy.</p> <p>Use of BSC:</p> <p>The executive board had an away day and they discussed the things that were most important to the museum, they realised that all the things were important could fit into the quadrants of the BSC. So that's where the framework came from. We use the exactly the same framework 4 quadrants.</p> <p>Our 4 sections, business, access, stakeholders (DCIAS) and Assets (collection, expertise & buildings)- it looks like it's adapted to fit the organisation. I don't know if we were to change if how people might be able to use it. At this moment, it (BSC) is a very useful to organise our thoughts, to make sure that we are balancing our activities. (I have to speak to people about this- she was not there when the BSC was adopted). The framework has to work for us rather than us working for the framework.</p> <p>Feedback on usability encourages buy-in to ensure data validity and reliability:</p> <p>One important is that I have a good relationship with the people in the museum who give me the information. Because the use that we make of it, I</p>	<p>Performance culture:</p> <p>There is a perception about performance measurement is about feeding the beast, getting/creating this set of numbers. What we need to do is to see is that performance measurement not as an end in itself by as a means to an end. The end we are looking for is continuous improvement, so how can we, our big challenge is to say, this leadership team is looking for numbers but those numbers would only be meaningful if a person delivering the job of Scottish Enterprise generate those numbers because they are useful to them, rather than just feeding the beast.</p> <p>Design of measures starts with organisational goals:</p> <p>People tend to think a lot about performance measurement, thinking that what you need a better set of measures, if you can get the right set of measures then everything else is easy. I don't think there is a right set of measures, I think you can use measurement to help you understand, understand what? You'll need to understand the bigger picture first, and then performance measurement is the proxy to help you understand the progress, rather than 'should we be measuring hospital waiting lists, or should we be measuring the health of the nation?' you can get right down to the micro detail of the measurement which I think is quite pointless unless you've got the context.</p>	<p>Design measures to track high level targets:</p> <p>A mix of qualitative and quantitative measures:</p> <p>We adopted a new strategy in 2004 and the KPIs really gave the senior management quite a good feeling of how much we are on track with meeting goals in that sort of high level strategy. The strategy that we've adopted quite clearly divided on various section, access, collection and so on, with the KPIs we have a number of measures, we have 4 measures to look on the development of collections, and we've got 6 widening access. They are devised to track high level things that would help our management to see if the strategy is being implemented. There are 22 measures in total. 6 of those qualitative, a nominated director has to put in 2 page report every 6 months; developing partnership, where there is no statistical indicators that say how many partnership we are involved in. there is a mixture of quantitative and qualitative measures.</p> <p>Measure what is important rather than measuring everything you do:</p> <p>The key thing is people collected hundreds of statistic, they were counting about what they are doing, that's quite different kind of mind set, rather than keeping data about what you do, that's a different mind set to monitor performance</p>	

	<p>think it helps them to make sure that they are giving the appropriate data. They are very good, I rarely have to catch them up for it. (To ensure robust & reliable data) We have set definition for the information that we provide I would meet and speak with people so that they know what it is that we asking of them, so that we have consistent information as well which is as important. I always ask for paper trials so that I have evidence of what it is they gave me.</p>	<p>Use of a structured framework: BSC I think the BSC approach is very helpful because a good strategy map gets you to think about what you're trying to achieve before you think about do, before you think about how you measure it.</p> <p>Design of Measures: Useful and relevance:</p> <p>My concern is that people may be producing numbers for numbers sake. It takes time to generate data, that's when data inaccuracy occurs, people do things rational behaviour like storing up data, you do everything you can for the quarter or for the year, and if you do any more, you will keep it in the back pocket and bring them out the next year. You give data much more care if it was of use to you.</p> <p>Setting stretching targets:</p> <p>Every person who is responsible for delivering something should be doing it better, by any measure, rather than by 10%, we focus on continuous improvement we are always stretching we will always try to our absolute best, there isn't any arbitrary targets. For the whole organisation, it's making sure that all of that adds up to something that where you can genuine steer organisation in terms of the strategy, so that you get a flow to be able to say, understanding projects at a micro level and see why something's not working. Is performance measurement part of strategy execution/development? Is it</p>	<p>to measure your progress towards objective, that means you have to be more selective at what data you are collecting, not just collecting the thing that you do, but it's related to objective defining what we're here to do, and then to help work out if we are successful in doing this, then what sort of information that would indicated that. This is a deep-rooted cultural management weakness in some part of the library, people are not use to managing information oriented to achieve performance. A lot of people are simply use to collecting stats about what they do.</p> <p>Staff understanding measuring and monitoring activities could reduce effort on data collection and encourage sharing of data:</p> <p>What I would like to see is that, throughout the organisation there should be a consistent way of how people identify their objectives and then identify measures which will indicate to what extent they've met their objective. Integrating all these vertically is important. What used to happen was that everybody collect their own stats, we have about probably a dozen department that deal with inquiries from the public with regard to reference service and then there are people who are dealing with business inquiries on the business section.</p> <p>The need to align targets with measures, link to organisation's work</p> <p>We have a small number of indicators that we have to report to the Scottish Executive (indicators), some are the same as the KPIs eg the number of readers. At the bureaucratic level, the</p>	<p>Have national targets rather than having each region setting their own:</p> <p>Help getting the commitment towards organisational performance as a whole:</p> <p>2ndly having investing in getting a real organisational commitments to those things that are important for us for the year. Rather than our network of regional offices each design what is important for them. So the targets becoming something that we as a national organisation head towards and actually if one part of the organisation is really well and another is doing really badly, then both parts have failed because we need all of us to do really well to got to success, that's led to much more cooperative working, its led to redistribution of work at various times of the year, more active management of more how work happens.</p> <p>This change was necessary because we were not doing so well as an organisation, we were hitting half of the targets that we set for ourselves. We were very unclear about what was important and that too many people setting their own priorities rather than having corporate priorities. They were setting either geog functional priorities for themselves even though we have national targets. We weren't serious about achieving those national targets to give them the precedent that they needed. We got firmer about saying as an organisation this is what we need to do to succeed.</p> <p>Design relevant measures: Ensuring what we are counting, capturing, reporting it is relevant as it is</p>
--	---	---	---	--

some tasks that you have to do to make someone happy? That's the goal!

Scottish Executive just want to know what the figures are and hopefully see a small increase on a year-on-year, or quarter to quarter, and they are happy. They are actually very uncritical about whether these indicators signify anything. We probably should be doing more work to align those measures with our own measures so that what we want to do and the Scottish Executive want to do is more closely align, using the same measures. The trouble is that there are 15 NDPBs sponsored by Tourism, Culture and Sports, and this Department applies the same indicators to all these bodies, for eg National Galleries of Scotland, Botanic Gardens have the same measures that we do, they got this common set of indicators they slightly lose relevance to us, for a museum, a visitor walks around to look, but for a library a reader comes into the library to study a book or reference.

Use of IT: pull data together

When we used to collect information for our corporate plan, I have to ring round to 17 people to get the number of inquiries and add them all up. There is not central place where all these data is managed. The relatively small scale innovation but essential, is creating a single corporate stats spreadsheet everybody is required to enter data into a central place, it is visible to everybody across the all departments, conveniently access for the preparation of the corporate plan. Now this information is being shared there is another sort of cultural management issue, good performance management requires information to be shared, consistent definitions to be used and be managed

now it was when we asked for it, so that people don't simply doing it because they always have done, but there is a genuine need for it now.

Use of a structured framework: BSC

The presentation works well because we use the BSC, it's an adapted to suit us. We got our Internal processes, learning growth & IT, Financial Management and customer service. Our vision is focusing on clients living within our means, the quality of our services and at the same time we are somewhere that people want to work.

Conduct workshop to get feedback on design of measures:

We have a workshop base approach sort of consultation, we will present what they are, we break into groups and we'll rip them apart, and say 'can we actually measure this, how would you go about measuring it, are there any difficulties, if we measure this are there any further things that we might have to measure in the system. Classic workshops, present it to the bigger group to see if the group agree or disagree, and it is iterative.

Ownership of measures: Assign measures to directors:

Each member of the executive team, targets sponsor, for 2-3, we also have targets owners who are senior in the business who would take a much more detail of interest in all of them. We have all of these targets that are all important, we recognise that each year that may be 4 of them are going to be more challenging to achieve than others. We

<p>consistently, in the sort of little silos of the organisation the way things that we done before.</p> <p><i>I think what I would like to see is that we have a single source of data that can be used for different purposes, operations, managing individual workloads, or contribute to strategic monitoring to our progress. There is a tendency towards people collecting their own figures, I don't want people to have their own private figures. If their figures are right, they should be contributing to corporate knowledge bank, and that knowledge bank can then be used for their purposes strategic monitoring, public reporting and other various purposes.</i></p> <p>Use of structured framework: Not using BSC:</p> <p><i>I think what I would like to see is that we have a single source of data that can be used for different purposes, operations, managing individual workloads, or contribute to strategic monitoring to our progress. There is a tendency towards people collecting their own figures, I don't want people to have their own private figures. If their figures are right, they should be contributing to corporate knowledge bank, and that knowledge bank can then be used for their purposes strategic monitoring, public reporting and other various purposes.</i></p> <p>Keep it simple: to encourage use:</p> <p><i>I think in a way we need to make sure that things are simpler, that's an issue about this whole area, unless you actually manage it things tend to get complicated, a lot of time is to try to keep</i></p>	<p>put a project manager in to manage the delivery of that target. So through that structure, leaving the targets owners, target sponsors, project manager to evangelise the message about how important this is and that helps to get the vibes. People are in no doubt about what is important.</p>
--	---

		<p>thing as simple as possible, that way they are going to be more effective and more generally used and understood, so caveat about it.</p>	
<p>KE3: Evaluate Projects</p>	<p>Not applicable.</p>	<p>Not applicable.</p>	<p>Not applicable.</p>
<p>KE4: Prepare Evidence of Performance</p>	<p>User requirements: Feedback on performance Demonstrate success <i>They meet fortnightly, and they look at the report month. I sat in the meeting to take them through. They use the report to keep themselves informed. We don't just cover information that we need to report externally, the purpose of our report is so we can know our business <Review purposes>. The key function of performance report is more for internal management. We have all sort of, it's not just the money and numbers. The idea (of performance reporting) is to give a very broad view of what we do.</i></p> <p>Design of reports: <i>The presentation is very important we use traffic light system, we should really get red. It gives a good indication of what goes on in the organisation. There is no point having pages and pages of numbers, we use graphs to give a better picture of what is going on.</i></p> <p>Clear presentation to highlight issues: <i>My main concern is that there are awful lots of information, it must be very clear so that it will be understood very easily without being tarnished by, so that they</i></p>	<p>Encourage owners of targets/measures to prepare report Report should encourage discussions: <i>Report itself can be seen as an end, whereas really report should be the start of future action, if not we made a set of numbers for the quarter and keep it and carry-on as usual. In the preparing the report you get genuine ownership on the content and the issues. Our experience, it used to be I would go to that leadership meeting, this is my report of your performance, why am I presenting the performance they are responsible for? Now the discussion is much more about they talk to each other about their performance that I come out with some data to support the discussion. The report should stimulate the debate rather than saying here are the answers.</i></p>	<p>Strategy Group: <i>The idea of this is, their group of staff is led by a director take ownership of the particular bit of the strategy, like widening access. One of the task they will be doing is looking at the KPIs, both: to look at the data collected, giving it the 1st wash before it goes to the management team, and also critically looking at them thinking if there should be other indicators there is a group of 7/8 people in strategy groups critically reviewing our performance information.</i></p> <p>Champions of indicators: a sense of ownership. <i>There is this culture within the library to add more & more data, it's my job to try to strip data out to keep things as easy as possible. Getting the directors themselves to be the champions of indicators that they want to present (information) rather than the information they are forced to present.</i></p>

don't read it in the wrong way, they need to read it correctly, and my presence at the meeting helps. The most important thing that it should tell that story that they can see straight away so one of the things we do is that we put graphs each month and you can see the pattern instead of numbers, sometimes it can be really stark.

User requirements: Informs design of reports.

On a monthly basis the executive report get to see it, quarterly it goes to the trustee, they don't get the interim report, they will get a very slightly expanded report, the trustees see it and the finance see it. I also try to feedback to them about how we are using the information. They need to see cross function because the departments are related. Because it is consistently provided, it should be easier to digest, sometimes they need the report to use it to make specific decisions, they could act accordingly and make corrective actions. They also use it to inform their own dept functions. In a way they get a bigger picture and they can see what they are doing for the whole picture.

Review and update reports:

If we noted something that is not working really well we try & change it.
The report have too much information the danger is that we can drown people with information, it is important that I can provide some interpretation on the information could help the directors focus. We change the report all the time, and it grows over time.

workshops focus on showing people what they can do with the information they get.

Ensure information is relevant: feeds back to design of measures and design of report:

I think the relevance as well. The something about ensuring what we are counting, capturing, reporting it is relevant as it is now it was when we asked for it, so that people don't simply doing it because they always have done.

	<p>Feedback informs design of report:</p> <p><i>If people aren't focusing on it, and if we've been reporting month after month and it's not particularly useful. For eg, catering, the retail manager is the only one reading it and particular useful for, she is the expert in that area who would bring up issues, with her permission to take out the 2 pages of the report on that area. With their agreement I took those pages out, it was not my decision it was joint decision.</i></p> <p>Accessibility and usability encourage buy-in:</p> <p><i>It is excellent because it provides an early warning system, it is buy-in of the Board, the buy-in of the people that provide the information, it not just the paper exercise, it's something that has a real value.</i></p> <p><i>How do you encourage buy-in? I do that by keeping people inform. People come to me for information and I am able to provide that information. I am provide across the Board, it is available for everybody who want to see it, it helps people to be more aware of what the museum is doing, and what their particular function is doing.</i></p> <p>Consistent format but flexible to adapt to changes:</p> <p><i>It is a very organic process, we obviously have to keep a consistency of information and there is no point changing the measures all the time you need to have a history because we need to see the trend, but if there is something new that we've decided that we should</i></p>		
--	--	--	--

be looking at we'd include that very quickly.
Good relationship to encourage buy-in to performance measurement

One important is that I have a good relationship with the people in the museum who give me the information. Because the use that we make of it, I think it helps them to make sure that they are giving the appropriate data. They are very good, I rarely have to catch them up for it. (To ensure robust & reliable data) We have set definition for the information that we provide I would meet and speak with people so that they know what it is that we asking of them, so that we have consistent information as well which is as important. I always ask for paper trials so that I have evidence of what it is they gave me.

KE5: Review Performance & Make Decisions

Use of evidence for review:
Analyst sit in meetings:

I sit in the Board meeting monthly, I highlight to them areas that are problem. They (the Board of Directors) need to know what's going on and are responsible. They are regularly inform, if I am not there, they wouldn't really have the same kind of insights into the activities of the museum, this report relates to our management plan which is where we set targets for the year ahead. If we don't report on them then how would we know we are achieving what we said what we were going to achieve.<Demonstrate achievement (KE8)> I perform the role of an analyst.

Feedback informs design of report: (KE4)
When I sit in the meeting, I get feedback, if they haven't notice something, I then realise that I need to emphasised it

Facilitated by person responsible for performance measurement:

Drive Improvement (KE7):

- (1)Identify issues needed attention:
 - (2)Identify best practices and share:
- Demonstrate success KE8: Prepare 6 monthly report to sponsor:

I facilitate the discussion, here is the strategy and here is what we thought we're going to achieve, this is all we've achieved. Is that good or bad, what can be improve? If it's good we can share best practice how can we get better, if it's bad, what cause it to be bad, what are the barriers, what needs to be fixed.
From the discussion, we get a list of things we need fixing, a list of we can do better. The quarter we come back and let's look at the big picture, we said we want to fix this, have we fixed it? Does it having the effect that we thought it will

To drive improvement:

- (1)Review strategic plans and allocation of resources:
- (1)Review highlight issues for actions:

One of the way we feedback is our annual corporate plan. For some areas where performance is not as good as we expect, might lead into developing new targets for our next corporate plan, perhaps putting more resources underperforming or indeed investing more resources in areas that are not performing well. These are not seen in isolation, there are other things we have such as divisional and departmental plans. Something that is not working quite so well is that we are trying to drill down performance management culture throughout the organisation so that everybody is able to sort of say how well they are meeting their objectives.

Drive improvement: Review performance to make decisions:

Key target proposals: Adapt strategies to meet the changing of policies:

Once a month I present to them our performance report. Every month I report to our commission meeting on the 4-5 we said that were most difficult.
Once a quarter we have a compass report and that is where we get our senior management team (top 20) together and have a more in-depth examination of quality of 9 or 10 business targets and so that we have an overall view of our performance. Having have that review by the senior management, then the following commissioner meeting so that they can question. So we have quite a lot of scrutiny as to how we do it.
We meet fortnightly as executive team which is really about making in year

<p>more, this is done so regularly it has become so organic and I can make improvements on it all the time based on the feedback from users.</p> <p>Review targets: KE9</p> <p>I speak to managers about their targets, they will set their targets with me. We look at how they (targets) perform in previous years, what particular activity is going on in the year ahead that they know about, we have notes against the targets explaining where these decisions came from and we have risks against achieving the targets and how they would manage that risks. We have the initials of individual responsible person, and then once I have spoken to individual managers and that has gone the documents is as fine as it could be, it would go to the Board who would approve the target it will affect and be affected by resources.</p> <p>Take remedial actions: drive improvement (KET)</p> <p>Our performance report it help us see how we did things what could be improve upon, what went well or didn't go well. And what happened really what detract, because we are not a constant it is quite important to have a history we can look back on.</p> <p>The most important impact is that our executive board can make decision based on the information I gave them. They can make remedial action. Early on the year we were reporting on our child visits and we were not doing very well, it meant that the different department can work together eg. Our press team on board working with our</p>	<p>have or it will take 2-3 years to fix? That's if you like the top decision making team, we have non-executive Board that scrutinise what we do. We have separate meetings for that. We also have to report back on a 6 monthly basis to our sponsor. Supporting all of that each of these teams on disperse geographic model have a similar conversation.</p> <p>Review at departmental level highlight issues for corporate level review: drive improvement (KET)</p> <p>I have colleagues who work in these areas facilitating conversations with senior management team for each area; what's good, what's bad. We draw together all the issue that are faced at the local level, if one of our local enterprise company can't deliver against its strategy because of a reason, we then help to them, if 5-6 of them facing the same problem then this must be a problem for everywhere then it's worthy of discussion at around that table.</p> <p>Regular review rather than once a year.</p> <p>Review performance with a strategic intent.</p> <p>What we are trying to do, is to move away of planning before the financial year starts you develop projects, deliver and then assess them. We are trying to move away from that to one of more continuous improvement, once a quarter we try to think about what our strategy is, to check to make sure things haven't change in the global economy that makes our strategy wrong. Once in a while, you want to make an assessment for the last 3/4 years of globalisation- China and India emerging in the Scottish economy, how does this impact our</p>	<p>Review inform design of measures:</p> <p>Some measures may not be useful we may need to unpack some measures and give it more critical thought, eg, tracking the number of inquiries that we get does not show how effective we are reaching out to the public.</p> <p>Review target plans: Review to demonstrate success: Targets set by sponsor department are common across all NDPBs, may lack of relevance to the organisation</p> <p>At the bureaucratic level, the Scottish Executive just want to know what the figures are and hopefully see a small increase on a year-on-year, or quarter to quarter, and they are happy<Demonstrate success>. They are actually very uncritical about whether these indicators signify anything. We probably should be doing more work to align those measures with our own measures so that what we want to do and the Scottish Executive want to do is more closely align, using the same measures. The trouble is that there are 15 NDPBs sponsored by Tourism, Culture and Sports, and this Department applies the same indicators to all these bodies, eg National Galleries of Scotland, Botanic Gardens have the same measures that we do, they got this common set of indicators they slightly lose relevance to us, for a museum, a visitor walks around to look, but for a library a reader comes into the library to study a book or reference.</p> <p>Create a strategic group: In November last year, we set up a strategy group for each strategic headings, like access, collection.</p>	<p>business decision, is about business planning and review, it's about making and changing policies. That's important. We also meet weekly, we invest a lot of time in making sure that business as whole is running well, or if not, what are we going to do about it?</p> <p>Review targets: The executive team decide what they think is the most important set things to concentrate on for the coming year. We then work with senior management team (20 people) to work into a set of broad measures, that them to the senior leadership group (top 50 mgrs in the group) and test them by saying 'would this really work for you? Is this something you would use 1 day in day out?' so that by the start of the year, we've got what are to be our measures for this year ahead. The top 50 mgrs all got the ownership of that and we've ironed out any sort of practical difficulties through the informal consultation. The other people who are very interested in this, Commission and the Chairman, we take or draft our proposals to the Commissioners so that they are absolutely bought in, they have a role as non-executive to hold the executive account, they have to be happy that they are doing in on the right basis.</p> <p>Ask questions on lack of performance with a view for improvement: Focus on quality of service: Set challenging targets:</p> <p>If that number (in performance reports) is not good doesn't make you a bad organisation, it means there is a question</p>
---	---	--	--

<p>education team to put on different kind of activities and to publicise these activities. They can see what the picture was, they could respond to what was going on cross departmental.</p> <p>They need the report to use it to make specific decisions, they could act accordingly and make corrective actions. They also use it to inform their own department functions. In a way they get a bigger picture and they can see what they are doing for the whole picture.</p> <p>Demonstrate achievements:</p> <p>I put together report to our trustees, our finance committee, to make sure that we do what we are supposed to be doing <review performance> and to report on achievements and meeting of targets <demonstrate success>.</p> <p>Review design of measures: Strike a balance between reviewing measures and maintaining consistency.</p> <p>It is a very organic process, we obviously have to keep a consistency of information and there is no point changing the measures all the time you need to have a history because we need to see the trend, but if there is something new that we've decided that we should be looking at we'd include that very quickly. The management plan is set annually, which is very good opportunity to think whether we are doing the right and whether you are looking at the right thing. Apart from that we are trying to get a consistency of information.</p>	<p>strategy, perhaps we need to do more to help Scottish companies to internationalise.</p> <p>At the same time what are we doing to fulfil this? What projects have we got on the ground for delivery? Specifically are those the projects achieving the outputs that we thought they would do in order to contribute towards our strategic intent, on what basis are we getting better, on a continuous basis, regular continuous performance improvement against our set of objective rather than saying we'll think once a year and we'll do for a whole year, we'll stop and think again. Regular review of performance within a strategic context so that instead of many public organisations suffer largely in the hands of the stakeholders is that really matters is the fixed contract for the year, the target culture, you said you want to help 100 operators in hospital, at the end of the year have you got those 100 operators, in reality the number that you thought at the beginning of the year may not be the right number, because someone may have invented some medicines to cure hip problems so they don't need the 100 operators, the world changes on a regular basis) on every quarter is that still the right set of evidence what progress are we making?</p> <p>Feedback informs strategic plans and work methods:</p> <p>We tend to look at our measurement against the customer perspective through satisfaction they have of working with us. We try to use customer data in more than just 'are you happy with the results working with us? In general, they are not happy because they will come to us asking for funding for every project which we can't so that might</p>	<p>This strategic group is about planning, developing strategy for widening access, use data to advise senior management team on what to do to improve our achievements of the corporate objective.</p> <p>Review design of external reporting:</p> <p>Public reporting we need to do more work on, how we explain to the public and to the Scottish Executive. I have discussion with Chief Executive, if it seen to be an internal management requirement which nobody is particularly bothered about getting it done, it's clearly going to have less significance in people's mind. If it's something not just the CE sees, but also the external/public audience, public visibility of success or failure, would be quite tangible, which would raise the status of the reports. At the end of the day performance reporting should be linked to what we are going to do, and how successful are we at doing it, it should be about actual business of library rather than bureaucratic exercise which nobody sees the point of it. It should be about what we do, what the library does, and what all the staff do. Need to try to make it link and make it less bureaucratic so that people feel that it's relevant.</p> <p>Review design of measures:</p> <p>Some measures may not be useful we may need to un pack some measures and give it more critical thought, for eg, tracking the number of inquiries that we get does not show how effective we are reaching out to the public.</p> <p>Review design of measures to keep in alignment with sponsoring department assessment criteria:</p>
<p>to ask why that is a bad number. That's the first number, you can say why is that like that? you can then say 'it's just a blip strange circumstances and it wouldn't happen again, but if does I need to come back to it. Or you might say yeah that's a worry I need to put some action in place to deal with it. But it's firstly about asking the question 'why'. Another thing I would like them to use it for is to drive continuous improvement in what we do. If you have a sense of dissatisfaction even if we hitting our targets, if we are hitting our targets, maybe we didn't set them challenging enough. It doesn't mean pushing people and pushing people simply for the sake of exceeding the target, it's about saying if we are about to give an excellent service to people and it's got problems, the more of that we can do the better it takes, don't just stop just because we are hitting target, think about how you can improve all the time.</p> <p>And certainly it's about value, because we are physically challenge because our funding is tighter as it is now than a few years ago.</p> <p>Review inform target plans</p> <p>executive team resolute about what is important, and not keeping adding onto, 'our next priority is.' it's partly that and it's partly structural, we've changed our top structure around to make it more focus on delivery.</p> <p>Performance culture: encourage understanding of aims of performance measurement</p> <p>The understanding of people as to what we are trying to achieve through measuring is an issue as well. I think it is important that people don't simply</p>	<p>to ask why that is a bad number. That's the first number, you can say why is that like that? you can then say 'it's just a blip strange circumstances and it wouldn't happen again, but if does I need to come back to it. Or you might say yeah that's a worry I need to put some action in place to deal with it. But it's firstly about asking the question 'why'. Another thing I would like them to use it for is to drive continuous improvement in what we do. If you have a sense of dissatisfaction even if we hitting our targets, if we are hitting our targets, maybe we didn't set them challenging enough. It doesn't mean pushing people and pushing people simply for the sake of exceeding the target, it's about saying if we are about to give an excellent service to people and it's got problems, the more of that we can do the better it takes, don't just stop just because we are hitting target, think about how you can improve all the time.</p> <p>And certainly it's about value, because we are physically challenge because our funding is tighter as it is now than a few years ago.</p> <p>Review inform target plans</p> <p>executive team resolute about what is important, and not keeping adding onto, 'our next priority is.' it's partly that and it's partly structural, we've changed our top structure around to make it more focus on delivery.</p> <p>Performance culture: encourage understanding of aims of performance measurement</p> <p>The understanding of people as to what we are trying to achieve through measuring is an issue as well. I think it is important that people don't simply</p>	<p>to ask why that is a bad number. That's the first number, you can say why is that like that? you can then say 'it's just a blip strange circumstances and it wouldn't happen again, but if does I need to come back to it. Or you might say yeah that's a worry I need to put some action in place to deal with it. But it's firstly about asking the question 'why'. Another thing I would like them to use it for is to drive continuous improvement in what we do. If you have a sense of dissatisfaction even if we hitting our targets, if we are hitting our targets, maybe we didn't set them challenging enough. It doesn't mean pushing people and pushing people simply for the sake of exceeding the target, it's about saying if we are about to give an excellent service to people and it's got problems, the more of that we can do the better it takes, don't just stop just because we are hitting target, think about how you can improve all the time.</p> <p>And certainly it's about value, because we are physically challenge because our funding is tighter as it is now than a few years ago.</p> <p>Review inform target plans</p> <p>executive team resolute about what is important, and not keeping adding onto, 'our next priority is.' it's partly that and it's partly structural, we've changed our top structure around to make it more focus on delivery.</p> <p>Performance culture: encourage understanding of aims of performance measurement</p> <p>The understanding of people as to what we are trying to achieve through measuring is an issue as well. I think it is important that people don't simply</p>

<p>affect their satisfaction. Equally we are not just here to make customers happy, we are here to help them develop and that might take a long time, we use a bi-annual assessment on the satisfaction of companies have of us. We try to find out why they are not happy, which relates to whole range of things of how we work so that we know that they are happier we do precisely what we said we were going to do, we know they are happier when we work closely on a one-to-one basis, we know they are happier specifically meet their identified needs rather than giving them something more generic. We use that information to redesign our way forward with our operations.</p> <p>Review to drive improvement</p> <p>For the whole organisation, it's making sure that all of that adds up to something that where you can genuine steer organisation in terms of the strategy, so that you get a flow to be able to say, understanding projects at a micro level and see why something's not working. Is performance measurement part of strategy execution/development? Is it someone happy? That's the goal!</p> <p>Review to drive improvement to enable the demonstration of success and to devise strategy to influence performance behaviour.</p> <p>You need to think much more about 'what would success really look like?', rather than say 'how can we get more money and keep stuffing more into the sausage machine. We are trying to do that by having a well-defined strategy, trying to get more out of the people in the delivery role in the organisation</p> <p><Influencing Performance</p>	<p>We probably should be doing more work to align those measures with our own measures so that what we want to do is more closely align, using the same measures.</p>	<p>capture data because that's what we have to do, but they have to understand their purpose of why we want to know these things.</p> <p>Change measurement strategy: set national targets rather than regional targets:</p> <p>This change was necessary because we were not doing so well as an organisation, we were hitting half of the targets that we set for ourselves. We were very unclear about what was important and that too many people setting their own priorities rather than having corporate priorities. They were setting either geographical functional priorities for themselves even though we have national targets. We weren't serious about achieving those national targets to give them the precedent that they needed. We got firmer about saying as an organisation this is what we need to do to succeed.</p>
---	---	--

		<p>Behaviour > understanding the strategy contributing to the strategy, because they are in the better position to ask 'why' rather than just ask 'how', again that takes time. We are investing time into building people's capacity in understanding both the strategy so that they can ask questions around 'what they do, what are their contributions to strategic intent?</p>	<p>Well-communicated strategy enable the influence of performance behaviour.</p> <p>We are trying to do that by having a well-defined strategy, trying to get more out of the people in the delivery role in the organisation understanding the strategy contributing to the strategy.</p> <p>Setting stretching targets:</p> <p>Every person who is responsible for delivering something should be doing it better, by any measure, rather than by 10%, we focus on continuous improvement we are always stretching we will always try to our absolute best, there isn't any arbitrary targets. For the whole organisation, it's making sure that all of that adds up to something that where you can genuinely steer organisation in terms of the strategy, so that you get a flow to be able to say, understanding projects at a micro level and see why something's not working. Is performance measurement part of strategy execution/development? Is it some tasks that you have to do to make someone happy? That's the goal!</p>	<p>Keep staff inform of progress:</p> <p>I do that by keeping people inform. People come to me for information and I am able to provide that information. I am provide across the organisation, it is available for everybody who want to see it, it helps people to be more aware of what the organisation is doing, how their particular function is performing and highlight issues they need to improve.</p>	<p>Staff understand their contribution to the organisation as a whole:</p> <p>I think widening access to performance information is necessary but not enough in itself, but part of the way to see people contributing to common corporate purpose of an organisation, they've got a distinct contribution to make, but it isn't a contribution that they've made up on their own that they think is important, it's got to contribute to the library wide perspective. Seeing how their information contributes to the library picture is quite important part of that. People would then understand what their role is, it's not just providing information, but providing a coherent part of the library's overall strategy.</p> <p>Investors In People: a strategy to get staff involvement and engagement with a view to drive improvement.</p> <p>And to obtain feedback how staff felt about their work and capabilities:</p> <p>At this moment we are seeking accreditation Investors In People which a benchmark survey of staff is done in 2004, it showed that there were some weaknesses that people not understand the organisational priorities were, not</p>	<p>Feedback on staff performance:</p> <p>Part of it is about our internal pride in, last year during the annual staff conference, we are ok we hit about half of our targets, we did OK. It's not complete failure, when we have our next conference next week, I'll be standing up there and say '8 out of 9' that's good for us all. That positive feeling feeds through to how people do their job every day, so that's really important.</p> <p>Awareness of links between individual objectives and organisational objectives: better linkages with individual objectives: we have that now for the top 3 levels of the hierarchy. I'd like to see that drive much further down, it's not just about the numbers being in there, is about making individual people understand why it's there objectives, what its important that they do X, how that contribute to something wider in the government.</p> <p>Engage staff in measuring and monitoring activities:</p> <p>'I am not interested why I am doing it, just tell me what I've got to do, and I'll come in and do it' which is something about really engaging people in our</p>
<p>KE6: Influence Performance Behaviour</p>						

			<p>being able to articulate key objectives of the organisation; we are expecting to get that accreditation next year. Work has been done to take Investors In People forward should be helping to understanding the objectives of the organisation are, should be a pre-requisite for being able to monitor performance and to achieve them. We have a management development program which is training management of the library. A learning and development plan for all staff has been adopted, HR initiatives, also individual performance appraisals all approaches are linked, being part of the wider performance of the library. Individual need to see the contribution they are making towards achieving organisational wide performance.</p>	<p>vision about our mission to the world, I think it's a time issue. The more often we talk about this, the more it will become part of people's day-to-day existence, the more like we are likely to be more successful.</p> <p>Link staff appraisals to performance measurement</p> <p>Setting expectations of staff performance:</p> <p>We got to get more realistic how we evaluate and assess people's performance. In the sense this year, we have an annual appraisal system for staff, people tend to think that if they delivered the target that they have exceeded but actually they just succeeded. We have to manage that setting people's expectation. We want to change the culture on how assessment of staff performance, and it's difficult, it is happening right now.</p>
<p>KE7: Drive Improvement</p>	<p>Take remedial actions: drive improvement (KE7)</p> <p>Our performance report it help us see how we did things what could be improve upon, what went well or didn't go well. And what happened really what detract, because we are not a constant it is quite important to have a history we can look back on.</p> <p>The most important impact is that our executive board can make decision based on the information I gave them. They can make remedial action. Early on the year we were reporting on our child visits and we were not doing very well, it meant that the different department can work together eg. Our</p>	<p>Regular review with strategic intent to drive improvement</p> <p>Quarterly meetings, it might seem a lot but we are responsible for 1/4 billion of tax payers money so we need to know precisely of what is happening; and what we've done is to instill a culture of continuous improvement rather than focus on a fixed annual contract, for many organisations there's always tend to be a long period of planning, that might take several months, build up to April, the world then change. We are not doing the annual planning, what we'll do is that once a quarter we'll do planning and performance management together, so what we do is to make planning more efficient and put more time in</p>	<p>Use of performance information to drive improvement (KE7) and to demonstrate success (KE8)</p> <p>At the end of the day performance reporting should be linked/ about what we are going to do, and how successful we are at doing it, it should be about actual business of library rather than bureaucratic exercise which nobody sees the point of it.</p>	<p>Review aims at improving service delivery not just hitting targets:</p> <p>Changes in funding:</p> <p>Another thing I would like them to use it for is to drive continuous improvement in what we do. If you have a sense of dissatisfaction even if we hitting our targets, if we are hitting our targets, maybe we didn't set them challenging enough. It doesn't mean pushing people and pushing people simply for the sake of exceeding the target, it's about saying if we are about to give an excellent service to people and it's got problems, the more of that we can do the better it</p>

	<p>press team on board working with our education team to put on different kind of activities and to publicise these activities. They can see what the picture was, they could respond to what was going on cross departmental.</p> <p>They need the report to use it to make specific decisions, they could act accordingly and make corrective actions. They also use it to inform their own department functions. In a way they get a bigger picture and they can see what they are doing for the whole picture.</p>	<p>performance management.</p> <p>Regular review feedback informs strategic plans:</p> <p>What we are trying to do, is to move away of planning before the financial year starts you develop projects, deliver and then assess them. We are trying to move away from that to one of more continuous improvement, once a quarter we try to think about what our strategy is, to check to make sure things haven't change in the global economy that makes our strategy wrong. Once in a while, you want to make an assessment for the last 3/4 years of globalisation- China and India emerging in the Scottish economy, how does this impact our strategy, perhaps we need to do more to help Scottish companies to internationalise.</p> <p>Feedback from customers inform service improvement strategies:</p> <p>See evidence on review above.</p>	<p>takes, don't just stop just because we are hitting target, think about how you can improve all the time.</p> <p>And certainly it's about value, because we are physically challenge because our funding is tighter as it is now than a few years ago.</p> <p>Directors' remuneration link to performance:</p> <p>For us the executive directors, our annual pay is entirely dependent on how we perform, that tends to drive your behaviour for people you manage as well. Yes it is very clear from the top how important this is. If you talk to most people, they will talk about it by the PSA six targets, something that they did work every day, which is great.</p> <p>Working towards organisation wide performance rather than regional: Work towards national objectives rather than regional objectives:</p> <p>the organisational learning that we really have for the year that has just finished have been 'if we get behind delivery of some of this performance, if we all focus on overall target rather than my bit target 'region X' to say I am in region X but I am a part of the whole series of regions so I need to do it' that has been really power learning for me, something we've got to take it to this year. This is a proven way of doing this, we need the organisation to learn what make it effective and do that everywhere.</p> <p>We were very unclear about what was important and that too many people setting their own priorities rather than having corporate priorities. They were</p>
--	---	--	--

				<p>setting either geographical functional priority for themselves even though we have national targets. We weren't serious about achieving those national targets to give them the precedent that they needed. We got firmer about saying as an organisation this is what we need to do to succeed.</p> <p>Encourage ownership:</p> <p>We have all of these targets that are all important, we recognise that each year that may be 4 of them are going to be more challenging to achieve than others. We put a project manager in to manage the delivery of that target. So through that structure, leaving the targets owners, target sponsors, project manager to evangelise the message about how important this is and that helps to get the vibes. People are in no doubt about what is important.</p>
<p>KE8: Demonstrate Success</p>	<p>Demonstrate achievements:</p> <p>I put together report to our trustees, our finance committee, to make sure that we do what we are supposed to be doing <review performance> and to report on achievements and meeting of targets < demonstrate success>.</p>	<p>Drive improvement (KE7) to demonstrate success (KE8):</p> <p>I facilitate the discussion, here is the strategy and here is what we thought we're going to achieve, this is all we've achieved. Is that good or bad, what can be improve? If it's good we can share best practice how can we get better, if it's bad, what cause it to be bad, what are the barriers, what needs to be fixed.</p> <p>From the discussion, we get a list of things we need fixing, a list of we can do better. The quarter we come back and let's look at the big picture, we said we want to fix this, have we fixed it? Does it having the effect that we thought it will have or it will take 2-3years to fix?</p> <p>That's if you like the top decision making team, we have non-executive Board that scrutinise what we do. We have separate meetings for that. We also have to report back on a 6 monthly basis to our</p>	<p>At the end of the day performance reporting should be linked about what we are going to do, and how successful are we at doing it, it should be about actual business of library rather than bureaucratic exercise which nobody sees the point of it.</p>	<p>One (the goal of performance measurement) is the increase of our reputation, I think 2 years ago we were seen to be a failing organisation, and now some people are thinking we are not failing any more. It is really important for the Treasury to see that we have correct portfolio and they do now generally believe that we have.</p> <p>Informs assessment criteria:</p> <p>Our vision is longer term than the PSA targets but they have to reflect what the central government wants us to achieve. So in that sense the PSAs sits over everything we do. Through the things we want to achieve we will deliver the PSA targets.</p>

<p>KEs: Negotiate Targets and Budgets</p>	<p>Prepare proposal for Board's approval for submission:</p> <p>We look at how they (targets) perform in previous years, what particular activity is going on in the year ahead that they know about, we have notes against the targets explaining where these decisions came from and we have risks against achieving the targets and how they would manage that risks. We have the initials of individual responsible person, and then once I have spoken to individual managers and that has gone the documents is as fine as it could be, it would go to the Board who would approve the target it will affect and be affected by resources. So this is done at the beginning at the financial at the same time the budgets are being prepared.</p>	<p>sponsor <demonstrate success>. Supporting all of that each of these teams on disperse geographic model have a similar conversation.</p> <p>Working closely with sponsors to set targets:</p> <p>We work very closely with them (sponsor department) to try and support this performance framework, one thing we've done jointly with them is to try to set out a framework for 'what success in a Scottish economy would look like'-the stakeholder perspective of the BSC. Working together, we think Scotland needs high levels of GDP per head, etc... a set of indicators. More specifically if we compare Scotland with OECD countries then we need to know where we currently stand in an assessment amongst the best. So we draw a graph which shows if Scotland is amongst the best, (showing me a line graph), what proportion of the workforce has received training in the last 6 months compare with other successful economies; Scotland trains its workforce very well. Having said that our productivity level is 70% is driven by training, investment in ICT, R&D. so we are way down compared with the best. So that gives us a context within which we as a development agency and our stakeholders understand the external environment. we say that this need to change, we are not responsible solely for all these activities, but what we will do is that we'll do some specific projects that will make contribution to these. Each of these outcome measures we want to influence them in certain ways, our job is to agree with our stakeholders- we will influence in a certain way if you give us</p>	<p>Standard targets set by the sponsoring department for every agency may not work well:</p> <p>The trouble is that there are 15 NDPBs sponsored by Tourism, Culture and Sports, and this Department applies the same indicators to all these bodies, eg National Galleries of Scotland, Botanic Gardens have the same measures that we do, they got this common set of indicators they slightly lose relevance to us, for a museum, a visitor walks around into the library to study a book or reference.</p>	<p>Propose targets for negotiation:</p> <p>The executive team decide what they think is the most important set things to concentrate on for the coming year. We then work with senior management team (20 people) to work into a set of broad measures, that them to the senior leadership group (top 50 mgrs in the group) and test them by saying 'would this really work for you? Is this something you would use it day in day out?' so that by the start of the year, we've got what are to be our measures for this year ahead. The top 50 mgrs all got the ownership of that and we've ironed out any sort of practical difficulties through the informal consultation. The other people who are very interested in this, Commission and the Chairman, we take or draft our proposals to the Commissioners so that they are absolutely bought in, they have a role as non-executive to hold the executive account, they have to be happy that they are doing in on the right basis.</p> <p>Changes in funding affects strategic planning:</p> <p>Another thing I would like them to use it for is to drive continuous improvement in what we do. If you have a sense of dissatisfaction even if we hitting our targets, if we are hitting our targets, maybe we didn't set them challenging enough. It doesn't mean pushing people and pushing people simply for the sake</p>
--	---	--	--	--

		<p><u>money</u> <Negotiate budget> that you've promised us. You'll see progress in a short term by us delivering a whole set of projects <demonstrating successes> in the short term this will be the set of outputs we will deliver. <inform assessment criteria> So there is a relationship between stakeholder expectations and performance measurement and ultimate performance management.</p>	<p>of exceeding the target, it's about saying if we are about to give an excellent service to people and it's got problems, the more of that we can do the better it takes, don't just stop just because we are hitting target, think about how you can improve all the time. And certainly it's about value, because we are physically challenges because our funding is tighter as it is now than a few years ago.</p> <p>Inform target plans:</p> <p>Once a quarter we have a compass report and that is where we get our senior management team (top 20) together and have a more in-depth examination of quality of 9 or 10 business targets so that we have an overall view of our performance. Having that review by the senior management, then the following commissioner meeting so that they can question. So we have quite a lot of scrutiny as to how we do it.</p>
--	--	---	---

Appendix 13 An Example of a Corporate Scorecard

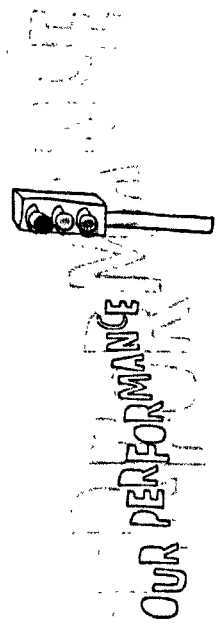


Annual Report 2007-08

Main Menu

- Introduction
- Foreword by the chair
- Introduction by the chief executive
- Global scorecard results
- Global network
- Regional Output
- Western Europe and North America
- Russia and Northern Europe
- South-East Europe
- Middle East
- Near East and North Africa
- East and West Africa
- Southern Africa
- Central and Southern Asia
- India and Sri Lanka
- East Asia
- China
- Latin America and the Caribbean
- Overall Performance
- Living by our values
- Regional performance
- Corporate performance

Global Scorecard Results



This year's report The British Council is an executive non-departmental public body and a charity audited by the National Audit Office. Our charitable objects, set out in our Royal Charter are to:

- promote a wider knowledge of the United Kingdom
- develop a wider knowledge of the English language
- encourage cultural, scientific, technological and other educational co-operation between the United Kingdom and other countries
- promote the advancement of education.

Our annual report meets the requirements of Her Majesty's Treasury for the reporting of non-departmental public bodies and the requirements of the Charity Commission. It is the public record of our achievements over the last financial year. It identifies the government grants we have received and demonstrates how we have used this money,

along with income we generate from our own activities, to provide benefits for the UK.

This report sets out the progress we have made towards the targets in our Corporate plan for 2006-08. The plan was informed by the strategic priorities of the Foreign and Commonwealth Office as our sponsoring department and the requirements of our Board of Trustees.

Measuring progress Our scorecard measures our performance in the following areas: the impact we make; the audiences we engage with and reach; and the level of satisfaction of our customers and stakeholders.

In this report we show our performance in 2007-08 compared with our results in the previous year (2006-07) and the targets we set for ourselves in our Corporate plan for 2006-08.

How to read the data All scores are reported out of 100. The majority of scores we record are in the range 75-85 indicating a level of performance that can be classed as 'good' or 'very good'. However, what is more important is progress against established baselines, our trends, and improving future levels of performance.

We are again using a traffic light system to highlight areas of success or concern:

- target not met; more than five per cent at variance
- target partly met; up to five per cent variance
- target met or exceeded.

Our story for the year: scorecard results for 2007-08 Overall, we have made good progress this year against a background of significant organisational change. Our combined audience figure was 128 million, an increase of almost 25 million on last year. Our engagement figure of 15.6 million is slightly lower than last year, as is the combined score against our Evaluation of long-term outcomes (ELTO) measure. Encouragingly, our customer satisfaction score remains at the high level of 80, the figure achieved last year. We have set ourselves demanding targets to drive high performance. Next year there will be further improvements and refinements to our measurement system.

Impact We measure our impact against five corporate outputs through a worldwide sample survey that collated data from 270,000 of our customers in 2007-08. These outputs are:

- 1 Internationalism: relationships brokered by the British Council broaden the international views of young people.
- 2 Long-term relationships: an increase in the number of quality relationships between the UK and other countries.
- 3 Positive partnerships: the UK is increasingly recognised as a country of choice for partnering positive social change.
- 4 Self-development: the UK is increasingly recognised as a country able to satisfy aspirations for self-development.
- 5 Creative ideas and achievements: the UK is increasingly seen as the country of choice for its creative ideas and achievements.

The corporate level results for these five outputs are shown on the chart below and by region in the Regional performance section.

We increased our impact score against four out of five of our corporate outputs and met our target for the first three. Projects reporting against these outputs fall almost entirely into the grant- and partnership-funded segment of our work. Our self-development and creativity outputs results are in line with 2006-07 but we did not reach the stretch improvement targets we had set for ourselves.

Audience We measure our audience in terms of: engagement - the target audience we interact with on a personal basis; and reach - the larger audience with whom we interact online or through other broadcast means.

The slight reduction in our engagement figure is in part because of the period of significant organisational change we have gone through and because we have started to target our work in some regions more tightly on influencers to maximise indirect impact and widen our networks.

Customer satisfaction These results are drawn from the 270,000 sample mentioned above and comprise two component metrics: meeting expectations and quality of delivery. This year's combined corporate score of 80 is strong and in line with the previous year, although slightly behind our target of 82. Of the two components we scored more strongly on quality of delivery. We believe that our more customer-focused, new product-development process and the move to larger-scale products will help us improve our results against meeting customer expectations. We will be reporting separately on these two satisfaction measures in the future.

Evaluation of long-term outcomes (ELTO) We track the benefits and value to the UK of long-term relationships among our audience of decision-makers and senior influencers by undertaking a sample survey in a rolling selection of countries in a region. This year the total survey population was 1,200. The overall ELTO score is made up of three separate measures: strengthening of ties with the UK, personal beneficial changes and organisation beneficial changes.

The corporate level results from this ELTO study are shown below. ELTO results at a regional level are discussed in the relevant regional sections.

On the basis of the sample size, our overall result for the year (78) is statistically in line with last year (80). However, our result for the individual component – strengthening of ties with the UK, is significantly lower than last year, having fallen to 68. We believe that this result partly reflects a need to work more consistently over time through our projects with our senior level audiences.

National Audit Office study of scorecard In its value-for-money study of the British Council carried out in 2007, the National Audit Office endorsed our performance measurement system as a benchmark for public diplomacy organisations. We aim to use the insights from this study to develop and further improve our measurement systems in 2008 and beyond.

About the scorecard and changes in 2008-09 In the 12 regional sections of this report we focus on the measures we will continue to report from 2008-09 onwards. These are audience, customer satisfaction and our ELTO measure.

From 2008 we will measure the impact of what we do over a longer period of time, drawing on both qualitative and quantitative data of customer experiences after our engagement with them. Evidence will track progress towards larger and more strategic changes that have made a difference to individuals, institutions and their understanding of the UK. This will be supportive of overall public diplomacy reporting following recommendations in the Carter review.

Performance scorecard reporting in 2008-09 will be in the context of the new programme areas described in the Chief Executive's Introduction.

OUTPUT RESULTS Performance 2007-08 Index value 1-100

	RESULT 2006-07	RESULT 2007-08	TARGET 2007-08	RESULT AGAINST PREVIOUS YEAR	RESULT AGAINST TARGET
Internationalism	79	83	79	● Met	● Met
Long-term relationships	78	80	78	● Met	● Met
Positive partnerships	76	80	78	● Met	● Met
Self-development	77	76	80	● Partly met	● Not met
Creative Ideas and achievements	75	76	78	● Met	● Partly met
Evaluation of long-term outcomes	80	78	83	● Partly met	● Not met



Appendix 14 Phase III Consent Form

Preliminary Feedback

Checklist and Guidebook for Performance Measurement

CONSENT FORM

This process of seeking feedback/comments is part of a wider research project on Performance Measurement in British Central Government. The objective is to examine and review the ease of use, comprehensiveness, and the potential of this checklist in providing useful information for conducting performance measurement process. This feedback will inform further improvements. I would also be interested to receive any general feedback relating to this research.

Ethical consent for this research has been sought from the Dept. of Management Science's Ethics Committee. However, should you have any questions concerning the ethics of this study, you can contact the Head of Management Science and the Chair of the Departmental Ethics committee: Professor Lesley Walls – e-mail: lesley.walls@strath.ac.uk. She is independent of, and has no personal interest in, this research, and will be happy to answer any queries you may have.

Your participation in this project is completely voluntary. You can choose not to participate in testing this checklist, without any consequences.

All information that is collected from this review will be treated with the utmost confidentiality and your anonymity will be respected at all times. All responses will be treated confidentially, collated and reported in broad categories with no reference to specific organisations or persons. It is not my intention to use this data in a way that will enable comments to be attributed to individuals. Anonymous and unattributable verbatim quotes may be used to illustrate findings and may possibly be published. Only myself and my supervisors will have access to this data. This data will be securely stored in a locked office, or on a password-protected computer. It is anticipated the data will be kept for a maximum of 10 years. During this time this data may be used again for other research studies undertaken by Nur Anisah, but the same levels of anonymity and confidentiality will be maintained.

I would like to seek your permission to voice-record this interview.

Would you agree for this interview to be voice-recorded? Yes No

If you are interested in receiving a transcript of the summary of feedback on this test, please contact me and I will be happy to provide this when it becomes available.

If you have any queries, questions or concerns I can be contacted by e-mail at any time: nur.a.abdullah@strath.ac.uk or telephone: 0141 548 4900.

Please sign and date this form below. If you have agreed to participate in this research, please note that your signature on this form will be taken to indicate that:

- (i) You are aware of what participation in this project involves;
- (ii) Any questions you may have about this project have been answered to your satisfaction.

Thank you.

Print name: _____

Signature: _____ Date: _____

**Please return this using the enclosed self-addressed envelope, or by fax 0141 552 6686 to Nur Anisah Abdullah*

Appendix 15 Phase III Feedback Form

Feedback Form Checklist & Guidebook for Performance Measurement

Kindly provide feedback based on your experience in using or reviewing the checklist and guidebook.

	Please rate by circling the relevant number:				
SELF-ASSESSMENT CHECKLIST					
Ease of use	1 Poor	2 Adequate	3 Good	4 Very Good	5 Excellent
<input type="checkbox"/> Limitations encountered <input type="checkbox"/> Your suggestions					

Overall Completeness	1 Poor	2 Adequate	3 Good	4 Very Good	5 Excellent
<input type="checkbox"/> Limitations encountered <input type="checkbox"/> Your suggestions					

	Please rate by circling the relevant number:				
GUIDEBOOK					
Ease of Use	1 Poor	2 Adequate	3 Good	4 Very Good	5 Excellent
<input type="checkbox"/> What is lacking? <input type="checkbox"/> Your suggestions					

Overall Completeness	1 Poor	2 Adequate	3 Good	4 Very Good	5 Excellent
<input type="checkbox"/> What is lacking? <input type="checkbox"/> Your suggestions					

Describe the overall utility of the checklist and guidebook for performance measurement based on your review:

- ◆ Do they meet your expectations?
Please describe:

.....
.....
.....
.....
.....

- ◆ Do they provide potentially useful information for conducting performance measurement in general?
Please describe:

.....
.....
.....
.....

- ◆ Do they provide potentially useful information for developing a new performance measurement approach?
Please describe:

.....
.....

- ◆ Do they provide potentially useful information for reviewing an existing performance measurement approach?
Please describe:

.....
.....
.....
.....

Thank you very much for completing this feedback. Please return your response using the enclosed self-addressed envelope or by email: nur.ahmed@stnrl.ac.uk or by fax to 0141 532 6666. I am happy to meet to discuss the feedback. You are providing contact me via email or telephone: 01415484900 or 07817008738.

Appendix 16 Synopses of Guides and Handbooks

performance management which consists of 5 main blocks:

- i. aspiration- have a clear and shared sense of direction and understanding the needs and preferences of customers and other stakeholders;
- ii. a coherent set of performance measures and targets supporting the aspirations;
- iii. ownership and accountability-establish ownership for every target;
- iv. rigorous performance review-the need for a rigorous performance monitoring and review system ; and
- v. reinforcement- use of a set of reinforcements for poor, middle-ground and excellent performance such as financial rewards, career opportunities and other non-pay incentives.

In addition to the above, the document highlights the importance of leadership, culture and values in supporting the delivery of high performance.

5. The Principles of Performance Measurement 2000

The Audit Commission published this report with a view to help local authorities in developing and using performance measurement as a component of their overall strategic and operational management. Based on a 4-key aspect framework, the paper identifies the 6 key principles of performance measurement and presents a checklist of questions for each of the following:

- i. clarity of purpose- the need to identify the user of information and an understanding of how and why performance information will be used;
- ii. focus- performance information should focus on the core objectives and service areas in need of improvement;
- iii. alignment-measuring and monitoring activities should be aligned with objective setting and performance review processes;
- iv. balance-use of a balanced set of measures reflecting a balanced picture of the organisation's performance;
- v. regular refinement – strike a balance between having consistent information for trends of performance and reflecting current priorities; and
- vi. robust performance measures- clearly defined measures and subjecting performance information to independent internal and external scrutiny.

The 4-key aspect framework as a cyclical process of: (1) determining objectives, (2) choosing measures, (3) setting targets, and (4) collecting, publishing and interpreting, and reviewing system for improvement.

6. Good Practice in Performance Reporting 2000

The National Audit Office (NAO) published the Good Practice in Performance Reporting in

1. First Steps in Measuring Performance in the Public Sector 1989

Jackson and Palmer (1989) developed a booklet as a practical starter guide to the development and use of performance measures in the public sector. The booklet presents the principles of design of measures and defining the data collection process, highlights issues of performance measurement such as buy- in and unintended consequences and end with case studies illustrating the uses and challenges of performance measurement.

2. Developments in Performance Measurement and Financial Management: Ideas for Use in the Public Service 1991

Jackson and Beeton (1991) compiled lists of questions to guide managers and auditors in the use and review of performance measurement. The questionnaire focuses on 6 areas:

- i. General policy questions- guides the assessment of an organisation's readiness for performance measurement
- ii. Strategy and Objectives- guides the assessment of the organisation's understanding of their objectives, the relevance of the objectives and the measurability of those objectives;
- iii. Design of Measures- provides a list of criteria for good measures;
- iv. Collection of the Data- guides the assessment of the availability of data and the feasibility of data collection;
- v. Presentation of Performance Information- guides the presentation and design of reports; and
- vi. Organisation and Accountability-guides consideration of the integration of performance measures into budgeting, review and pay schemes.

3. Best Practices in Performance Measurement 1997

The National Performance Review (NPR, US) compiled a list of best practices in performance measurement to support agencies in their response to the Government Performance and Results Act 1993, the Government Management Reform Act 1994 and the Information Technology Act 1996. The report consists of 4 sections presenting successful processes, approaches, tools and practices for establishing and updating performance measures, establishing accountability for performance, gathering and analysing data, and reporting and using performance information.

4. Meeting the Challenge 2000

The Public Services Productivity Panel (closed in 2006) proposes a framework for

Executive Agencies and Non-Departmental Public Bodies in 2000. The report aims to assist agencies to further improve their performance reports by promoting the wider spread of good practices identified by the NAO. The report consists of a checklist and 18 cases studies to demonstrate the performance measurement approaches used agencies and public bodies. The checklist covers the quality of performance data and the presentation of results. It provides some key issues for setting up and reviewing a performance measurement system and presenting results. The case studies discussed the challenges faced by agencies and the approaches they used in aligning performance measures with aims and objectives; reporting the outcome of agencies activities, considering the interest and needs of stakeholders, and providing a comprehensive view of performance.

7. Choosing the Right Fabric 2001

HM Treasury, the Cabinet Office, the National Audit Office, the Audit Commission and the National Office of Statistics joined forces to put together a guide supporting the public sector in improving performance information and performance management. The guide consists of 5 main sections. The first section outlines the ways in which performance measurement can encourage improvement in public services. Secondly, the input-outputs and outcomes model is used to help describe government activities. The third focuses on the criteria for a good performance information system: Focused, Appropriate, Balanced, Robust, Integrated, and Cost Effective (FABRIC). The fourth section looks at 8 criteria of good measures: Relevant, Avoid perverse incentives, Attributable, Well-defined, Timely, Reliable, Comparable and Verifiable. Finally, the 5th section presents the components of a useful performance measurement system (see Figure 1). The framework aims to help the public sector by setting out the key concepts underpinning performance information practices across government and sets itself as a foundation for greater co-ordination and joined up working within all levels of the public sector.

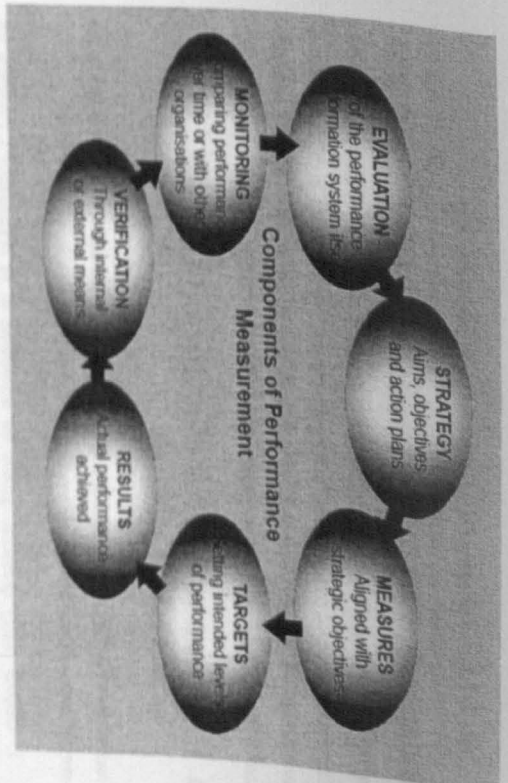


Figure 1 Components of Performance Measurement

Source: Choosing the Right FABRIC, 2001, page 23. Access date: 27 October 2008.

http://archive.treasury.gov.uk/performance_info/fabric.pdf

8. The Performance-based Management Handbook 2001

The Performance-based Management Handbook is a 6-volume compilation of techniques and tools for implementing the Government Performance and Results Act of 1993 (GPRA), produced by a Special Interest Group within the US Department of Energy. The handbook is structured based on the National Productivity Review Performance Measurement Process Model 1997 (see Figure 3). The handbook is intended for US government departments aims to provide a formalised framework for the implementation, conduct and maintenance of a performance-based management approach the business operations. Topics covered by each volume are as follows (see Figure 2):

- Volume 1: Establishing and Maintaining a Performance-based Management Program
- Volume 2: Establishing an Integrated Performance Measurement System
- Volume 3: Establishing Accountability for Performance
- Volume 4: Collecting Data to Assess Performance
- Volume 5: Analysing, Reviewing and Reporting Performance Data
- Volume 6 Using Performance Information to Drive Improvement

Each volume provides information, suggestions with examples and step-by-step approaches

for the processes involved.

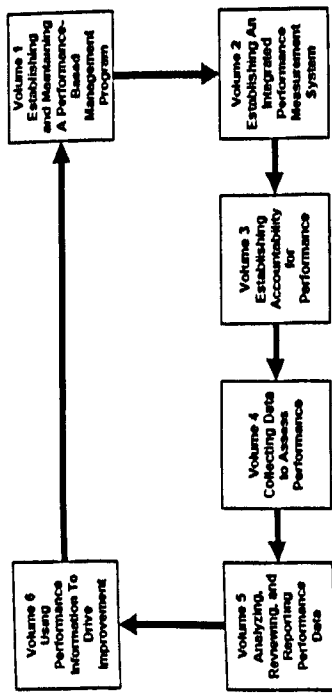


Figure 2 The 6-Steps to Establishing a Performance-based Management Program

Source: The Performance-based Management Handbook, 2001, The Performance-based Management Special Interest Group (PBM SIG), the US Department of Energy (DOE). Accessed: 27 October 2008. <http://www.ornl.gov/pbmhandbook/Volume%201.pdf>

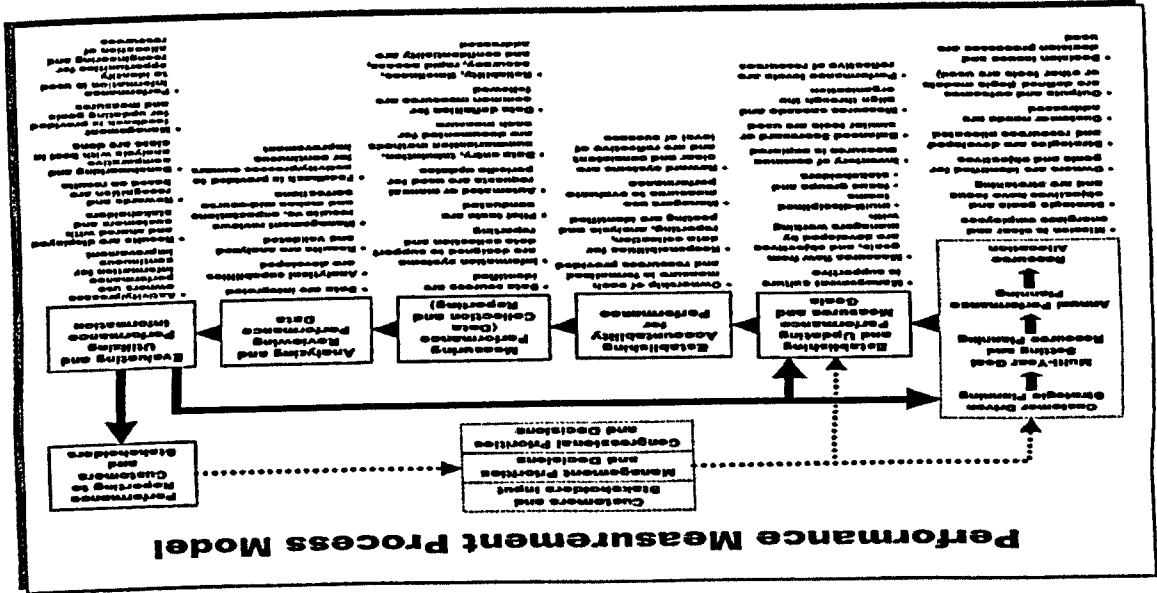


Figure 3 NPR Performance Measurement Process Model
 Source: The Performance-based Management Handbook, 2001, The Performance-based Management Special Interest Group (PBM SIG), the US Department of Energy (DOE). Accessed: 27 October 2008. <http://www.ornl.gov/pbmhandbook/Volume%201.pdf>

10. Guidebook for Performance Measurement 2001-2004

The Turning Point National Program Office² (now closed) consists of a network of 23 public health partners in US, produced a guidebook that covers the fundamentals of performance measurement in public health. The Guidebook explains the reasons for developing a performance measurement process and provides a description of the key components involved in developing such a process. It offers strategies and practices used by practitioners. According to this framework, the key components of an effective performance measurement system are made up of the following:

- Incorporating stakeholder input
- Promote top leadership support
- Create a Mission, Long-term Goals and Objectives,
- Formulate Short-term goals
- Devise a simple, manageable approach, and
- Provide technical assistance.

11. Setting Key Targets for Executive Agencies: A Guide 2003

This guidance produced by HM Treasury, the Cabinet Office, and the National Audit Office aims to help agencies and departments in bridging the gap between the setting of key targets and the Public Service Agreements and delivery plans. The guide explains the target setting process, highlights the elements that need to be considered when deciding what to target, and identifies some tools for targeting performance improvement.

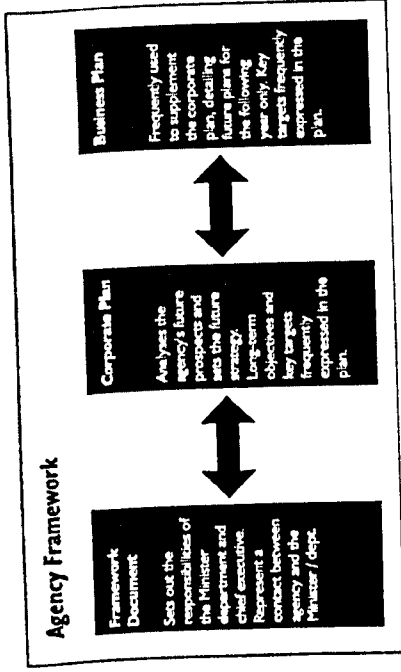


Figure 6 Agency Framework

Source: Setting Key Targets for Executive Agencies: A Guide, 2003; page 20. http://www.hm-treasury.gov.uk/d/target_set_guide.pdf. Access date: 27 October 2008.

12. Target Setting: A Practical Guide 2005

The Performance Management, Measurement and Use of Information (PMMI) Project, Improvement and Development Agency for Local Government (IDEA) in 2005, produced a guide to assist managers in setting challenging and robust targets that support the achievement of corporate priorities. This guide is supported by a Target Setting Checklist for setting or reviewing targets.

The 6 main parts of target setting are as follows and Figure 7 shows 1 of the 6-part questionnaire:

1. Know what outcomes you are trying to achieve
2. Clearly define where you are now and where you want to get to
3. Identify measures
4. Set target in consultation with staff, members and citizens
5. Action plan to achieve targets
6. Final checks to ensure stakeholders are happy with the targets, ensure targets are SMART, ensure that an action plan is in place to deliver against targets, ensure risk assessment and monitoring is in place and ensure performance is monitored regularly.

² Turning Point started in 1997, was an initiative of The Robert Wood Johnson Foundation and the W.K. Kellogg Foundation. Its mission was to transform and strengthen the public health system in the United States by making it more community-based and collaborative. Access date: 27 October 2008. http://www.turningpointprogram.org/Pages/pdfs/perform_manage/pmc_guide.pdf

Target Setting Checklist

Using this checklist

The checklist is designed to help service managers and those responsible for setting and delivering performance against targets to set challenging but realistic and meaningful targets. Further supporting information is available in the accompanying guidance *'Target Setting - A Practical Guide'*.

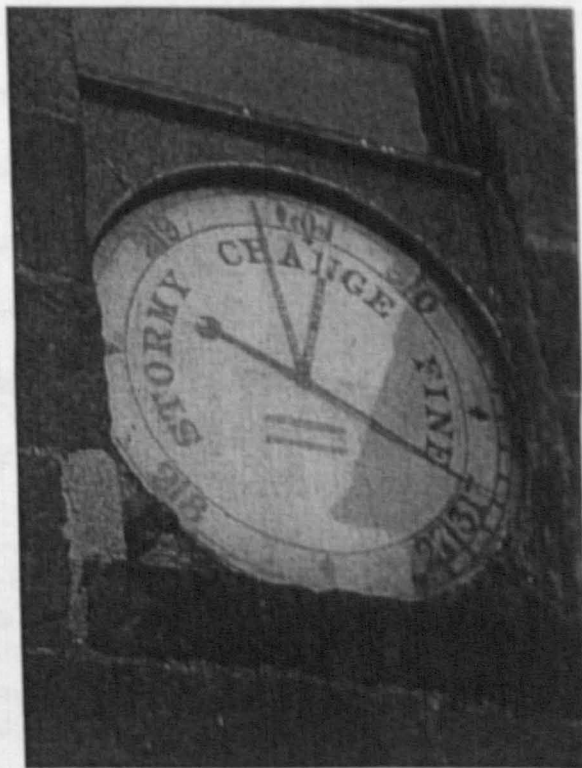
Question to ask yourself	Yes	No	D/K	Action to take	Your comments
<i>Is it appropriate to set a target?</i>					
Do you have to set a target? (e.g. is it a national requirement to set one)				If you really have no choice go to the next section	
What is it you are trying to achieve?				Start with the real world outcomes	
Can you affect the outcome, within the target timescale?				If not is this an appropriate area for a target?	
What sort of target is it (accountability, management, self-improvement etc.)				If it is self-improvement, it is for the people delivering it to fully own it and judge themselves against it The more it is about accountability, the more important it is to achieve it, but it may be less stretching	
Is this of sufficient priority to warrant a target?				Within any given area of responsibility there is a limited number of targets you can focus on (but there can still be a large number overall at the front line, with a smaller number at higher levels)	
Take all the above into account ...				Decide whether to set a target or not, and what sort of target it should be	

Figure 7 PMMI: Target Setting Checklist: Part 1 of 6

Source: PMMI Project, 2005. Access date: 27 October 2008. <http://www.isda.gov.uk/idk/core/page.do?pageId=845670>



How are we doing?



Performance Measurement Self-Assessment Checklist

Third Phase of a wider research project on
Performance Measurement in British Central Government

Blank page

CONTENTS

INTRODUCTION	1
Are We Ready for Performance Measurement?	4
Part 1 Set Goals and Objectives	5
Part 2a Measure and Monitor Performance	6
Part 2b Which Framework?	7
Part 3a Measure and Monitor Project	8
Part 3b Evaluate Project	9
Part 4 Prepare Evidence of Performance	10
Part 5a Review Performance and Make Decision	11
Part 6 Internal Communications	12
Part 7 Influence Performance Behaviour	13
Part 8 Drive Improvement	16
Part 9 Demonstrate Success	17
Part 10 Negotiate Targets and Funding	18

A PhD Project conducted by Nur Anisah Abdullah*

Advisors: Professor Valerie Belton and Mik Wisniewski

Department of Management Science, Strathclyde Business School,
Level 8 Graham Hills Building, 40 George Street, G1 1QE Glasgow.

*corresponding author. Email: nur.a.abdullah@strath.ac.uk Tel: 01415483613

Publication date: June 2008

© The copyright of this document belongs to the author under the terms of the United Kingdom Copyright Acts as qualified by Strathclyde University Regulation 3.49. Due acknowledgement must always be made of the use of any material contained in, or derived from this document.

Cover photograph: A barometer mounted on a building located at Stonehaven Harbour, Aberdeenshire.

INTRODUCTION

'Performance measurement and reporting are intrinsic to the whole process of public management, including planning, monitoring, evaluation and public accountability.'

(The Comptroller and Auditor General, The National Audit Office, 2000)

Public organisations put considerable time, effort and resource into measuring and reporting their performance. This performance information is used for accountability and for performance management, and it is critical that the performance measures collected and used are fit for purpose.

This Self-Assessment Checklist, supplemented by a Guidebook, is designed to help managers with developing better performance measurement.

Who should administer this self-assessment?

The best people to judge are those who lead and are directly involved with the development and implementation of performance measurement within each organisation, who can best evaluate what fits their needs and identify what applies.

The Self-Assessment Checklist

This Self-Assessment Checklist is based on a research on Performance Measurement in British Central Government conducted as part of a PhD in the Management Science, Strathclyde University.

The Self-Assessment Checklist provides a health check and help to identify improvement needs, or use it to inform the development of a new system. This Checklist is supplement with an accompanying Guidebook which provides more detailed discussions on fundamental issues and processes for each key element of performance measurement.

An Overview

The Checklist is structured and presented in ten sections based on a framework for performance measurement, see Figure 1. Each section is numbered to correspond with key elements in Figure 1, consists of a set of questions which acts as a diagnostic to assist managers to think through their current state of performance measurement and identify gaps along the way.

Key Elements of Public Sector Performance Measurement

Findings from research reveal that performance measurement is an iterative process and this iterative process is explained by ten key elements, as shown in Figure 1. The process starts with (1) setting of organisational goals and objectives and identification of key areas for monitoring, which enables the (2) measuring and monitoring of activities for (3) evaluation of projects, and (4) the preparation of evidence of performance. The availability of this evidence enables (5) a process of performance review and decision making. This review highlights performance issues which managers can use strategically in (6) staff communication to (7) influence performance behaviour to (8) drive improvements, and also help pull together evidence generated from measurement activities for (9) external

reporting. Through demonstration of successes, organisations (10) negotiate for target plans and funding. New target plans, budget plans or policy changes would almost always require some revision to existing set of goals and objectives (1) and so the cycle recommences.

The Checklist and Guidebook are structured based on this framework (Figure 1).

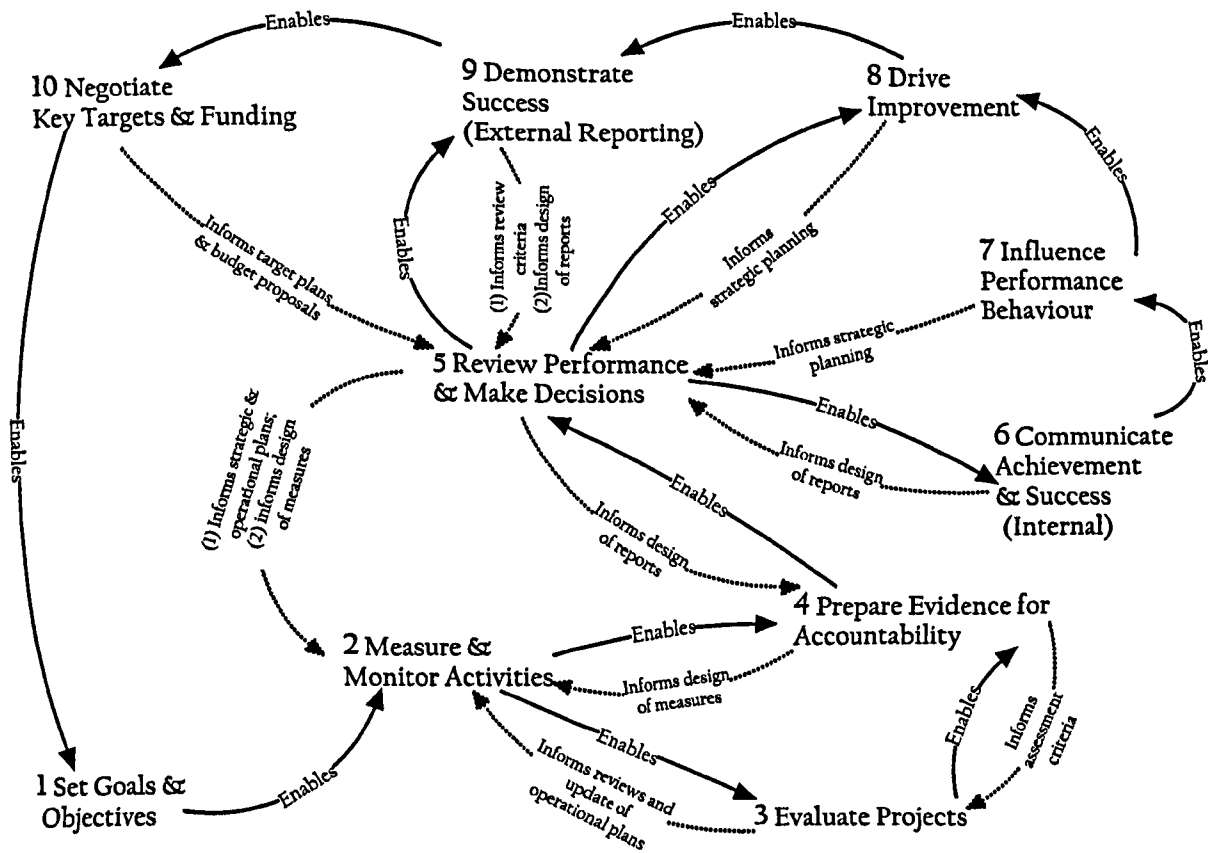


Figure 1 Key Elements of Public Sector Performance Measurement

How to Use the Self Assessment Checklist?

Use the questions to think about your current performance measurement. Respond to each question with the score that most accurately reflect what you believe to be the current state of your organisation, then use the scores as an indicator to identify where you might need improvement.

Use judgement on what may be necessary or appropriate for your organisation. For some, it may not be necessary to do everything to a 'great extent' as that may not be cost-effective. But for others, doing certain things to a great extent is the only way to achieve the level of effectiveness needed. Use the diagnosis to consider what fits your needs and what applies.

Assess your organisation now and review your scoring at some point of time later to analyse if priorities or foci have changed; or if intended improvements have taken place.

How does the Scoring System Work? What does each Score Mean?

Every section consists of a list of questions. For every question there are three scores: 1= Not at all 2= Some Extent and 3= Great Extent. Circle the number 1, 2 or 3, whichever most accurately reflects the current state of your organisation. Below are general descriptions for each score. At the end of each assessment parts, you are directed to the relevant sections in the Guidebook, where you can find more detailed discussions on the processes involved.

<p>Score of 3 Great Extent</p>	<p>If you believe you are <u>doing very well</u>:</p> <p>Consider if your organisation would need further improvements, would it be cost effective?</p>
<p>Score of 2 Some Extent</p>	<p>If you believe are <u>doing generally well but there is still room for improvement</u>:</p> <p>Doing things to Some Extent may be a level which you feel your organisation is comfortable with at this time.</p> <p>If you have an opportunity to acquire additional resources to potentially make further improvements, would it be cost effective?</p> <p>If you believe improvements are necessary, would the capabilities of current resources cope with such change?</p>
<p>Score of 1 Not at All</p>	<p>If you believe you are <u>not doing it at all</u>:</p> <p>Study your responses for each specific statement, and note where you scored your current state as 'Not at All'. It may be the case where your organisation is focusing on different issues therefore those indicated by the questionnaire may be irrelevant.</p> <p>However, if you believe you are not doing certain things which you should, then you have identified a gap which may need urgent attention. Ask these questions as broad statements of intent:</p> <ul style="list-style-type: none"> ➤ Do you have top management commitments and support? ➤ Do you have a consensus on why the organisation is measuring and monitoring performance? <p>If your organisation has decided to take action on respective performance measurement issues, set each issue a deadline and have an agreement on the extent to which the organisation wishes to achieve improvement. Re-assess your position after that period, and continue to attend to these issues until you achieve a level which you feel your organisation is achieving a level of effectiveness it has intended.</p>

Are We Ready for Performance Measurement?

Respond based on your perception of the current state of your organisation.

Circle a number 1, 2 or 3 that most accurately reflects the current state of your performance measurement.

Rate the current state of your organisation in terms of the following:	Not at all	Some Extent	Great Extent
1. We adopt a strategic mind-set in planning management process.	1	2	3
2. We have a Corporate Plan setting out the strategic direction of the organisation.	1	2	3
3. We communicate to staff at all levels the strategic directions of the organisation.	1	2	3
4. We have committed resources and corporate support for effective performance measurement.	1	2	3
5. We actively communicate the need and the reasons for performance measurement.	1	2	3
6. We actively promote openness and honesty about performance at all levels.	1	2	3
7. We actively reassure reviews are not meant for punitive purposes.	1	2	3
8. We are committed to improve service delivery.	1	2	3
9. We believe in learning from past performance for future improvements.	1	2	3

Discussions:

Guidebook page 5.

Part 1 Set Goals and Objectives

Respond based on your perception of the current state of your organisation.

Circle a number 1, 2 or 3 that most accurately reflects the current state of your performance measurement.

Rate the current state of your organisation in terms of the following:	Not at all	Some Extent	Great Extent
1. We have identified the groups of key stakeholder we need to satisfy.	1	2	3
2. We have a clear understanding of our funding organisation expectations on service delivery.	1	2	3
3. We have agreed on key stakeholders' expectations and needs.	1	2	3
4. We have agreed on a list of key business objectives for measuring and monitoring.	1	2	3
5. We use a set of high level key performance indicators for the agreed key business objectives.	1	2	3
6. We view our funding organisation and tax payers as customers.	1	2	3
7. We developed our Corporate Plan based on stakeholders' needs and expectations.	1	2	3
8. Our Corporate Plan is the statement of intent at the start of each financial year.	1	2	3

Discussions:

Guidebook page 9

Part 2a Measure and Monitor Performance

Respond based on your perception of the current state of your organisation.

Circle a number 1, 2 or 3 that most accurately reflects the current state of your performance measurement.

Rate the current state of your organisation in terms of the following:	Not at all	Some Extent	Great Extent
1. We use a set of high level key performance indicators for each key business objective.	1	2	3
2. We derive measures from business plans.	1	2	3
3. For each business plan, we know what needs measuring and why.	1	2	3
4. We create second level targets and measures that best encapsulate the work at relevant levels.	1	2	3
5. We can see clear linkages between objectives and measures.	1	2	3
6. We use national or corporate targets to unify performance of dispersed units	1	2	3
7. Our measures are clearly defined.	1	2	3
8. Our measures are outcome-orientated.	1	2	3
9. Our measures are relevant to work done.	1	2	3
10. We are aware of the risk of unintentional and perverse effects of performance measurement.	1	2	3
11. Performance review informs the design of measures.	1	2	3
12. We regularly review and update our measures if and when necessary.	1	2	3
13. Data accuracy, validity and reliability are of high priority.	1	2	3
14. Timeliness and accessibility of data are of high priority.	1	2	3
15. We ensure our performance measurement is not too bureaucratic.	1	2	3

Discussions:

Guidebook page 13-16.

Part 2b Which Framework?

Respond based on your perception of the current state of your organisation.

Circle a number 1, 2 or 3 that most accurately reflects the current state of your performance measurement.

Rate the current state of your organisation in terms of the following:	Not at all	Some Extent	Great Extent
1. We use a framework to facilitate management of performance in a wider sense to drive corporate-wide improvement.	1	2	3
2. We use a framework to provide a structure for external reporting purposes.	1	2	3
3. We use a framework to provide structure for our measures and key performance indicators.	1	2	3
4. We use a framework to help focus on process improvements.	1	2	3
5. We use a framework to facilitate the management of resources.	1	2	3

Discussions:

Guidebook page 17-19.

Part 3a Measure and Monitor Project

Does your organisation launch projects or initiate programmes with partners as part of the business plans? If yes, this section may be applicable.

Respond based on your perception of the current state of your organisation.

Circle a number 1, 2 or 3 that most accurately reflects the current state of your performance measurement.

Rate the current state of your organisation in terms of the following:	Not at all	Some Extent	Great Extent
1. We establish clear deliverables for every project launched.	1	2	3
2. We have a project manager leading each project.	1	2	3
3. Our project management team consists of members with cross-functional skills and expertise.	1	2	3
4. Our project teams write their local plans.	1	2	3
5. Each project team is held accountable for performance.	1	2	3
6. Each project has a set of measures to track performance.	1	2	3

Discussions:

Guidebook page 20.

Part 3b Evaluate Project

Respond based on your perception of the current state of your organisation.
Circle a number 1, 2 or 3 that most accurately reflects the current state of your performance measurement.

Rate the current state of your organisation in terms of the following:	Not at all	Some Extent	Great Extent
1. Impact assessments help evaluate benefits and service delivery.	1	2	3
2. Impact assessments help track performances.	1	2	3
3. Impact assessments help identify areas for improvements.	1	2	3
4. Impact assessments provide information to the preparation of project progress summaries.	1	2	3
5. Impact assessments inform performance review.	1	2	3

Discussions:

Guidebook page 21-22.

Part 4 Prepare Evidence of Performance

Respond based on your perception of the current state of your organisation.

Circle a number 1, 2 or 3 that most accurately reflects the current state of your performance measurement.

Rate the current state of your organisation in terms of the following:	Not at all	Some Extent	Great Extent
1. We have identified the type of performance information required for performance review and reporting purposes.	1	2	3
2. We have considered the Cabinet Office requirements on 'fair presentation' of performance information.	1	2	3
3. We consult report users on their requirements	1	2	3
4. We determine the frequency of reporting relevant to specific user groups.	1	2	3
5. Our Directors make commentaries on performance.	1	2	3
6. We obtain feedback on performance information to inform the design of reports.	1	2	3
7. We obtain feedback on performance information to inform design of measures.	1	2	3
8. We use graphs, charts, and tables for data display to enhance understanding.	1	2	3
9. We use performance reports to highlighting problems.	1	2	3
10. We use exception reporting of key indicators for performance review.	1	2	3
11. We critically assess the robustness of performance information.	1	2	3
12. We structure reporting templates to show clear linkages between the funding agreement and corporate plan.	1	2	3

A Discussions:

Guidebook page 23-25.

Part 5a Review Performance and Make Decision

Respond based on your perception of the current state of your organisation.
Circle a number 1, 2 or 3 that most accurately reflects the current state of your performance measurement.

Rate the current state of your organisation in terms of the following:	Not at all	Some Extent	Great Extent
1. We clarify our aims of performance review.	1	2	3
2. We conduct reviews at both departmental and corporate levels.	1	2	3
3. Issues discussed at departmental reviews requiring further consideration are raised at corporate reviews	1	2	3
4. The frequency of review is determined by business importance.	1	2	3
5. We review performance of key business objectives.	1	2	3
6. We review performance on consumer satisfaction	1	2	3
7. We review project outcomes.	1	2	3
8. We review performance to identify areas for improvements.	1	2	3
9. We review performance to identify achievements.	1	2	3
10. We review performance to identify good practices.	1	2	3
11. We review performance to inform planning.	1	2	3
12. We review organisation's capabilities in delivering expected outcomes.	1	2	3
13. Our Chief Executive takes time to meet Directors informally (out of formal review) for updates and to share problematic issues.	1	2	3
14. We have corporate support in taking actions for improvements.	1	2	3
15. We review performance to inform strategic and operations planning.	1	2	3
16. We see problems as opportunities to improve.	1	2	3

↻ Discussions:

Guidebook page 26-29.

Part 6 Internal Communications

Respond based on your perception of the current state of your organisation.
Circle a number 1, 2 or 3 that most accurately reflects the current state of your performance measurement.

Rate the current state of your organisation in terms of the following:	Not at all	Some Extent	Great Extent
1. We publish information on individual staff's performance and achievements.	1	2	3
2. We put summaries of performance information on respective departments' notice boards.	1	2	3
3. We communicate the reasons for use of performance measurement.	1	2	3
4. We seek feedback from staff on the usefulness of performance information.	1	2	3
5. We seek feedback from staff on their performance information needs.	1	2	3
6. We seek feedback from staff on the current performance measurement.	1	2	3
7. We involve staff in work planning and designing and selection of measures.	1	2	3

Discussions:

Guidebook page 30-31.

Part 7 Influence Performance Behaviour

Respond based on your perception of the current state of your organisation.

Circle a number 1, 2 or 3 that most accurately reflects the current state of your performance measurement.

Rate the current state of your organisation in terms of the following:	Not at all	Some Extent	Great Extent
1. We communicate the organisational goals and objectives to staff at all levels.	1	2	3
2. We communicate to staff the reasons for performance measurement.	1	2	3
3. We encourage openness and honesty about performance.	1	2	3
4. We provide a safe environment for questions on performance.	1	2	3
5. We provide feedback to update staff with their personal work progress and performance.	1	2	3
6. We provide feedback to enable staff to relate their work contribution towards overall organisational objectives.	1	2	3
7. We provide feedback to create awareness on the quality of services delivered.	1	2	3
8. We celebrate staff achievements.	1	2	3
9. We announce achievements and successes promptly	1	2	3
10. We follow good measures criteria when designing measures.	1	2	3

Respond based on your perception of the current state of your organisation.
 Circle a number 1, 2 or 3 that most accurately reflects the current state of your performance measurement.

Rate the current state of your organisation in terms of the following:	Not at all	Some Extent	Great Extent
11. We establish standards and expected quality of service delivery for every unit.	1	2	3
12. We communicate the established standards and expected quality of service delivery.	1	2	3
13. We inform staff of their individual work goals and objectives.	1	2	3
14. We discuss with staff the expected outputs and eventual outcomes.	1	2	3
15. We explain to staff the linkages between their individual work objectives and the relevant measures.	1	2	3
16. We explain to staff the cascading of the corporate plan right down to individual goals and plans.	1	2	3
17. We encourage staff involvement in operational planning at relevant levels.	1	2	3
18. We obtain feedback from staff on the relevance and usefulness of measures in relation to their work.	1	2	3
19. We embed performance measurement within work.	1	2	3
20. We set challenging but not unreasonable targets.	1	2	3
21. Our Chief Executive gives seminars to explain and describe corporate plans.	1	2	3
22. We produce guidelines on performance measurement.	1	2	3

Part 8 Drive Improvement

Respond based on your perception of the current state of your organisation.

Circle a number 1, 2 or 3 that most accurately reflects the current state of your performance measurement.

Rate the current state of your organisation in terms of the following:	Not at all	Some Extent	Great Extent
1. We emphasise on the reasons for the use of performance measurement.	1	2	3
2. We communicate widely on our focus on performance improvement.	1	2	3
3. We communicate on our emphasis for public accountability and Value-for-Money.	1	2	3
4. We are committed to promote a performance culture across the organisation.	1	2	3
5. We are committed to using performance information to influence performance behaviour.	1	2	3
6. We actively encourage the use of performance information for performance review and decision making.	1	2	3
7. We actively encourage feedback from reviews to drive improvement.	1	2	3
8. We are committed to using performance information as evidence to demonstrate public accountability.	1	2	3
9. We are committed to conduct regular performance reviews.	1	2	3

A Discussions:

Guidebook page 35-37.

Part 9 Demonstrate Success

Respond based on your perception of the current state of your organisation.

Circle a number 1, 2 or 3 that most accurately reflects the current state of your performance measurement.

Rate the current state of your organisation in terms of the following:	Not at all	Some Extent	Great Extent
1. We use performance information to demonstrate success.	1	2	3
2. We use performance information to demonstrate transparency.	1	2	3
3. We use performance information to demonstrate the organisation's ability to improve and contribute positively to the community.	1	2	3
4. We use performance information to demonstrate public accountability and Value-for-Money.	1	2	3
5. We use performance information to demonstrate outcomes delivery.	1	2	3
6. We use performance information to prepare target plans and budgetary proposals.	1	2	3
7. Our reports are structured based on funding agreements.	1	2	3
8. We ensure we adhere to internal and external auditors criteria when preparing reports for external purposes.	1	2	3
9. We set up a unit to manage the preparation of reports, target plans and budgetary proposals.	1	2	3
10. Our target plans and budgetary proposals focus on improvement.	1	2	3
11. Our target plans and budgetary proposals are impacts and outcomes orientated.	1	2	3

Discussions:

Guidebook page 38-39.

Part 10 Negotiate Targets and Funding

Respond based on your perception of the current state of your organisation.

Circle a number 1, 2 or 3 that most accurately reflect the current state of your performance measurement.

Rate the current state of your organisation in terms of the following:	Not at all	Some Extent	Great Extent
1. We obtain feedback from our funding organisation on their perception of our performance.	1	2	3
2. We discuss with our funding organisation about our capabilities and performance issues.	1	2	3
3. Our proposals are devised using structures based on the funding agreement.	1	2	3
4. Our proposals emphasise on key performance objectives as identified in the funding agreement.	1	2	3
5. Our proposals demonstrate evidence of public accountability.	1	2	3
6. Our proposals demonstrate evidence of performance reviews.	1	2	3
7. Our proposals demonstrate evidence of performance and improvements.	1	2	3
8. Our proposals demonstrate evidence of performance planning and resource allocation.	1	2	3
9. We submit drafts of framework document or funding agreements to our Non-Executive Directors or Commissioners for approval.	1	2	3

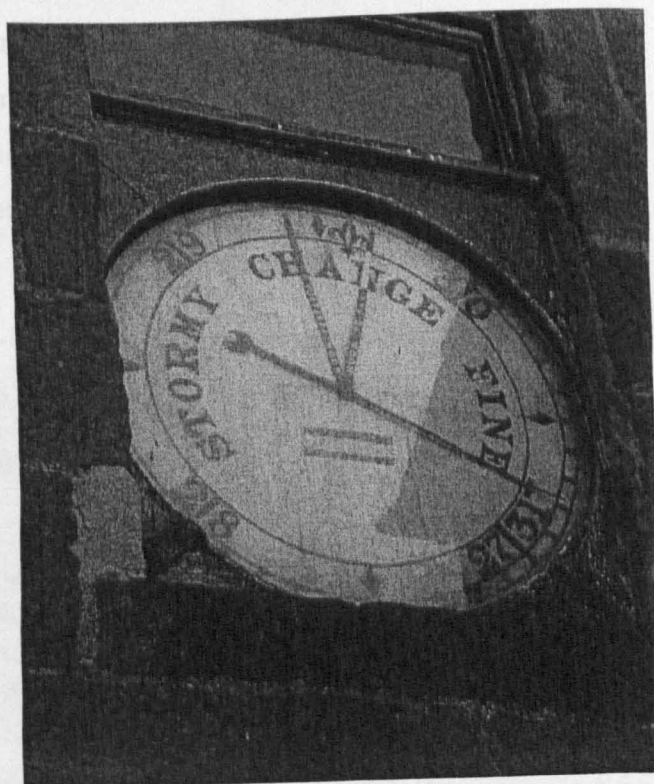
Discussions:

Guidebook page 40-41.

*****The End of Assessment*****



PERFORMANCE MEASUREMENT GUIDE



Third Phase of a wider research project on
Performance Measurement in British Central Government

Blank page

CONTENTS

Executive Summary	1
Introduction	2
Why Measure Performance?	3
Are You Ready for Performance Measurement?	5
1 Set Goals and Objectives	9
2 Measure and Monitor Performance	13
3 Evaluate Project	20
4 Prepare Evidence of Performance	23
5 Review Performance and Make Decisions	26
6 Internal Communications	30
7 Influence Performance Behaviour	32
8 Drive Improvement	35
9 Demonstrate Success	38
10 Negotiate Targets and Funding	40
Reference	42

“To put the world in order, we must first put the nation in order; to put the nation in order, we must first put the family in order; to put the family in order, we must first cultivate our personal life; we must first set our hearts right.”

Confucius, Ancient Chinese Philosopher.

A PhD project conducted by Nur Anisah Abdullah

Advisors: Professor Valerie Belton and Mik Wisniewski

Department of Management Science, Strathclyde Business School,

Level 8 Graham Hills Building, 40 George Street, G1 1QE Glasgow.

*corresponding author. Email: nur.a.abdullah@strath.ac.uk Tel: 01415483613

Publication date: July 2008

© The copyright of this document belongs to the author under the terms of the United Kingdom Copyright Acts as qualified by Strathclyde University Regulation 3.49. Due acknowledgement must always be made of the use of any material contained in, or derived from this document.

Cover photograph: A barometer mounted on a building located at Stonehaven Harbour, Aberdeenshire.

Executive Summary

'Performance measurement and reporting are intrinsic to the whole process of public management, including planning, monitoring, evaluation and public accountability.'

(The Comptroller and Auditor General, The National Audit Office, 2000)

With increasing pressure for higher levels of accountability and quality and value-for-money delivery, government bodies are encouraged to conduct performance measurement to facilitate the management of delivery of outcomes.

This Guidebook is informed by a study conducted with 21 agencies and public bodies examining what works well and what does not work with their existing performance measurement approach, and the wider published literature. The Guidebook does not offer step-by-step instructions to performance measurement. It offers a description of key elements in developing performance measurement process and performance measurement practices used and tested by public managers across the country. It provides an opportunity for organisations to learn from the experiences of others, it can greatly reduce both time required to climb the learning curve and the cost of improvement.

Organisations conduct performance measurement for various reasons, for many they aim for improvements.

Findings from research reveal that performance measurement is an iterative process and this iterative process is explained by ten key elements as shown in Figure 1. The process starts with (1) setting of organisational goals and objectives and identification of key areas for monitoring. (2) Measurement activities being designed to track performance of key areas, gather performance data for (3) evaluation of projects, and (4) preparation of evidence for performance verification. The availability of this evidence enables (5) a process of performance review and decision making. This review highlights performance issues which managers can strategically use in (6) staff communication to (7) influence performance behaviour to (8) drive improvements, and also help pull together evidence generated from measurement activities for (9) external reporting. Through the demonstration of successes, organisations (10) negotiate for target plans and funding. New target plans, budget plans or policy changes would almost always require some revision to existing set of goals and objectives (1) and so the cycle recommences. This framework is adopted to structure and present the fundamental issues and processes for every key element as seen in this Guidebook.

The Guidebook can serve as a guide for setting-up a new system, or improving existing up-and-running systems. A Self-Assessment Checklist is designed to be used alongside this Guidebook, summarising these fundamental issues in the form of a questionnaire. Neither the Guidebook nor the Self-Assessment Checklist provides fixed formulas or 'THE model' for performance measurement. Users are advised to use judgement on what may be applicable to or deem useful for their organisation, or to what extent they wish to implement performance measurement as it may not be cost effective for some as compared with other organisations. The Guidebook and Checklist are informed by current thinking, aimed to be comprehensive and thorough but still 'live' for review and improvements.

Introduction

The introduction of agreements such as the Public Services Agreement and Service Delivery Agreement encourages a more devolved approach to performance management within a continuing framework of clear national standards and as a consequence, we would expect to see a heightened level of performance measurement activities within the public sector. There is little research documenting developments in the use of performance measurement approaches within British central government, with the exception of a survey conducted by the National Audit Office of 17 major departments¹. Critical appraisal of the public sector performance measurement initiative is thus timely and may generate both practical benefits and theoretical understanding.

This publication in the form of a Guidebook and a Self- Assessment Checklist reports on part of the findings of a wider examination on the critical factors for conducting performance measurement.

Research Design

Face-to face interviews were conducted with 21 British executive agencies and executive non-departmental public bodies, represented by 13 large-sized, 5 medium-sized and 4 small-sized organisations.

An Overview

The Guidebook is a compilation of fundamental issues describing each of the ten key elements of performance measurement. It is different from the many guidebooks or literature published as it does not offer step-by-step instructions but a description of key elements and performance measurement practices used and tested by public managers across the country. It provides a structured diagnosis when used with the accompanying Self Assessment Checklist. It is a flexible tool whereby the user determines the intended level of development or improvement. This Guidebook can be useful for an existing up and running system and it can also be a useful guide for setting-up a new system.

The Guidebook offers performance measurement practices used and tested by public managers across the country. It provides an opportunity for organisations to learn from the experiences of others, building on the work of others. This makes the experience less time consuming, hence less costly.

The Guidebook begins with a prompt for organisational readiness for performance measurement, and then continues with sections dedicated to each key element. The sections in the Guidebook are structured to correspond with the numbers associated with key elements as depicted in Figure 1.

Who is this Guidebook for?

This guidebook is designed for any of type public sector organisation that measures the performance of its work, no matter its size or constitutional entity.

¹ The Comptroller and Auditor General (2001). Measuring the performance of government departments. London, National Audit Office: HC 301.

Why Measure Performance?

For many organisations conducting performance measurement provides them with information to review service delivery with an aim for improvements. Another strong motivation for measuring performance is to enhance public accountability.

"There is increasing recognition that this (performance measurement) is about organisational learning and development. People look at their results and say 'what do these tell us?'; 'what can we learn from this?' and 'what actions are we going to take as a result to improve our performance?'"

"Basically, it (performance measurement) helps to see how we are performing and to make sure we are making targets, corporate planning, and ultimately looking into how we can improve year-on-year".

Quotes extracted from interviews, May 2006.

Figure 1 illustrates the ten key elements of an effective performance measurement. These key elements are found to be inter-dependent and inter-connected. Arrows are used to depict the direction of the linkages between key elements, and the relationships between key elements are described with labels on the arrows.

Organisations need to find and focus on business critical areas if they are to design measuring and monitoring activities. Some find it useful to adopt a strategic nuance for management. Well-designed measuring and monitoring activities can provide managers with information to verify performance, to demonstrate transparency and accountability, to inform their future plans to drive improvement, and to stimulate staff performance behaviour. Public organisations strive for performance they can demonstrate in order to support negotiations with funding organisations for an increased budget.

Findings from this study confirmed that performance measurement is an iterative process as illustrated in Figure 1 [the numbers in brackets correspond to the numbers for each key element shown in the diagram]. The process starts with (1) setting of organisational goals and objectives and identification of key areas for monitoring, which enables the (2) measuring and monitoring of activities for (3) project management & evaluation, and (4) the preparation of evidence for performance verification. The availability of this evidence enables (5) a process of performance review and decision making. This review highlights performance issues which managers can use strategically in (6) staff communication to (7) influence performance behaviour to (8) drive improvements, and also help pull together evidence generated from measurement activities for (9) external reporting. Through the demonstration of successes, organisations (10) negotiate for target plans and funding. New target plans, budget plans or policy changes would almost always require some revision to existing set of goals and objectives (1) and so the cycle re-commences.

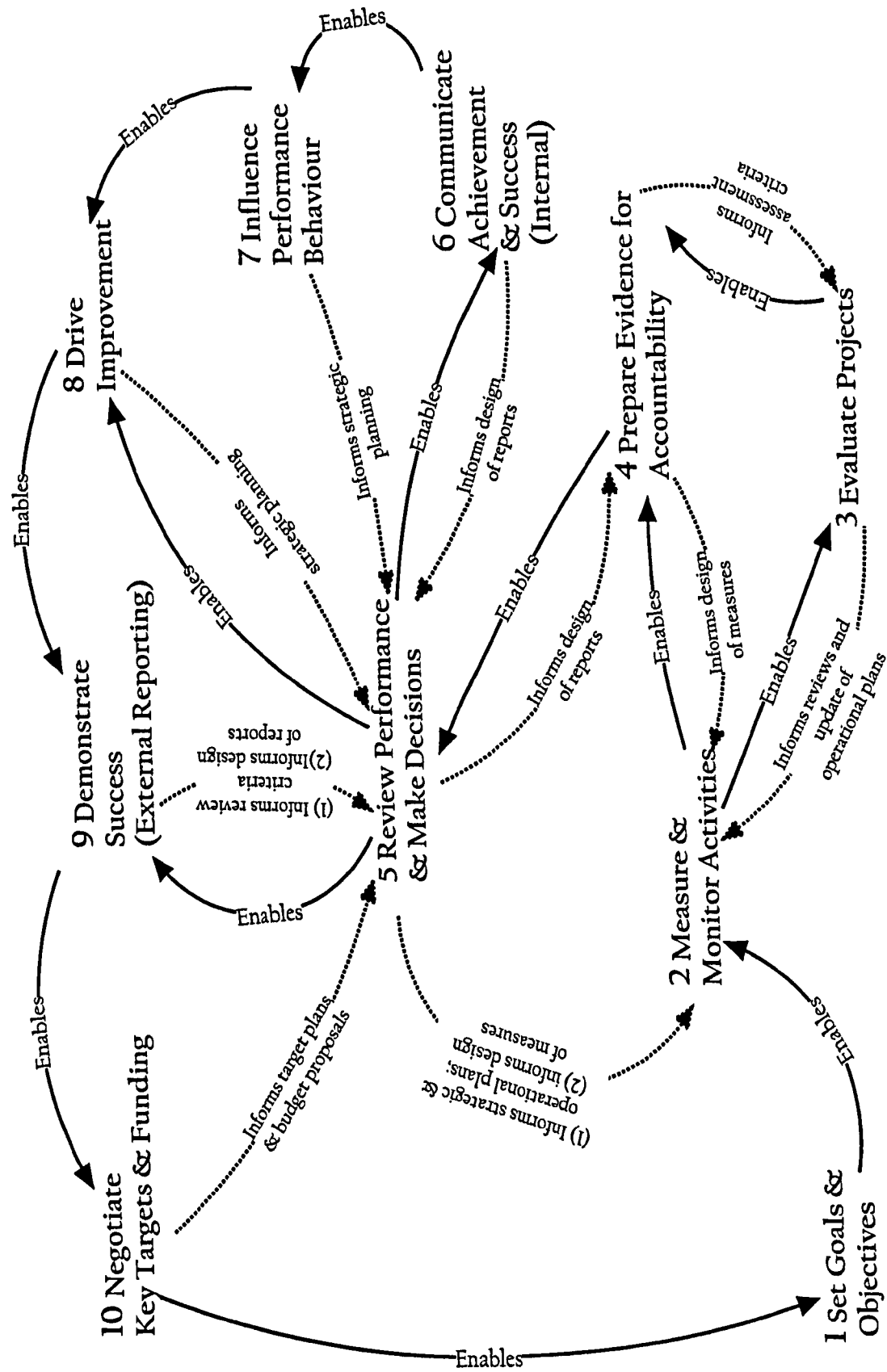


Figure 1 Key Elements of Public Sector Performance Measurement

Are You Ready for Performance Measurement?

Performance measurement has been recognised as a useful tool for driving improvements and excellence in service delivery. As with any quality management approach, there are several fundamental issues of readiness for performance measurement.

The following are four fundamental issues on readiness for performance measurement:

- Strategic nuance;
- Process champions;
- Performance culture; and
- Dysfunctions of performance measurement.

Strategic Nuance

Some organisations find having a strategic nuance or a strategic² mind-set to management processes can be helpful for performance measurement initiatives³. Performance measurement is about measuring and monitoring an organisation's capabilities in achieving its strategies and the level of delivery around those strategies. As organisations initiate some kind of measurement activities, they start to think strategically, they agree on and produce decisions and actions that shape what the organisation is set out to do, and why it does what it is doing. This agreement is usually structured as a Corporate Plan. The agreement on what and why the organisation is set out to do, and identification of the need for and the use of performance measurement, serve as a value statement for the organisation. This value statement serves as a term of reference directing management commitment, and cultivating organisational culture.

Process Champions

Many organisations find it useful to have some members of the top management acting as process champions for performance measurement initiatives at the onset. A process champion believes in performance measurement and is committed to it.

The key roles of process champions include:

- ◇ to convince the organisation to commit and establish the level of commitment in terms of resources and sufficient corporate support for performance measurement.
- ◇ to provide effective leadership to drive performance measurement processes.
- ◇ to explain the expected processes of planning, developing and implementing performance measurement to all involved.
- ◇ to communicate the aims of performance measurement and repeatedly reinforce its importance to ensure staff buy-in.

² Further reading:

(1) Bryson, J. M., F. Ackermann, et al. (2004). Visible Thinking: Unlocking causal mapping for practical business results. West Sussex, John Wiley & Sons Ltd.

(2) Eden, C. and F. Ackermann (1998). Making Strategy: The journey of strategic management. London, SAGE Publications.

³ Hatry, H. P. (2002). "Performance Measurement: Fashions and Fallacies." Public Performance & Management Review 25(4): 352-358.

- ◇ to communicate the usefulness of performance information, and explain how staff at different levels can use it. The process champion continually develops staff interests and encourage the use performance information, and use feedback for improvements.
- ◇ to recognise the forces that are pushing for improvements, recognising the need for learning, and the need to be responsive and flexible towards change and improvements.
- ◇ to put an emphasis on coping with the risks of potential perverse behaviours.

Performance Culture

In general, employees shun scrutiny. They may be suspicious of it hence their reaction would usually be resistance to being monitored. Process champions can support the creation of a favourable climate for performance which encourages a culture conducive for learning. Bear in mind that management practices exemplify the beliefs and ideas about the kind of goals the organisation is set to pursue and ideas about the appropriate behaviour for managers and staff. Process champions can direct active actions to support openness and honesty about performance, and to embrace learning from past performance for improvement purposes. They, above all, must communicate clearly the intentions of performance measurement activities, which aim to be supportive in nature rather than punitive.

Dysfunctions of Performance Measurement

Managers need to be aware of some convictions people may hold; which could hinder effective measuring and monitoring activities and the potential perverse effects resulting directly from performance measurement. Considerations of the dysfunctions listed below should help to develop and use performance measurement more effectively. Failure to take them into account could mean a waste of time and resources and potentially, a distortion of managerial action.

Here are some examples of convictions people have that may affect motivation for performance measurement⁴:

- ◇ That there is no need for performance measurement as there is no inefficiency problem in most sector of government,
- ◇ That measurement is impossible, this conviction results in a suspicious attitude towards any practice of measurement itself, or
- ◇ That anything the public sector does has to be less effective than the private sector, therefore measurement in public sector is considered to be worse than in the private sector.

⁴ Bouckaert, G. (1995). Improving Performance Measurement. The Enduring Challenges in Public Management. A. Halachmi and G. Bouckaert. San Francisco, Jossey Bass: 379-412.

Below is a list of some widely publicised examples of perverse effects⁶ of measuring and monitoring performance:

- ◊ Measuring and rewarding outputs prompts strategic behaviour. This is an example of measure fixation. E.g. a performance indicator for a customer service call centre would be the number of calls each staff pick-up everyday. To increase performance, staff would pick-up calls and keep conversations as brief as possible in order that they could pick up the next call. They are efficient; they are deemed to have met or exceeded target but may not have been effective in dealing with customer enquiries or complaints. They then continually get repeat calls from irate customers and are hardly serving the aim of providing good service.
- ◊ Performance measurement prompts sub-optimisation. The pressure to perform may urge managers to be fixated on meeting their department's targets, they may resort to choose to operate in ways that serve their own operation well but damaging the organisation's overall performance.
- ◊ Performance measurement prompts gaming. Staff may resort to under-achieve in order to secure a lower target the next round of activity, or keep part of sales figures for next quarter as the target for this quarter has already been achieved.
- ◊ Performance measurement prompts misrepresentation or data corruption. When there is too great a pressure to achieve a high performance, there is a risk of dishonesty when staff misreport or distort information to create a good impression.
- ◊ Performance measurement often rewards the constant reproduction of the existing and discourages innovations. Efforts and resources may still be channelled towards achieving targets or measures that were obsolete or redundant (ossification). Some organisation may not want to commit resources to explore new ideas and take the risk that the outputs may not meet targets.
- ◊ Performance information is often presented at an aggregated or summarised level where decision makers would lose the insights to the causes and effects of processes. E.g. a performance indicator for a college is the number of returning customers. At the end of each month or quarter, the director only sees the number of returning customers but not how many return for a different course because they were satisfied with the previous course they attended, or how many were returning to do the same course because they did not pass the examinations. Decision makers need more information than aggregated figures to inform review process, e.g. under what

⁶ Further reading:

- (1) de Bruijn, H. (2002). Managing Performance in Public Sector. London, Routledge. Page 23-39.
- (2) Smith, P. (1995). "On the Unintended Consequences of Publishing Performance Data in the Public Sector." International Journal of Public Administration 18(2 & 3): 277-310.
- (3) De Bruijn, H. (2002). "Performance measurement in the public sector: strategies to cope with the risks of performance measurement." International Journal of Public Sector Management 15(7): 578-594.
- (4) Likierman, A. (1993). "Performance Indicators: 20 Early Lessons from Managerial use." Public Money and Management: 15-22.

conditions the service has been successful (or unsuccessful) in achieving desired outcomes.

- ◊ Performance measurement means more red tape and kills professionalism, a focus on short term targets at the expense of longer term objectives (Myopia). E.g. a particular clinic is set a two-day target to deal with each request for repeat prescriptions. Patients will be asked to submit forms and wait for 2 days, and there will be no exception to the procedure. Staff are no longer required to use their discretion when unexpected situation arises, such as an asthma patients who is without medication and could not safely wait for 2 days for their prescription.
- ◊ The selection of measures may not be driven by any conviction that the application of measures will have any impact on actual performance; rather the choice may be for processes that are easy to measure – Tunnel vision.

Remedies for Unintended/Perverse Behaviour of Measuring Performance

- ◊ Management practices would demonstrate the level of care the organisation has about applying measurements to achieve intended outcomes. Managers need to create an environment where there is a high level of trust that fair use will be made of performance information and that the measurement process should be an empowering rather than disempowering experience for staff⁶.
- ◊ When designing or selecting measures and setting targets, consider the causes and effects that connect the desired behaviour with each measure and target. It may be beneficial to couple quantitative measures with measures of quality and outcomes to gain better understanding of circumstances of good or bad performance.
- ◊ Subject performance information to external checks such as monitoring the integrity of data collection process by external auditors. However, such regulations and checks may be helpful to a certain extent, but over-doing it might create suspicion and undermine trust in government⁷.

Performance Measurement Process

The next section presents the first key element, which is the start of the iterative process of performance measurement.

⁶ Grizzle, G. A. (2002). "Performance Measurement and Dysfunction. The dark side of quantifying work." *Public Performance & Management Review* 25(4): 363-369.

⁷ Behn, R. D. (1999). "The new public management paradigm and the search for democratic accountability." *International Public Management Journal* 1(2): 131-165.

1 Set Goals and Objectives

The first key element of performance measurement is the initial agreement between key decision makers on the goals and objectives for the organisation. The two main functions of this agreement are: to set out the goals and objectives of the organisation; and to bring together the support and commitment of key decision makers or top management.

Setting out goals and objectives highlights business objectives for measurement of productivity, providing a blue-print for managers to measure the right things.

The following are three fundamental issues for setting organisational goals and objectives

- Stakeholder perspectives;
- Organisational goals; and
- Key business objectives.

Stakeholder Perspective

At this stage of development (for performance measurement), it is essential to incorporate the perspectives of all of those who have interest in performance information. Identify who they are and what they expect from you in terms of performance measurement.

◆ Identification of key stakeholder groups

The stakeholder groups may include:

- ◇ The people who are financing the service- e.g. the public, funding organisations;
- ◇ The people who the organisation aims to influence-e.g. policy makers;
- ◇ The people who are receiving the service- e.g. the community, or a particular group of people;
- ◇ The people who regulate the service- e.g. external independent auditors; and
- ◇ The people whose performance will be measured- e.g. staff of the organisation.

◆ Stakeholder Analysis

◇ External Stakeholders

The following questions could provide inputs from the part of external stakeholders:

- i. What do stakeholders think about what we are doing?
- ii. Are we making an impact as intended?
- iii. What are their key concerns?
- iv. What do we think they need from us?
- v. What do they say they need from us?

◇ Internal Stakeholders

Identify staff concerns with measuring and monitoring activities, what works well for them and what does not, and collect their suggestions about how performance measurement could help them with their work.

This exercise can be helpful to staff participation and in turn achieve their support and buy-in for performance measurement.

Methods for getting inputs from stakeholders include meetings, surveys and questionnaires, key informant interviews and focus groups.

The output of a stakeholder analysis may be included in stakeholder value statements.

Organisation Goals

◆ Broad Statement of Intent (Mission Statement)

Consider mandates from funding organisations and make reference to a stakeholder value statement. Below are some useful prompts for discussion⁸:

- i. What is the organisation all about?
- ii. What are our philosophy, values, and culture?
- iii. What are we trying to achieve?
- iv. What is expected from us & how should we respond to what is expected from us?
- v. What makes us different?
- vi. What kind of environment we would operate in in the foreseeable future and what would be the likely problems and obstacles?
- vii. What are past performances telling us, what can we learn?

In order for the activities of agencies or public bodies to reflect Government priorities, the setting of organisational goals and objective should take account of, and follow on from, the Spending Review or Public Service Agreement (PSA) setting process. The agencies or public bodies' delivery plan should be aligned with PSA and sponsor's delivery plan⁹.

◆ Business Goals and Objectives

The identification of goals and business objectives (also known as strategic issues) helps management focus on issues facing the organisation and recognising their immediacy for prioritisation. The process prompts discussions and decisions on actions to resolve them, and encourages fuller participation from all key players involved. The process usually involves discussions asking the following questions¹⁰:

- ◇ What will be done?
- ◇ Why will it be done?
- ◇ Who will do it?
- ◇ Who will be advantaged or disadvantaged by it?

A *goal* is an issue-orientated statement of an organisation's desired future direction or end state. Goals guide an organisation's efforts.

⁸ Partly informed by Bryson, J. M. (2004). Strategic Planning for Public and Non-Profit Organisation. San Francisco, Jossey-Bass. Page 94-122 based on Drucker's Socratic Dialogue.

⁹ Setting Targets for Executive Agencies: A Guide, 2003. HM Treasury, London.

¹⁰ Ackermann, F. (1992). "Strategic Direction through Burning Issues: Using SODA as a Strategic Decision Support System." QR Insight 5(3): 24-28.

An example of a vision and relevant business goals extracted from West Midlands Economic Strategy, 2007¹¹:

Vision

This Strategy sets an ambitious vision for the West Midlands:

'To be a global centre where people and businesses choose to connect.'

We want the West Midlands to maintain and enhance its attractiveness as a location in which people and businesses choose to invest, work, learn, visit and live. That means:

- Becoming a more prosperous region, but recognising that economic growth must support overall improvements in the quality of life and wellbeing of all the region's residents;
- Becoming a more cosmopolitan and inclusive region, making full use of the skills and talents of our people and ensuring equality of opportunity, across the region, in relation to the wealth and prosperity generated through continued economic growth;
- Becoming a more sustainable region, correctly valuing our natural, historic and cultural assets, seeking to minimise our use of the planet's resources and preparing for a low-carbon future.

Key Business Objectives

There are at least seven approaches managers can use to facilitate the identification of business objectives, namely direct approach, goals approach, vision of success approach, indirect approach, oval mapping, issue tensions approach, and system analysis¹².

A business objective identification process may help managers unravel three different kinds of business objectives which include:

- ◇ issues that require no action at present but that must be continuously monitored;
- ◇ issues that can be handled as part of the organisation's regular strategic planning cycle; and
- ◇ issues that require an immediate response and therefore cannot be handled in a more routine way.

Based on the immediacy of issues, they can be classified as: Key Business Objectives or Other Objectives.

For every key business objective:

- ◇ devise plans (how and who) and
- ◇ identify indicators (measures and targets) against which progress will be measured.

¹¹ West Midlands Economic Strategy: A Summary. 2007. Accessed: 22 June 2008.
<http://www.advantagewm.co.uk/documents/default.aspx>

¹² Further reading on approaches for identification of business objectives please refer Bryson, J. M. (2004). *Strategic Planning for Public and Non-Profit Organisation*. San Francisco, Jossey-Bass. P 153-182.

An example of a business objective (strategic objective)
extracted from West Midlands' Delivery Framework, May 2007.

What & Why? Strategic objective and priority	How? Action	Who? Lead, support & delivery partners	Expected outcome and related indicators
<p>Strategic objective – Seizing market opportunities</p> <p>In order to increase regional wealth, businesses in the West Midlands need to keep winning profitable orders. This means increasing the region's penetration of existing, attractive markets and capturing share of developing, growth and high-value markets. The region must build upon existing strengths, in its businesses and its people, and focus on areas where it can develop or maintain a distinctive competitive position. It needs to increase businesses' engagement in global markets in order to drive up their competitiveness and provide wider opportunities. The West Midlands must step up its performance in developing new products and services, implementing new processes, generating new businesses, and developing entrepreneurial business leaders. The public sector must support these goals through high-quality services.</p> <p>1.1 Developing markets and sectors with the most wealth and employment potential</p> <p>Focus: Develop the region's priority markets and sectors, building on its particular strengths in both manufacturing and services, through a clustering and related market exploitation programme.</p> <p>Rationale: The prosperity of the region depends on growth in those markets which offer the greatest prospects for long-term wealth creation and employment, and where we can build competitive strengths. The region must adopt a far-sighted approach to developing new services and products which will flourish in the target markets and which exploit distinctive regional strengths. The West Midlands' 13 business clusters will increasingly direct their activity at a number of evolving market focuses. Both the clusters and the market focuses are described in more detail in Section 3 of the Delivery Framework.</p>	<p>1.1.1 Facilitate business collaboration to address priority markets and sectors through a clustering programme and related market exploitation projects. This will be achieved by:</p> <ul style="list-style-type: none"> • Explicit focusing by clusters on specific markets, and on maximising market share • Developing and implementing the next 3-year plan for each cluster to include / extend programmes in key areas: process & product innovation; the use of ICT; technology transfer, demonstrators & centres of excellence; acquisition of market-specific skills; business collaboration, and international market engagement. 	<p>Lead: Cluster Chairs Group</p> <p>Support: Innovation & Technology Council; Regional Skills Partnership; Cluster Opportunity Groups, Rural Skills Partnership</p> <p>Delivery: Business Link West Midlands; Universities, Colleges, HEFCE, Research & Technology Organisations; Learning and Skills Council; UKTI; individual cluster-specific organisations</p>	<p>Overall growth in the regional economy, with particular growth in sectors identified as offering the greatest potential.</p> <p>Progress to be measured using the following indicator(s):</p> <ul style="list-style-type: none"> • GVA per employee (possibly disaggregated by sector)

Enable Measuring and Monitoring of Performance

Setting organisational goals and objectives enables managers keep a focus on key business objectives and that measuring and monitoring activities are derived from those key business objectives. At this point, managers will also be thinking how measuring and monitoring activities can be embedded into everyday work. This takes us to the next key element: Measure and Monitor Performance (Key Element 2).

2 Measure and Monitor Performance

Having established the key business objectives, you are now ready for the process of design and implementation of measuring and monitoring activities. An effective performance measurement approach should allow you to measure and monitor whether an intended strategy is being put in practice as planned and provide evidence of achievements that change (in performance) has actually happened.

The following are five fundamental issues for designing measuring and monitoring activities:

- Cascade goals and objectives;
- Design or select appropriate measures;
- Target setting;
- Information technology for data management; and
- Framework for structuring measuring and monitoring activities.

Cascade Goals and Objectives

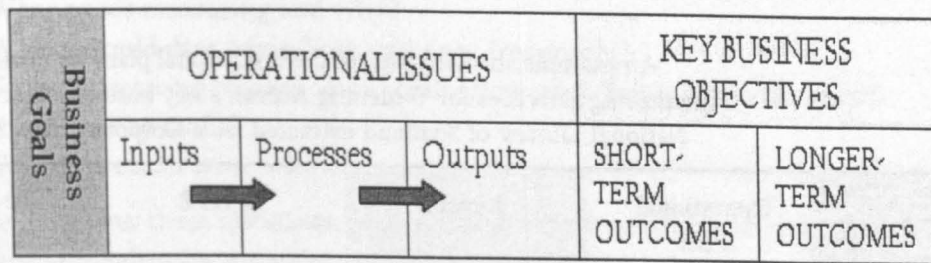
Organisational goals and objectives are very high level strategies, broad statements of intent. In order to measure and monitor productivity, these broad statements of intent have to be translated into operational plans. This process sees the cascading of goals and business objectives to business plans, business plans to operational plans, operational plans to staff individual work goals and objectives. It effectively links day-to-day performance targets to corporate activities, making measurement activities meaningful and useful to staff.

- ◆ Cascade business objectives to operational plans
 - ◇ Structure each business objective as inputs, processes, outputs, immediate and longer term outcomes¹³. Strategy map¹⁴ or Logic Model¹⁵ can be useful for this process.

¹³ (1) HM Treasury 1986, Output and Performance Measurement in Central Government: Progress in Departments, Treasury Working Paper No: 38, London. (2) HM Treasury 1987, Output and Performance Measurement in Central Government: Some Practical Achievements, Treasury Working Paper No 45, London.

¹⁴ Further reading on Strategy Map: Kaplan, R. S. and D. P. Norton (2001(a)). The Strategy-Focused Organisation. Boston, Massachusetts, Harvard Business Review. Page 132-160.

¹⁵ Further reading on structuring business plans using the Logic Model: HM Treasury, Cabinet Office, et al. (2001). Choosing the right fabric. London, HM Treasury, Cabinet Office, National Audit Office, Audit Commission, Office for National Statistics: 1-35.



Definitions¹⁶:

Inputs are the resources required to provide a service, including staff, buildings, equipment, and consumables.

Processes are the way in which a service is delivered, and involves some measurement of quality, perhaps by inspectorates or via consumer complaints.

Outputs are the activities of the organisation, the service it provides, such as the number of benefit claims processed or patients treated.

Outcomes (short or longer term) are the impact of the service – healthier or more knowledgeable individuals, a safer community, and so on.

Operational plans¹⁷ outline the following:

- ◇ Specific expected results, objectives and milestones
- ◇ Roles and responsibilities of implementation bodies, teams and individuals
- ◇ Specific action steps
- ◇ Schedules
- ◇ Resource requirements and sources
- ◇ A communication process
- ◇ A monitoring and review process
- ◇ Work accountability processes and procedures.

¹⁶ Extracted from Carter, N., R. Klein, et al. (1992). How organisations measure success: The use of indicators in government. London, Routledge. Page 35-36.

¹⁷ Further reading on operational or action plans: Bryson, J. M. (2004). Strategic Planning for Public and Non-Profit Organisation. San Francisco, Jossey-Bass. p250-251

◆ Cascade operational plans to individual responsibilities

An example showing part of the operational plans for measuring and monitoring activities for Widening Access, a key business objective of the National Library of Scotland extracted from Corporate Plan 2006-2008.

Key Business Objective	Operational Plan	Level 1	Level 2	Level 3
Widening access to knowledge by creating opportunities for learning and discovery.	(1) Improve access to the Library:	(1) Implement new registration system to improve customer journey and provide associated staff development in customer service. (2) Review user access.	(1) Measure, monitor and prepare reports on users access: types of users, age, enquiries, use of digital library	(1) Collect data and report on the number of enquiries: in person, telephone, post and email

Design or Select Measures¹⁸

The cascading process makes operational plans more explicit business processes that can be measured and monitored. Measures can now be designed or selected and be linked to specific business processes.

◆ Considerations for Design of Measures

Think about the message this measurement activity would carry in terms of the behaviours it might encourage. Measures must be functional rather than dysfunctional. Measures are dysfunctional if they inhibit the achievement of goals and objectives; and functional if they stimulate. And because you have a clear and explicit set of business processes to be measured and monitored, your measures have a function, as they are derived from business goals and linked to operations. This is essential because these measures will provide you with information which is used to produce evidence to justify productivity; this evidence will then be used to inform decision making, and demonstrate accountability.

¹⁸ Further reading:

(1) Custom Tailoring Performance Measures, p120-143. Lynch, R. L. and K. F. Cross (1991). Measure Up: The essential guide to measuring business performance. London, Mandarin.
 (2) Neely, A., M. Bourne, et al. (2002). Getting the measure of your business. Cambridge, UK, Cambridge University Press.
 (3) Neely, A., C. Adams, et al. (2002). The performance prism: The scorecard for measuring and managing business success. London, Prentice Hall.

It is useful to clearly define each measure in terms of:

- What needs measuring and why?
- Where would data come from and how frequently?
- Who is responsible for data collection and how frequent would recordings be made?
- Who acts on measure when data is available?

To be able to answer these questions demands that decision makers to commit resources for measuring and monitoring activities.

It can be beneficial to use a template, such as the performance measure record sheet¹⁹ as it ensures measures are consistently and comprehensively defined.

A measure may be inappropriately designed if ²⁰:

- It does not provide useful and relevant performance information.
- It does not provide good quality performance information- unreliable or invalid data.
- It does not give an indication how an activity is progressing towards its goal.
- It does not have anyone accountable or responsible for it.
- It is too costly to collect the necessary data.
- It encourages undesirable or perverse performance behaviour.

Target Setting²¹

The next question would be 'how to set an appropriate target for each measure?'

Where there is a direct relationship between a PSA target and the business of the organisation, consider whether key targets can be expressed in the same terms and measured the same way.

Some prompts for target-setting discussions:

- What targets would be appropriate to reflect the expected levels of performance?
- Should targets be set based on existing or potential organisational capabilities?
- Should setting of targets be informed by past data, or benchmarks?
- Would national level targets be necessary to unify productivity of geographically-dispersed units?

It is also beneficial to hold target setting discussions with those who will have to deliver and those who will be held accountable for the targets.

¹⁹ Neely, A., C. Adams, et al. (2002). The performance prism: The scorecard for measuring and managing business success. London, Prentice Hall. Page 34-45.

²⁰ Compiled from data collected from interviews and resources from Turning Point <http://www.turningpointprogram.org/Pages/perfmgt.html>

²¹ Further reading:

(1) HM Treasury 2003, Setting Key Targets for Executive Agencies: A Guide, London.

(2) Target Setting Guidance, PMMI Project, 2005.

<http://www.idea.gov.uk/idk/core/page.do?pageId=845670>

Check if the target is specific, measurable, achievable, relevant and time-bound, SMART.

An example extracted from Setting Key Targets for Executive Agencies, 2003.

The (then) Lord Chancellor's Department PSA Target 4	The Court Service Agency High Level Targets
<p>"Increase year on year the level of satisfaction of users by taking speedy, high quality decision, and by reducing unnecessary delay and cost, and by ensuring that outcomes are enforced effectively."</p>	<p>The percentage improvements in the level of satisfaction to court users (measured by 4 key areas of service delivery):</p> <p>PSA4.1 Knowledge of court staff at public counter- 80%</p> <p>PSA4.2 Knowledge of staff on telephone service- 76%</p> <p>PSA4.3 Speed of resolution of complaints- 40%</p> <p>PSA4.4 Helpfulness of written communication - 72%</p>

Information Technology (IT) for Data Management

What type of system is most appropriate for data collection and management?

- Do data come from multiple sources- too many, too tedious, too labour intensive?
- Is data accuracy, validity and reliability a top priority?
- Is timeliness and accessibility of data a top priority?
- Conduct cost and benefits analysis to justify investments in IT.
- Conduct cost and benefits analysis to justify the need for good quality data

IT systems are 'means to an end'; therefore organisations must avoid investing massive resources for the sake of having the most up-to-date or sophisticated gadgets, with an array of functionalities that are hardly useful, or not relevant. IT systems can be very cost intensive. Managers need to consider the level of automation they need, the reasons for which they might need it. "Throwing money or technology at a problem is not always the answer. Simplify, integrate, then automate"²².

Which Framework?

Which framework or what combination of frameworks works well for structuring measurement and monitoring activities?

The decision is depends purely on the desired outcomes of using such a framework. Some organisations found using a combination of up to three different frameworks useful for managing performance, while some found structuring their measures based

²² Lynch, R. L. and K. F. Cross (1991). Measure Up: The essential guide to measuring business performance. London, Mandarin.

on an adapted BSC supported by a quality model such EFQM or TQM, useful. Again there is no 'one best fits all' solution to this.

Some organisations wish to keep things simple, structuring the presentation of KPIs based on their funding agreement and corporate plan. Organisations find this useful as it maintained clearly the linkage between spending and outcomes.

Frameworks such as the BSC, ABC or the EFQM provide a structure to management processes; they facilitate the standardisation of mechanisms. A standardised mechanism helps enhance the credibility of performance data in terms of reliability and validity, and with a level of consistency in practices and processes, year on year comparisons can then be possible. There are examples of organisations using ABC with BSC, or EFQM with BSC, while there are some that used a combination of three frameworks, such as ABC, EFQM and BSC. Each serves and focuses on different elements of management process.

Your decision should be based on careful consideration of several issues presented by the following questions:

- Do you need a framework to facilitate management of performance in a wider sense to drive corporate-wide improvements?
- Do you need a framework to provide a structure for external reporting purposes?
- Do you need a framework to provide structure for a set of loosely connected measures and key performance indicators?
- Do you need a framework to help focus on process improvements?
- Do you need a framework to facilitate the management of resources?
- Do you wish to maintain a certain level of consistency to allow year-on-year comparisons?

An extensive review of performance improvement models and tools was conducted by PMMI²³. It is not the intention to duplicate that effort here but it may be beneficial to highlight some feedbacks from participating organisations on what works with the three most commonly used frameworks.

Balanced Scorecard (BSC)

Some use BSC (adapted version or not) as it facilitated the mapping out of their strategies. By going through the process of populating the scorecard, managers need to clearly articulate their strategies and plans, and link targets and measures to operational and individual staff objectives to enable communication of business goals and strategies at all levels.

Some organisations find 'live' scorecards useful for reviews as they highlight issues in real time. It displays the key business areas in a concise and structured way that facilitates discussions during reviews to inform decision making processes. The displays prompt persons accountable for specific indicators to start discussions on performance issues they face. The display of performances of key business objectives on one page/screen helps managers understand how a missed target on one perspective could be affecting the others,

²³ PMMI: Review of performance Improvement Models and Tools, 2006.

in some ways creating an awareness of the overall health of the organisation rather than constrained by functional silos or geographical dispersions.

European Foundation of Quality Management (EFQM) Excellence Model

Some organisations find EFQM useful as it helps focus on the improvements of internal processes. Others were using both BSC and EFQM as a combination in a manner that maximises the strengths and minimises the weaknesses in the use of each.

Activity-based Costing

Organisations that used ABC find it useful for managing overheads. Activity based Costing helps managers determine the true cost associated with an activity or a cost object and this helps resource allocation and resource reassignment.

Similar to data management systems, performance measurement frameworks are tools- a means to an end. There are a plethora of frameworks or management models available with varying degrees of sophistication and complication. The outcomes derived should be a focus rather than spending too much energy on the tool itself. It is vital for managers to realise what they wish to achieve with a particular framework; what characteristics does the framework have that can be used effectively? There are many possible combinations, and the limit is our ability to innovate and create. The idea is to keep things simple, use something that people in the organisation find relevant and useful.

Enable the Preparation of Evidence to Verify Performance

With measurement and monitoring activities set out, the system is now ready to generate information for project management (Key Element 3) and the preparation of evidence for performance verification (Key Element 4).

3 Evaluate Project

If your organisation launches or invests in projects/programmes/partnership initiatives (hereafter, 'project') as part of the business plans to achieve goals and objectives, this section can be useful.

The discussion presented in this section is not meant to provide a step-by-step guide for project management, but aims to flag up fundamental issues managers might wish to have a closer look at for successful measurement and monitoring activities.

Project evaluation is essential for tracking the extent to which the project was implemented as intended and to interpret measured outcomes. An effective performance measurement approach provides relevant and useful information on project productivity for impact assessments.

The following are four fundamental issues for managing projects²⁴ with measures:

- Define goals and methods of work;
- Project value statement;
- Autonomous project team; and
- Evaluate project contributions.

Define Goals and Methods of Work

Managers need to pay attention to defining projects, clearly articulating the goals and methods of work. Disorganised and ineffectively designed projects would not have effectively and efficiently delivered intended outcomes, and it would be a nightmare for the possibility of successfully conducting any impact assessment. If impact assessment is to determine whether a specific project is effectively delivering expected outcomes, there must be some assurance that the project can be implemented. Definitions of goals and methods of work are essential so that impact assessments can be related to identifiable interventions.

Well defined projects would ensure smoother execution, because the project team have a term of reference hence are guided in a structured manner with minimal top management interventions. If goals of a project are ambiguous, it would be quite impossible for autonomous self-managed team to be productive, it would in fact be counter-productive (see below Autonomous Project Teams).

Leading from the cascading of business objectives to business plans (Key Element 2), project initiatives are established when there is a need.

For each project initiative:

- ◇ Identify expected outcomes;
- ◇ Identify key stakeholders and conduct stakeholder analysis to better understand wants and needs, and key concerns. For every key concern

²⁴ Further reading: Rutman, L. (1980). Planning Useful Evaluations. London, Sage Publications.

raised, expressly state and obtain agreement on 'what is now' (before any intervention) and 'what outcome(s) is expected (after intervention). This agreement also known as a project value statement, serves as a term of reference for the project team:

- ◊ Establish project goals and objectives;
- ◊ Cascade project goals and objectives into operational plans
- ◊ Design measures measuring and monitoring specific business processes (refer page 15);
- ◊ Set appropriate targets for each measure (refer page 16).

Autonomous Project Team

To increase accountability, decision makers delegate sufficient autonomy for the project team to operate with minimum directive from the top. Project teams are made-up of people with cross-functional skills, knowledge and experience. They are trained to work as a team and to self-manage. They write local plans and decide how they would manage, operate and evaluate the project. Guided by business plans, targets and deadlines, they design and select appropriate measures, and set project milestones.

While autonomous teams could enhance productivity, and encourage employee innovation and creativity; too much autonomy could potentially be harmful. Managers need to strike the balance on how much involvement and support they give to a self-managed team to avoid a situation where they are at a loss due to an ineffectively designed project with ambiguous goals, and lack of communication with decision makers.

Evaluate Projects

Measures are simply indicators for signalling whether something has been achieved or not, and they do not necessarily provide vital information as to why something is not happening, or how something can be done better.

Project feasibility assessments are based on the expected use of information produced by the evaluation. This expected use would impose assessment criteria. User requirements would determine how projects will be assessed, and the extent of those assessments.

Considerations must also be given to the level of measurement validity and reliability²⁵.

◆ Impact Assessment

Impact assessment is a tool that can help bridge that gap. It helps to establish a better understanding of the level of benefits each projects are contributing towards expected outcome. Impact assessments generally produce findings that can lead to 'continue' or 'terminate' decisions.

²⁵ Validity is the degree to which a procedure succeeds in measuring what it purports to measure. Reliability is the consistency and stability of the measurement. Threats to validity and reliability must be adequately addressed to ensure findings can be confidently used by decision makers.

A pre-requisite for any assessment to be relevant is to have well-defined project goals and methods of execution.

Below is a list of prompts for assessment:

- ◇ How many resources are allocated and how much was spent or invested?
- ◇ How much benefit is there to consumer groups?
- ◇ What is the degree of involvement?
- ◇ Are investments still viable?
- ◇ Are investments making the immediate impacts as intended? If not, why not?
- ◇ Are projects delivering valuable benefits to stakeholders (with reference to the value statement established with stakeholders: before and after)?

◆ **System Approach**

Managers could also employ a more systematic approach when evaluating projects, shifting the focus from outcome orientation to balancing distribution of resources among organisational needs

- ◇ Under any given conditions, how close is the organisational allocation of resources approaching an optimal allocation?

◆ **Review and Update**

Based on feedback from assessments:

- ◇ Take necessary corrective actions on project plans and strategies;
- ◇ Review and update project plans where necessary;
- ◇ Identify barriers to productivity and good practices for projects;
- ◇ Review and update measures relevant to each project; and
- ◇ Review and update operational plans where necessary.

Managers are encouraged to prepare project progress summaries based on feedback from impact assessment. This document will be an input for corporate level performance review process.

Enable the Preparation of Evidence for Performance Verification

With measurement and monitoring activity set out, the system is now ready to generate information for evidence to verify performance (Key Element 4).

4 Prepare Evidence of Performance

You need feedback on activities to gauge organisational performance. Effective measurement and monitoring activities provide you with evidence for justifying actions needed for improvements in practices, processes, activities, and systems; and also evidence for the preparation of performance reports aimed at fulfilling public accountability and transparency purposes.

Feedback from users at any level on issues such as sufficiency of information, completeness or comprehensiveness, ease of retrieval and ease of understanding informs the design and selection of measures (Key Element 2).

The following are two fundamental issues for the preparation of evidence for performance verification:

- Performance Reporting; and
- User needs.

Performance Reporting²⁶

- ◆ Plan with 'the end' in mind. What evidence do we need for the following processes?
 - ◇ Provide an overview of the health of the organisation focusing on business critical objectives rather than in silos of functional divisions;
 - ◇ Highlight problem areas;
 - ◇ Demonstrate successes; and
 - ◇ Identify good practices.

- ◆ How frequently do we need such evidence?

The frequency of publications, the level of details and the type of information to be included will depend on the requirements of the target audience. E.g. department heads would require monthly reports, high level of details for all areas that are being monitored; while the senior management team would require quarterly exception reporting with commentaries, written by department heads, highlighting key areas needing attention.

- ◆ How should evidence be presented?

The presentation should facilitate understanding, using graphs or charts, or tables for data display. e.g. Use traffic light system: highlight under-performing areas with 'red'; at risk of falling 'amber'; and 'green' for performance on track. 'Live' scorecards can be a useful tool for displaying the causes and effects of the lack of performance of certain areas.

²⁶ Further reading:

- (1) Good Practice in Performance Reporting in Executive Agencies and Non-Departmental Public Bodies, 2000. The Comptroller and Auditor General, National Audit Office, London.
- (2) Choosing the Right Fabric: A Framework for Performance Information, 2001. HM Treasury, London.

Internal Reporting: Departmental Level

Directors require information to track performance at operational level. Such information informs planning and decision making. Internal reporting focuses on issues concerning day-to-day operations, which require more prompt attention rather than waiting for directives from top management. Directors are encouraged to write short commentaries justifying their decisions and actions taken on major performance issues. By going through this process of writing commentaries, directors would be more aware of the activities in their portfolio of responsibilities with a heightened sense of accountability. With an increased awareness, they are generally more engaged in corporate level review discussions. These major issues include those that are perceived to affect some other operational or key business objectives and are worth highlighting for further deliberation at a high level.

On user requirements:

Directors provide feedback on the type of information required to support decision making and planning process. These feedbacks inform the design of internal reporting content and layout, and also inform the design measures. Some prompts for discussion:

- Are we getting the right information, if not, are we measuring the right things?
- Is the information redundant, if so, why? Are we measuring things that are no longer in the 'watch list'?
- Is the information obsolete or out-dated, if so, why? Do those measures need updating?

Internal Reporting: Corporate Level Reporting

Top management require feedback on results of initiatives and strategies to gauge delivery of intended outcomes. They need information vital for performance review and decision making (Key Element 5).

On user requirements:

- Which performance information gets priority reporting at corporate level?
- What does top management need to get an overview to gauge organisation performance, brief but sufficiently good coverage of key business areas?
- What kind of information does top management need to review the extent to which the organisation's strategy, actions, and measures line up with each other (match and are mutually supportive)?

Reports at this level contain less detail when compared those with at departmental level. They serve as prompts for discussions. Exception reporting supplemented with directors' commentaries were found to be useful in highlighting issues needing urgent attention.

Directors are encouraged to feedback to the performance measurement team their information needs, e.g. what they might require to enable them to do their work. What worries them about performance?

External Reporting

The Cabinet Office requires that performance information must be fairly presented; more specifically- information is to be presented clearly, there should be sufficient information for year-on-year comparison purposes, explanatory notes given on activities and assurance provided on the quality of information²⁷.

To provide a more comprehensive view of performance, agencies are encouraged to report on their management of targets, report on outcome measures, and to provide supplementary information- a short commentary on how they actually carried out their operations rather than just numerical figures²⁸.

On reporting outcomes:

- ◊ Are we showing our stakeholders that this organisation is meeting their needs and working in their best interests?
- ◊ Consider internal and external auditing criteria, e.g. requirements of the National Audit Office, queries from Non-Executive Directors or the Commissioner, issues on transparencies and the robustness of published information in terms of information reliability and validity.
- ◊ Suggestion: Use templates developed based on the structure of funding agreement and corporate plan to demonstrate the linkages between spending and actual benefits/outcomes delivered.

Managing Performance Evidence with Measures

Managers need to strategise their use of performance information. For example, what evidence would you need to make a convincing case that the organisation is doing what it is expected to be doing, and that you are doing it well? What information would you need to enable assessments on how you are doing, what are you doing well, what are you doing badly? If you have given sufficient thought to address these issues, you would have planned to gather much of the evidence needed for performance review and the decision making process (Key Element 5).

²⁷ The Comptroller and Auditor General (2000). *Good practice in performance reporting in Executive Agencies and Non-Departmental Public Bodies*, HM Treasury: HC 272.

²⁸ *Ibid.*

5 Review Performance and Make Decisions

Conducting performance measurement gives you indications of how well or badly one area has performed. It is essentially a feedback mechanism on how well expectations are met. It does not provide further information on how things happened the way they did, or which business area needs improvements and how those improvements could possibly be achieved. Feedback on the results on activities inform decisions about future plans for the organisation, e.g. which direction to take, or what improvements are needed and what can be done and how? This process is known as *performance review*. *Performance reviews* are gap analyses which help identify the differences between level of delivery and expected outcomes. Reviews highlight performance areas to enable further examination of what process needs improvements, or which specific areas have been successful, and why; to initiate discussions and deliberations on the next course of actions. Could an approach or a process in a specific business area or department serve as good practice for other business areas or regions?

One good indication of whether a performance measurement approach is effective is if you have the necessary information to support the review process.

The following are two fundamental issues for reviews and decision making:

- Performance culture; and
- Use of reviews to inform decision making.

Performance Culture

Again, management practices exemplify the organisation's beliefs.

For successful conduct of performance reviews, organisations need to clarify their aims at the onset:

- ◇ Why do we review performance?
- ◇ How do we perceive under performance?

It is important for staff to understand the role they play and how they are contributing towards the over-arching performance measurement objective, e.g. the performance team's role is to prepare reports with information useful and relevant for the review; staff at all levels collect valid data for reporting; managers share and deliberate on performance issues, etc.

Management beliefs and practices can create an environment which is perceived to be sufficiently safe for staff to be honest about their performance or under performance. If it is perceived to be less safe, there is a possibility of them resorting to distorting performance data to avoid punitive consequences.

How Do Managers Use Performance Reviews for Decision Making?

Department Level Review

Reviews at this level act as an early warning system indicating something may be going awry or have gone wrong. Due to the nature of business at departmental level, which is normally operational issues, more regular reviews enable prompt response to urgent matters which would otherwise be too late if they were to wait for top management to review and act on them.

Directors are expected to make commentaries on progress, particularly on under-performing areas. Through the effort of making commentaries on their decisions, the directors are in a better position to do the following:

- ◊ Take necessary and/or corrective actions at relevant level;
- ◊ Actively pulling together the list of issues faced at department level worthy of discussions at informal monthly meetings with the CEO and at corporate level review;
- ◊ Have an increased understanding of the happenings and the health within their unit, and of the organisation as a whole. Better understanding encourages discussions at corporate level review;
- ◊ Increased sense of ownership and level of accountability for their assigned portfolio of KPIs; and
- ◊ Be encouraged to give performance information the extra level of care due to ownership.

Some organisations find it useful to appoint of a strategic group to critically assess the suppositions made in the commentaries by directors. This critical assessment process forces Directors to give 'that little more care' in terms of performance reporting. This practice also enhances the quality and robustness of performance information being published.

Prompts for review:

- ◊ For on-going initiatives or projects- are we progressing as expected?
 - ◊ Are we making progress towards more immediate outcomes?
 - ◊ Are there any issues needed urgent treatment or corrective actions?
 - ◊ Which area is under-performing, why?
 - ◊ What needs improvements, and how can we do that?
 - ◊ Which area is successful, why? Any good practices for sharing?
 - ◊ What issues needed to be highlighted at corporate level review?
- Prepare a list.

Encourage directors to provide feedback after every review on the type and the level of details of information necessary for them to carry out their duties. This feedback informs the preparation of evidence, and the design of measures.

Corporate Level Review

The main purpose of a review at corporate level is to deliberate on issues brought up from departmental level reviews. Decision makers provide corporate support for necessary corrective or pro-active actions, which may include increasing or decreasing or re-assignment of allocation of resources, review of milestones, review of existing capabilities for delivery of expected outcomes, identifying the set of forthcoming challenges for the organisation and planning for target plans and budgetary proposals for the next financial year.

Regular reviews allow adjustments to current strategies and help keep the organisation in alignment with changes due to internal or external forces. Internal forces may include increases in capabilities; while external forces could be a change in sponsor's requirement or government policies, or a change in consumer needs etc.

Resistance is still one of the greatest challenges to measurement activity. Director or line managers are often in the best position to help in figuring out what works and what did not. To encourage better involvement and participation, the chief executive officer could meet directors informally monthly to 'have a chat' about what is bothering them with measurement activities or share the happenings in one area that could well be affecting another area.

Feedback from directors on the review process can inform the appropriateness and sufficiency of information provided in reports. This process helps highlight:

- Instances where actions and measures do not complement organisational goals and objectives; or/and
- Instances where there is high emphasis on activities that are no longer high in the priority list, making some measures less important, redundant or obsolete.

This process continually updates and improves the process of monitoring and preparation of reports.

Main Areas for Review

Key business drivers:

- Where are we now, and where should we be?
- Review impact assessments
- Risk analysis & risk mitigation
- Review performance against Value for Money: Efficient, Effectiveness & Economy.
- Identify good practices, performance barriers.
- Identify what staff have actually done
Identify areas hitting targets without challenge.

Consumer satisfaction:

- Track delivery against consumer needs
- Track delivery against consumer wants

Project or partnership investment:

- Review impact assessments
- Evaluate results from assessments with project value statement 'before & after'

Reassess and Review Strategies and Plans

Although there is an agreed set of key business objectives and relevant KPIs, they are not set in stone. Performance reviews may highlight some issues which may require changes to strategies and plans due to several things, e.g. design of measures, allocation of resources, risk mitigation or etc. There needs to be some degree of flexibility to absorb these changes.

Managers often make reference to historical performance data to inform their decisions on the next course of action. It is also good practice to use last year's corporate plan as a statement of intent at the start of each financial year.

Managing Reviews with Measures

Performance review is an important element of measurement and monitoring activity. Reviews are helpful in several ways, they : prompt managers to focus on ailing areas to take remedial actions; highlight areas where improvements may be beneficial; and enable the pulling together of the list of challenges, existing or future. How would you use these review findings? Would you use them strategically to, inspire staff to stimulate performance (Key Element 7); as a catalyst for improvements drive (Key Element 8); or for external reporting purposes (Key Element 9)? Subsequent sections comprise discussions on the fundamental issues for each of these intentions.

6 Internal Communications

Performance review identifies areas of both good and bad performance. It is good practice for directors to bring this news back to their operations. Telling staff they have done well is a way of communicating what success means in real terms. Staff needs feedback on their work- a pat on the back when they have done well, or a nudge to put in more effort if performance is below par. This process is again not one-directional; it also involves a feedback to the review process on the type of information useful for internal announcements. An effective performance measurement provides you with the essential information you can strategically use to manage staff performance.

The following are two fundamental issues for internal communications:

- Internal reporting; and
- Use of performance information.

Internal Reporting

Directors need to think ahead of their strategies with managing performance with measures.

- ◆ What do we aim to achieve with internal communications?
 - ◇ Re-emphasise and reiterate organisational goals and objectives;
 - ◇ Communicate the intentions and use of performance measurement;
 - ◇ Encourage a wider use of performance information;
 - ◇ Describe and explain how individual staff's work relates to overall organisational performance;
 - ◇ Create awareness on quality of service delivery;
 - ◇ Update staff with progress;
 - ◇ Communicate successes to give staff work recognition and a sense of achievement; and a positive feeling about how they do their job;
 - ◇ Encourage ownership of targets;
 - ◇ Increase accountability; and
 - ◇ Influence performance behaviour.

Here are some of the possible options for internal communications:

- ◇ Organisation's intranet;
- ◇ Announcements at annual staff conference/dinner;
- ◇ Announcements at staff meetings; or
- ◇ Notice boards.

Use of Performance Information

Staff would put sufficient care and effort into measuring and monitoring activities if they could see the usefulness of measuring and monitoring activities in relation to their work. It is therefore crucial to obtain staff feedback on 'what works' and 'what does not' with existing performance information. Some organisations conduct internal surveys for this purpose.

Staff involvement in different stages of planning and development of performance measurement activities can help buy-in and develop a sense of ownership.

Managing Internal Communications with Measures

You now have information on productivity levels. You are tracking progress towards meeting targets. You have a good sense of staff productivity and the areas in which they excel. Consider how you would use them. If you were thinking of using success stories to inspire staff or highlight where they failed aiming to push productivity up a notch, would they be ready for this? Refer to the proceeding section on how managers can prepare the mind-set of staff for a performance orientated culture (Key Element 7).

7 Influence Performance Behaviour

Performance measurement is a tool you can use to influence performance behaviour aimed at improvements. An effective performance measurement approach is one which it generates information you can use to stimulate higher productivity and boost work morale.

Managing performance behaviour with measures would require the right type of information with the right level of comprehensiveness, being announced at the right time. How to get it right is again an iterative process. It is not unusual for managers to cycle back and forth between providing news to staff and then observing the outcomes-paying particular attention to perverse or dysfunctional behaviour. Their feedback on what works and what does not can inform the design of internal communications.

The following are two fundamental issues for managing performance behaviour with measures:

- Performance culture; and
- Ownership of personal work goals and objectives.

Performance Culture

There are known risks of unintentional perverse and dysfunctional effects caused by the measurement activity, for example, gaming, sub-optimisation or the possibility of a pursuit of short term targets at the expense of legitimate long term objectives, etc.

Again the emphasis is on the climate created by leadership and management practices.

Essentially, to help create the right mind-set, staff must be informed at the very start, of the intention to make use of performance measurement. Understanding the real need and use for performance measurement could potentially help avoid the attitude of measuring for measuring sake, or measuring to feed 'the beast'.

At the onset, management need to demonstrate that the organisation is applying measurements to achieve intended outcomes. This helps in creating a safe enough environment to encourage openness and honesty about performance. The intention of monitoring performance is to motivate rather than de-moralise staff. Employees need a climate where they feel comfortable to respond and be flexible to change

Encourage Ownership of Personal Work Goals and Objectives

◆ **Employ Strategic Use of Performance Information for Internal Communication**

(Key Element 6: Internal Communications)

◆ **Manage Work Standards and Expectations**

Staff needs to understand what is expected of them. They need to know how much to deliver to match the level of standards and expectations.

Below are some useful prompts for managing staff work standards and expectations:

- ◇ Do staff know what they need to do?
- ◇ Do staff understand what success is in real terms?
- ◇ Do staff know what outputs are expected of them?
- ◇ Do staff know what standards to achieve?
- ◇ Identify staff training and development needs through half-yearly staff appraisals.

There is a need to design a plan (formal or semi-formal) to carry out the following:

- ◇ Create an awareness of how individual work contributes towards the overall objectives:

Explain and describe the cascading of key business objective to individual work goals and plans to make the linkages between individual and corporate goals more visual. Some common approaches include:

- Conducting in-house workshops,
- Conducting regular discussions with line managers, and
- CEO to give talks in seminars, and to produce written guidance about performance measurement.

- ◇ Create a sense of ownership and accountability for measures

- Assign respective key business objectives and relevant KPIs to directors to create their portfolio of responsibility and work accountability;
- Establish staff individual objectives and plans: Create 2nd level targets and measures that best encapsulate the work they are doing and provide feedback on results of their actions; and their achievements;
- Encourage staff involvement in relevant level of planning;
- Delegate a certain level of autonomy attached to each work area;
- Establish a consistent way to inform staff of the linkages between work objectives and measures and the overall key business objectives;
- Devise a tie-in between performance review and staff appraisals;
- Ensure measures are relevant to work; and
- Ensure measures are embedded as much as possible within work rather than having to put in extra effort.
- Encourage self assessment

Essentially, self assessment is about staff being self-critical and self-reflective to build on successes and learn from failures. It helps

highlight problems sufficiently early for corrective actions to be taken at personal level.

For self assessment to work successfully, the organisation must be committed to allow staff to recover without being penalised, and allow corporate strength in supporting problem solving at any level.

- ◇ Design measures and targets with an aim for improvement
 - Ensure targets are challenging but not unreasonable to push employees to do that 'little bit more' than just meeting them.

Managing Performance Behaviour with Measures

Performance information can be strategically used to update staff with progress and to create an awareness of the happenings in and around the organisation. Better communication can help create a sense of belonging to boost staff work morale. Managers could actively promote a performance orientated culture through clearly articulated standards and quality of delivery of expected outcomes. Well-informed staff may be more prepared for likely changes made to their ways of working. When dealing with staff with the right mind-set for improvements, managers are less likely to face resistance to new ideas and ways of working- a mind-set receptive to improvement drives (Key Element 8).

8 Drive Improvement

An effective performance measurement approach is one that drives improvement: 'using performance measurement as a quality model as opposed to a bean-counting model'.

This drive for improvement is partly enabled by performance reviews and the existence of a high-performance orientated work environment and workforce. This drive is vital for continued success across the organisation.

The following are five fundamental issues on driving improvement:

- Catalyst for improvement;
- Performance review;
- Organisational capabilities;
- Internal communications; and
- Behavioural issues.

Catalyst for Improvement²⁹

External pressures and interventions can potentially be very useful catalysts for an improvement drive; e.g. external auditing requirements, government spending reviews or five-yearly review process, etc. In the absence of these, organisations can create their own catalyst by demonstrating how they compare when benchmarked with other organisations from a similar sector.

Performance Reviews & Organisational Capabilities

Performance reviews help identify specific areas for improvement; an alignment check between capabilities required and capabilities available for intended improvements and outcomes delivery; and measure the associated risks involved in every level of improvements (as discussed in Key Element 5).

Business objectives that are performing well-GREEN (traffic light indicator):

- ◇ Are we hitting targets without much effort because targets are too low? Have we under-estimated our capabilities?
- ◇ Would tightening measures and targets be beneficial?
- ◇ What capabilities may be required for such actions?
- ◇ Would it be too costly to push efforts for higher standards or quality of delivery?
- ◇ What are the associated risks?

²⁹ Aiming to Improve: The Principles of Performance Measurement, Audit Commission, 2000.

Business objectives that are performing at an average level- AMBER (traffic light indicator):

- ◇ Explore the 'whys' for this state.
- ◇ What processes need improvements?
- ◇ Is the current state of capabilities not sufficient to deliver standards and quality to meet targets?
- ◇ Are targets unreasonable?
- ◇ What are the associated risks?
- ◇ How much would these improvements cost?

Business objectives that are under performing-RED (traffic light indicator):

- ◇ Explore the 'whys' for this state.
- ◇ What processes need corrective actions?
- ◇ Is the current state of capabilities not sufficient to deliver standards and quality to meet targets?
- ◇ Are targets unreasonable?
- ◇ What are the associate risks?
- ◇ How much would these corrective actions costs?

Internal Communications

Managers need to sell their ideas for new processes to staff. Managers need to design a plan (formal or semi-formal) to communicate to staff to encourage buy-in. A plan designed to carry out the following:

- ◇ Establish a channel to communicate new ideas or ways of working;
- ◇ Enhance performance culture through management practices;
- ◇ Encourage staff feedback and participation in planning process at relevant level;
- ◇ Demonstrate leadership commitment and support for any such improvement initiatives.
- ◇ Design internal reporting for strategic communication to drive improvement (as discussed in Key Element 6).

Behavioural Issues

Staff generally perceive changes in work environment to be associated with having to do extra work and there is almost always a fear of the unfamiliar, hence changes are not usually welcome. These feelings of fear and misconceptions are manifested in acts of resistance. Managers need to address behavioural issues to enable any structural, process or work practice improvements to take place.

Devise plans (formal or semi-formal) to approach these issues:

- ◇ Assess the current work morale and resistance levels of staff;
- ◇ Identify the possible sources of resistance, and decide how they should be dealt with;
- ◇ Ensure commitment and support from decision makers on measuring and monitoring activities;
- ◇ Communication of new ideas and active encouragement buy-in;

- ◊ Engage staff through participation and involvement in the planning process (for implementation of measuring and monitoring activities);
- ◊ Use performance information strategically to influence performance behaviour (as discussed in Key Element 7).

Managing Improvement with Measures

For many, improvement is one of the main aims of measurement and monitoring activity. Managers strategically design and implement measurement activities to gather evidence for reviews. Results are communicated to inspire and stimulate performance, which serve as catalyst for improvement drives. Performance information informs decision making and planning aimed to drive improvements. Organisations can demonstrate efforts in linking performance results to strategic plans for improvements when preparing a convincing case to justify their target plans and budgetary proposals (Key Element 9).

9 Demonstrate Success

A performance measurement approach is effective when measuring and monitoring activities to generate relevant information for demonstrating achievements and successes, in particular, demonstrating transparency and public accountability.

Measurement activities provide information for demonstrating an organisation's viability as an on-going concern, justifying its existence; and allows the demonstration of an organisation's ability to improve and contribute positively to the community giving good value for every penny of public money it is spending³⁰. Evidence of improved performance also helps substantiate negotiations (with funding organisations) for an increased budget.

The process of preparing information for external reporting could be another checkpoint allowing directors to continually assess if they have the right information, and identifying if they are measuring and monitoring the 'right' business areas to feedback to preparation of evidence (Key Element 4).

The following are three fundamental issues for external reporting:

- What to publish?
- How to present information? and
- Benchmark reports with external certified bodies.

What to Publish?

External reporting is part of disclosure on performance against key targets. Managers need to consider the requirements of the target audience when structuring these reports. The following are some prompts for consideration:

- ◇ What would the funding organisation, the Treasury, Cabinet Office or the National Audit Office need to assess how well public money is spent and what is being achieved with it?
- ◇ What would the funding organisation, the Treasury, Cabinet Office or the National Audit Office need to be convinced how well we are managing performance and improvements with measures?
- ◇ Would the contents potentially satisfy most internal and external audit queries?
- ◇ Refer to the Cabinet Office's guidelines on what measures to present, over what period and how to classify or group measures³¹.
- ◇ Has the quality of performance data been considered? Provide discussions on the quality and robustness of performance data, and actions taken to validate data, e.g. the appointment of a strategy group to critically assess data at the point of preparing reports.

³⁰ Further reading: Good Practice in Performance Reporting in Executive Agencies and Non-Departmental Public Bodies, 2000. The Comptroller and Auditor General, National Audit Office, London.

³¹ Next Step Agencies: Guidance on Annual Reports, Cabinet Office, October 1998.

How to Present Information²⁷

Below are some prompts for consideration:

- ◊ Present information in a manner that facilitates reader understanding, e.g. Set reporting templates based on structures of the funding agreement and corporate plan to create the linkages between the need and use of the funding and outcomes delivered or possible outcomes to be delivered;
- ◊ Present information in a manner that is more meaningful and useful to readers: present performance information clearly, present performance over time, explain performance measures in use, and describe the quality of data;
- ◊ Present information in a manner that will minimise misinterpretations;
- ◊ Use tables, diagrams, charts or maps to summarise statements of performance; and
- ◊ Use colour-coding to highlight results, such as a traffic light system.

Benchmark with Certified External Bodies

Some organisations find it useful to benchmark reports with criteria set by certified external bodies, such as the Mercatus Centre of Assessment (www.mercatus.org). It can be useful for the team responsible for performance measurement to go through the assessment questions informally as it gives an awareness of what makes a good report.

Managing External Reporting with Measures

There are more pressing issues than the usual clarity of layout or ease of understanding when it comes to external reporting. External reports must be devised and structured to show clear linkages between performance information and the structures of the funding agreement and budgets; and to provide evidence that the organisation is managing performance and improvements with measures. These are some of the major considerations that measuring and monitoring activities must be designed to support.

With the necessary information presented in external reports, you are ready for the negotiation of targets and budgets with the funding organisation (Key Element 10).

²⁷ Good Practice in Performance Reporting in Executive Agencies and Non-Departmental Public Bodies, National Audit Office, February 2000, p43

10 Negotiate Targets and Funding

A performance review informs budgeting for funding agreement and preparing for the next Spending Review. Essentially, the process of conducting performance measurement provides evidence and information for putting together a proposal of key target sets and budget proposals, a process known as performance budgeting³³.

There are two fundamental issues for negotiation:

- Keep an on-going dialogue with the funding organisation; and
- Preparation of key targets and budget proposals.

Keep an On-Going Dialogue with the Funding Organisation

Regular meetings and discussions with the funding organisation provide insights into their perceptions on the direction and general well-being of the organisation. If there is a sense of dissatisfaction, explore why, and how things could be done better. This exercise could potentially narrow the gap on the differences in perspective and expectations³⁴.

These meetings also help shape proposals for key targets and budget.

Key Targets and Budget Proposals

When preparing the proposals:

Devise a format to show the connections between performance information and the structures of the funding agreement and budgets. This is to demonstrate the link between performance information and resource allocation for ministerial policy making and spending decisions.

Provide evidence to demonstrate how the organisation is managing performance and improvements with measures:

- ◇ Evidence of performance planning and resources allocation;
- ◇ Evidence for public accountability for every penny spent, and the spending plan for the next budget;
- ◇ Evidence for plans and execution of measurement activities for key business areas identified in the funding agreement;
- ◇ Evidence for the design and use of outcome measures rather than just output and work process measures;
- ◇ Evidence of performance reviews based on information generated by measurement and monitoring activities;
- ◇ Evidence of successes and achievements.

³³ Further reading: (1) Gianakis, G. A. (1996). Integrating Performance Measurement and Budgeting. Organisational Performance and Measurement in the Public Sector. A. Halachmi and G. Bouckaert. London, Quorum Books: 127-143.

³⁴ Setting Key Targets for Executive Agencies: A Guide (2003) HM Treasury, London, page 15.

Be aware of the risks of forecasting and budgeting, e.g. sometimes it may not be possible to associate discrete outcomes with specific resource commitments.

Managing Negotiation for Funding and Target Plans with Measures

The negotiation process can be smoother when there is sufficient performance information to support a convincing case. One of the main challenges for a successful negotiation would be the ability to show the linkages between productivity and performance, and the usage of resources. Considerable care would be needed with regard to the following:

- o the ability to provide the funding organisation with evidence to support the linkage between proposed budget allocation and
 - (1) performance planning and measurement;
 - (2) actual spending and spending plans; and
 - (3) measuring and monitoring of key business objectives; and
 - (4) real efforts of managing with measures.

Upon completion of a negotiation process, new target mandates, budget plans or policy changes would almost always require some revisions to existing goals and objectives (Key Element 1) and so the cycle re-commences.

Reference

- Ackermann, F. (1992). "Strategic Direction through Burning Issues: Using SODA as a Strategic Decision Support System." QR Insight 5(3): 24-28.
- Behn, R. D. (1999). "The new public -management paradigm and the search for democratic accountability." International Public Management Journal 1(2): 131-165.
- Bouckaert, G. (1995). Improving Performance Measurement. The Enduring Challenges in Public Management. A. Halachmi and G. Bouckaert. San Francisco, Jossey Bass: 379-412.
- Bryson, J. M. (2004). Strategic Planning for Public and Non-Profit Organisation. San Francisco, Jossey-Bass.
- Bryson, J. M., F. Ackermann, et al. (2004). Visible Thinking: Unlocking causal mapping for practical business results. West Sussex, John Wiley & Sons Ltd.
- Carter, N., R. Klein, et al. (1992). How organisations measure success: The use of indicators in government. London, Routledge.
- de Bruijn, H. (2002). Managing Performance in Public Sector. London, Routledge.
- De Bruijn, H. (2002). "Performance measurement in the public sector: strategies to cope with the risks of performance measurement." International Journal of Public Sector Management 15(7): 578-594.
- Eden, C. and F. Ackermann (1998). Making Strategy: The journey of strategic management. London, SAGE Publications.
- Gianakis, G. A. (1996). Integrating Performance Measurement and Budgeting. Organisational Performance and Measurement in the Public Sector. A. Halachmi and G. Bouckaert. London, Quorum Books: 127-143.
- Grizzle, G. A. (2002). "Performance Measurement and Dysfunction. The dark side of quantifying work." Public Performance & Management Review 25(4): 363-369.
- Hatry, H. P. (2002). "Performance Measurement: Fashions and Fallacies." Public Performance & Management Review 25(4): 352-358.
- HM Treasury, Cabinet Office, et al. (2001). Choosing the right fabric. London, HM Treasury, Cabinet Office, National Audit Office, Audit Commission, Office for National Statistics: 1-35.
- Kaplan, R. S. and D. P. Norton (2001(a)). The Strategy-Focused Organisation. Boston, Massachusetts, Harvard Business Review.
- Likierman, A. (1993). "Performance Indicators: 20 Early Lessons from Managerial use." Public Money and Management: 15-22.
- Lynch, R. L. and K. F. Cross (1991). Measure Up- The essential guide to measuring business performance. London, Mandarin.

Neely, A., C. Adams, et al. (2002). The performance prism: The scorecard for measuring and managing business success. London, Prentice Hall.

Neely, A., M. Bourne, et al. (2002). Getting the measure of your business. Cambridge, UK, Cambridge University Press.

Rutman, L. (1980). Planning Useful Evaluations. London, Sage Publications.

Smith, P. (1995). "On the Unintended Consequences of Publishing Performance Data in the Public Sector." International Journal of Public Administration 18(2 & 3): 277-310.

The Comptroller and Auditor General (2000). Good practice in performance reporting in Executive Agencies and Non-Departmental Public Bodies. HM Treasury: HC 272.

The Comptroller and Auditor General (2001). Measuring the performance of government departments. London, National Audit Office: HC 301.

Blank page

SEPA's priorities	Targets		
	2008-2009	2009-2010	2010-2011
Demonstrating leadership and governance	Each year, drive forward an enabling approach to environmental regulation and advice and the range of services outlined below, ensuring that organisational culture, systems, structure and business processes deliver our corporate targets, enhance customer experience and protect the environment		
Providing high quality services and Better Regulation	<p>Each year, respond to at least 95% of environmental incidents and pollution reports within 24 hours</p> <p>Each year, deliver an effective Floodline service 365 days per year</p> <p>Expand the flood warning service to include installation of new monitoring stations on four rivers in North East Scotland</p> <p>Contribute to the design and implementation of Scotland's Environmental and Rural Services (SEARS) including chairing the SEARS Front Line Delivery Project Board, participating on workstreams and providing training</p> <p>Participate in the Scotland Rural Development Programme (SRDP)</p> <p>Provide advice and guidance to industry and establish a programme for delivering high quality advice on climate change to business and industry</p>	<p>Develop a new national flood warning dissemination system for Scotland, ensuring linkage to the Scottish Government's new strategic plans</p> <p>Each year, contribute to the design and implementation of Scotland's Environmental and Rural Services (SEARS)</p> <p>Each year, participate in the Scotland Rural Development Programme (SRDP)</p> <p>Deliver a training programme to SEPA staff including signposting to other organisations</p>	<p>Launch the new national flood warning dissemination service including customer registration</p> <p>Continue to roll-out training programme to SEPA staff</p>

¹SEPA will be working to detail aspects of this work in the coming months and elements of this will become more explicit during 2008-2009

SEPA's outcomes and key targets 2008-2011

SEPA's priorities	Targets		
	2008-2009	2009-2010	2010-2011
Ensuring an excellent customer experience	<p>Launch SEPA's Customer Focus Strategy and develop a baseline for customer satisfaction measures and standards by 31 March 2009</p> <p>During summer 2008, work with partners and stakeholders to carry out a review of SEPA's role and work on land use planning</p>	<p>Measure levels of customer satisfaction over a range of activities</p> <p>Benchmark customer satisfaction levels with other appropriate public and private sector organisations by 31 March 2010</p> <p>Targets to be developed following the outcome of the review of SEPA's role and work on land use planning</p>	<p>Implement new improvement actions from consultation on customer satisfaction activities</p> <p>Customer satisfaction levels to be in the upper quartile of benchmarked organisations</p>
Developing a culture of efficiency and high performance	<p>Maintain Waste Management Licence compliance at a minimum of 90% under current compliance assessment scheme</p> <p>Maintain Pollution Prevention and Control permit compliance at a minimum of 90% under current compliance assessment scheme and introduce a new compliance assessment scheme</p> <p>Maintain Extended Producer Responsibility (EPR) compliance at a minimum of 90% under current compliance assessment scheme</p> <p>Each year include 97% of cases submitted to the Prostateur Fiscal are within four six months of the last date of incident</p>	<p>Maintain Waste Management Licence compliance at a minimum of 90% under current compliance scheme and implement new compliance assessment scheme</p> <p>Develop new target for Pollution Prevention and Control permit compliance</p> <p>Maintain CAR compliance at a minimum of 92% under current compliance scheme and implement new compliance assessment scheme</p>	<p>Develop new target for Waste Management Licence compliance</p> <p>Meet new compliance target developed in 2009-2010</p> <p>Develop new target for CAR compliance</p>

* SEPA will introduce a new compliance assessment scheme. The existing compliance assessment will continue to operate until the phased implementation of the new scheme, proposed to be phased in from 2008-2009 for Pollution Prevention and Control (PPC) and from 2009-2010 for Waste Management Licences (WML) and Controlled Activities Regulations (CAR).

SEPA's priorities	Targets		
	2008-2009	2009-2010	2010-2011
Developing a culture of efficiency and high performance (continued)	Determine 92% of applications within statutory timescales ³ Each year, deliver corporate objectives within agreed budgets	Determine 94% of applications within statutory timescales ³	Determine 96% of applications within statutory timescales ³
	Achieve at least Scottish Government's efficiency targets - cash and in-kind 2% (£0.7m)	Achieve at least Scottish Government's efficiency targets - cash and in-kind 4% (£1.5m)	Achieve at least Scottish Government's efficiency targets - cash and in-kind 6% (£2.2m)
	Conduct a SEPA wide Best Value Review to prioritise areas for improvement action ⁴	Carry out prioritised reviews with the aim of reducing costs in those areas by 10%, and increasing efficiency by 10%	Carry out the next set of prioritised reviews, with the aim of reducing costs in those areas by 10%, and increasing efficiency by 10%

³ 'Applications' are registrations, permits, authorisations and licences excluding Radioactive Substances Act (RSA) Band A nuclear site applications.

⁴ Building on previous Best Value Review work.

It is important to note that many of the activities across our outcomes are closely linked and interdependent. For example, driving down Scotland's carbon dioxide emissions, as mentioned within our 'Limiting and adapting to climate change' outcome, is dependent on successfully carrying out many of the activities within the 'Improving Air Quality' outcome.

Our work contributes directly to four of the Scottish Government's five strategic objectives – **Greener, Safer and Stronger, Wealthier and Fairer, and Healthier**. The detail of how our work supports delivery of the Scottish Government's objectives and 15 national outcomes is shown in each chapter. Each part of the Scottish Government's National Performance Framework is directed towards, and contributes to, the Government's overarching purpose – "to focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth". Throughout this document, we show how and where SEPA contributes to this purpose and where we can deliver for Scotland.

An efficient, effective and enabling SEPA

Our targets

An efficient, effective and enabling SEPA		Targets	
		2008-2009	2010-2011
Leadership and governance Drive forward an enabling approach to environment regulation		Each year, drive forward an enabling approach to environmental regulation and advice and the range of services outlined below, ensuring that organisational culture, systems, structure and business processes deliver our corporate targets, enhance customer experience and protect the environment ⁵	
Develop our staff to meet future demands and priorities		Develop a Workforce Requirement Action Plan	Each year, action, review and refine the plan, implementing all associated actions
Be an exemplar in Scotland for managing our environmental impacts and driving down our CO ₂ emissions		Each year report on progress towards the target to reduce CO ₂ emissions from business activities by 25% below the 2006-2007 baseline by March 2012	
High quality services and Better Regulation Deliver joint services with other organisations where these benefit our customers		Provide a single service for rural land managers through the implementation of Phase 1 of Scotland's Environment and Rural Services (SEARS)	Each year, deliver improved shared and integrated services, which provide specific customer benefits
Develop and implement SEPA's Better Regulation Strategy		Review the Pollution Prevention and Control (PPC) and Controlled Activities Regulations (CAR) charging schemes with key stakeholders and, where appropriate, implement change	Publish and implement the Better Regulation Action Plan and all agreed proposals
		Consult on the Better Regulation Action Plan, including proposals for a simpler and better permitting process, a survey of regulated industries, and the launch of the Better Waste Regulation Action Plan	Review results from and update the Better Regulation Action Plan

⁵ SEPA will be working to detail aspects of this work in the coming months and elements of this will become more explicit during 2008-2009.

	Targets		
	2008-2009	2009-2010	2010-2011
	<p>An efficient, effective and enabling SEPA</p> <p>Excellent customer experience Deliver improvements in customer experience and satisfaction</p>	<p>Launch SEPA's Customer Focus Strategy and develop a baseline for customer satisfaction measures and standards by 31 March 2009</p> <p>Determine 92% of applications within statutory timescales^a</p>	<p>Measure levels of customer satisfaction over a range of activities</p> <p>Benchmark customer satisfaction levels with other appropriate public and private sector organisations by 31 March 2010</p> <p>Determine 94% of applications within statutory timescales</p>
<p>Culture of efficiency and high performance Be recognised as a Best Value organisation within five years</p> <p>Contribute to Scottish Government's efficiency targets</p>	<p>Conduct an organisational-wide Best Value Review to prioritise areas for improvement</p> <p>Each year, deliver corporate objectives within agreed budgets</p> <p>Achieve the Scottish Government's efficiency targets – cash and in-kind 2% (£0.7m)</p>	<p>Each year, carry out prioritised reviews, with the aim of reducing costs in those areas by 10% and increasing efficiency by 10%</p> <p>Achieve the Scottish Government's efficiency targets – cash and in-kind 4% (£1.5m)</p>	<p>Each year, carry out prioritised reviews, with the aim of reducing costs in those areas by 10% and increasing efficiency by 10%</p> <p>Achieve the Scottish Government's efficiency targets – cash and in-kind 6% (£2.2m)</p>

^a 'Applications' are registrations, permits, authorisations and licences excluding Radioactive Substances Act Band A nuclear site applications.

Limiting and adapting to climate change

Our targets

Limiting and adapting to climate change	Targets		
	2008-2009	2009-2010	2010-2011
<p>Understanding the state of the environment</p> <p>In partnership with other organisations, improve the understanding of the environment to help minimise greenhouse gas emissions</p> <p>Establish where SEPA's monitoring programme can support climate change science</p>	<p>Develop climate change initiatives with partners and identify research needs</p> <p>With partners, identify available data and any gaps relevant to climate change</p>	<p>Each year, implement outputs from the climate change initiatives and use the outputs from research projects to improve our understanding</p> <p>Publish a review of SEPA's environmental monitoring and data, including the identification of climate change trends</p>	<p>Review the monitoring plan in light of review results</p>
<p>Protecting and improving the environment</p> <p>Assess new and existing regulatory instruments and licences to reduce climate change impacts and promote best practice in adaptation and mitigation</p> <p>Examine Strategic Environmental Assessment (SEA) processes to ensure they make an effective contribution to tackling climate change</p>	<p>Develop a method to assess SEPA's regulatory action</p> <p>Working with SEA partners, establish how addressing climate change could be further integrated into the SEA process</p>	<p>Trial and finalise the method of assessing regulatory instruments and licences</p> <p>Working with SEA partners, develop methodology on how to consider climate change in the SEA process, pilot the guidance and review as appropriate</p>	<p>Complete an initial assessment of regulation, with a clear idea of where to apply resources</p> <p>Mainstream climate change guidance into the SEA process</p>
<p>An influential authority on the environment</p> <p>Support the Scottish Government and others in developing and implementing legislation, policy and actions, eg the Scottish Climate Change Bill and Scotland's Climate Change Adaptation Strategy</p>	<p>Provide support and comment on legislation and policy, eg the Scottish Climate Change Bill and Adaptation Strategy</p>	<p>Each year, provide technical support to the Scottish Government in the development and implementation of climate change legislation and policy</p>	

Limiting and adapting to climate change

Better regulation
 With other partners, develop advice and guidance for industry on climate change, water, energy and resource efficiency and establish a programme for delivery

Improve regulatory regimes to ensure that mitigation and adaptation to climate change is promoted and supported

2008-2009

Provide advice and guidance to industry and establish a programme for delivering high quality advice on climate change issues to business and industry

Analyse outputs of climate change research, such as projects looking at minimising greenhouse gases from regulated industry

2009-2010

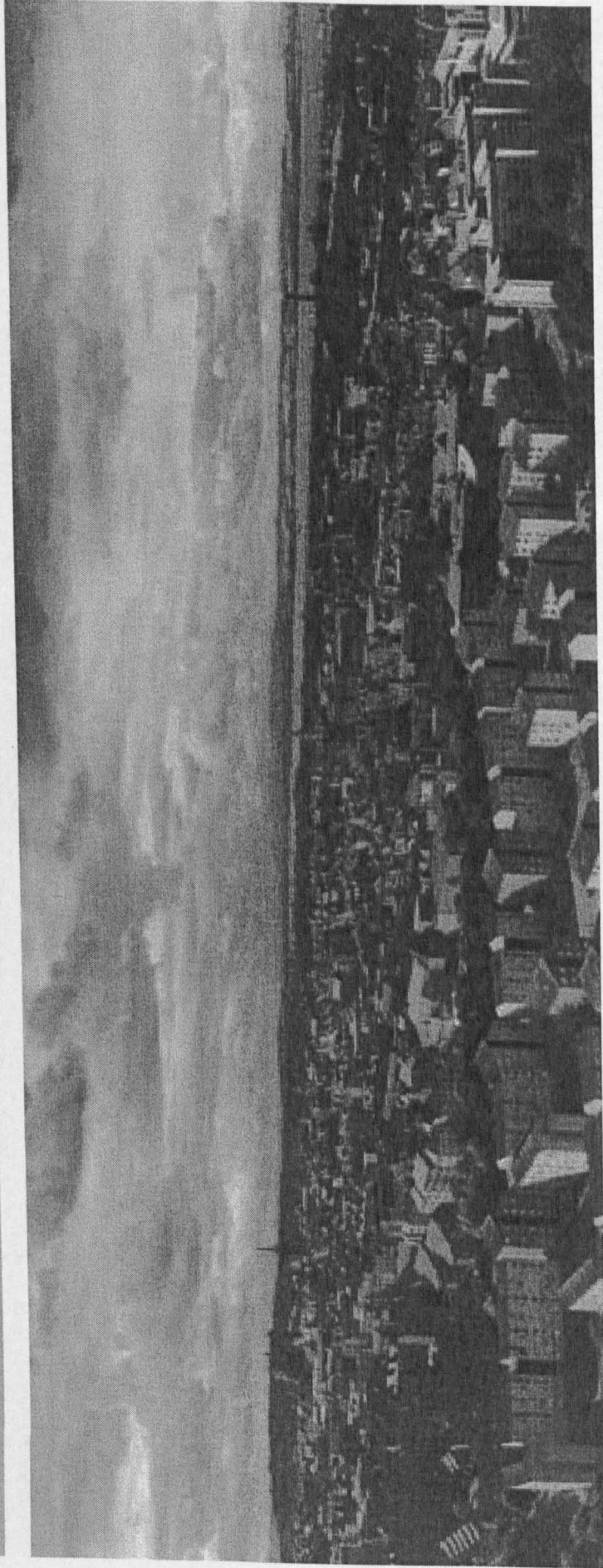
Deliver a training programme to SEPA staff, including signposting to other organisations

Combine and develop existing training programmes to develop a method to ensure that mitigation and adaptation is supported in regulation

2010-2011

Continue to roll out a training programme to SEPA staff

Develop and pilot an advanced training programme and initiate the roll-out of a training programme to SEPA staff



Minimising and adapting to climate change

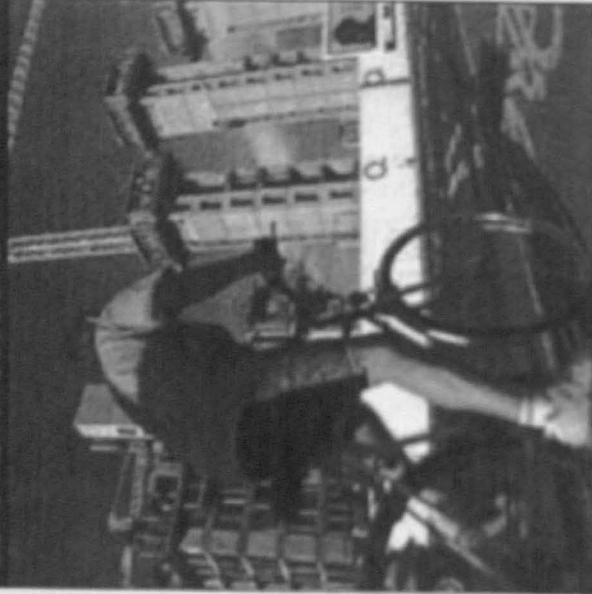
Limiting and adapting to climate change

How we will do this

SEPA will achieve these targets by:

- providing technical support to the Scottish Government on all relevant aspects of climate change within our current remit, including air, emissions trading, land, waste and water;
- providing technical advice and expertise to the Scottish Government in preparation of climate change legislation and policy (including the Scottish Climate Change Bill, Scotland's Climate Change Adaptation Strategy and the UK Committee on Climate Change work);
- supporting the delivery of Scotland's Climate Change Declaration and the activities of the Scottish Climate Change Impacts Partnership;
- working with the Scottish Government and others to make measurable progress in raising awareness and understanding of climate change, adopting effective mitigation and adaptation measures, and developing positive attitudes to tackling climate change;
- continuing to implement the EU Emissions Trading Scheme, and prepare for the implementation of the Carbon Reduction Commitment and future carbon capture and storage;
- using SEPA's regulatory powers, such as Pollution Prevention and Control, to reduce greenhouse gas emissions;
- meeting the commitments contained in SEPA's Climate Change Plan;
- ensuring that SEPA's Internal Environmental Policy continues to reduce SEPA's environmental footprint, especially greenhouse gas emissions;
- providing advice on other areas in accordance with our duties and powers, and in line with general principles of sustainable consumption and production, polluter pays, environmental justice and the precautionary principle;
- developing SEPA's role as an education and information provider and as a prominent public voice on climate change issues;
- reviewing our scientific monitoring and assessment activities to ensure they are fit for purpose;
- using SEPA's current data (such as the Scottish Pollutant Release Inventory and environmental monitoring programme) to support greater understanding of Scottish emissions and impacts on the Scottish environment;
- reviewing all regulatory activities over the life of the Corporate Plan to ensure that the impacts of, and on, climate change are fully considered when determining environmental permits and making regulatory decisions;
- training staff who come into contact with industry to give advice and refer companies to appropriate partner organisations, such as the Carbon Trust, Energy Savings Trust and Envirowise.

Benefits for Scotland



- reduced greenhouse gas emissions;
- greater resilience to climate change impacts;
- the best socio-economic, environmental benefits and opportunities;
- a Scottish society that is well-informed, positively engaged and responsible with regard to climate change issues;
- the integration of climate change issues into environmental regulation, monitoring and assessment activities;
- private and public sectors that perform to high environmental standards.

Protected human health and communities

Our targets

Protected human health and communities

Understanding the state of the environment
In partnership with other organisations, improve our understanding of the state of the environment as it affects human health

2008-2009
Develop a thematic research and development programme on environment and health and pursue in collaboration with others
Scope out the requirements and priorities and then undertake a review of SEPA's environmental monitoring and assessment with respect to human health

2009-2010
Deliver priorities identified through the thematic research and development programme through commissioning research and through collaboration
Communicate information identified that informs the impact of the environment on human health and identify ways in which monitoring and assessment could be improved

2010-2011
Monitor and report on the success of the research programme, including key research projects
Implement cost effective changes to environmental monitoring programme to improve assessment of impacts

Protecting and improving the environment

Minimise impacts of environmental incidents and emergencies, and ensure timely and effective response
Focus on poorly performing sites and operators causing significant (or a real risk of significant) impact on health, the environment and communities, from both regulated sites and illegal activities

Each year, respond to at least 95% of environmental incidents and pollution reports within 24 hours.

Each year, work with partners to develop systems to implement the Environmental Liability Directive regulations*

Each year, ensure 90% of cases submitted to the Procurator Fiscal are within four/six months of the last date of incident

Each year, produce an annual report on enforcement actions

Each year, keep exposures from radioactive waste disposal as low as reasonably achievable and ensure no member of the public is exposed above dose limits

*In line with Scottish Government's current proposals.

Protected human health and communities	Targets		
	2008-2009	2009-2010	2010-2011
Maintain and improve a flood warning dissemination system for Scotland, including the Floodline service	Each year deliver an effective Floodline service, 365 days per year	Develop the new national flood warning dissemination system for Scotland, ensuring linkage to the Scottish Government's new strategic plans	Launch the new national flood warning dissemination service including customer registration
Strive to achieve high quality designated bathing waters (100% compliance) and improve dissemination of information, eg through Bathing Waters Signage network	Expand the flood warning service to include installation of new monitoring stations on four rivers in North East Scotland	Produce pollution reduction plans for 20 new designated bathing waters	Prepare to implement new bathing water standards and duties identified in regulations
Contribute to the development of water safety plans with Scottish Water	Extend the bathing water signage system	Each year support Scotland's achievement of 100% compliance for designated bathing waters, investigating all failures immediately	Implement the measures required to deliver protection via River Basin Management Plans
An influential authority on the environment Engage with Government to influence national planning policy and advice	Each year undertake an environmental risk assessment with Scottish Water for public drinking water abstraction and supply in the Highlands (one million per day)	Co-operate in the preparation of development plans and respond to 100% development plan consultations within the statutory period*	Engage in preparation of development plans and respond to development management consultations subject to the ongoing planning review ^a

* SEPA is conducting a review of its land use planning function during summer 2008. The three year targets may be subject to change pending the outcome of the review.

Protected human health and communities

Our targets

Protected human health and communities

Targets

2010-2011

2009-2010

2008-2009

An influential authority on the environment

Proactively engage with planning authorities, providing early input to the planning process, and enhance SEPA's performance in responding to development management casework from 2007-2008 baseline

Co-operate in the preparation of development plans and respond to 100% development plan consultations within the statutory period

Work with partners to promote the positive benefits of sustainable places, promoting greenspace, sustainable transport and good air quality where it is in line with our regulatory duties

Enhance SEPA's performance in responding to development management casework from 2007-2008 baseline

Develop a SEPA policy statement on greenspace and the interactions with SEPA's objectives and functions

Develop greenspace guidance for key individual SEPA functions

Better Regulation

Develop a risk-based approach to regulation for better standards for the environment and health protection

Ensure a strategic approach to preventing negative impacts from human activities, and to exploiting the positive benefits of a healthy environment through routes such Strategic Environmental Assessment (SEA) and health impact assessment

Integrate current knowledge on health risk assessment with respect to regulation
Develop ways to disseminate current knowledge

Improve ways to inform the public on the negative impacts of the environment on health and well-being
Develop ways to promote the positive benefits of exposure to the environment on human health

Develop and deliver training on health risk assessment for appropriate SEPA staff

Review effectiveness of training and uptake, and improve where appropriate

Publish and promote the online Scottish Pollutant Release

Map spatial relationships between environmental and health factors

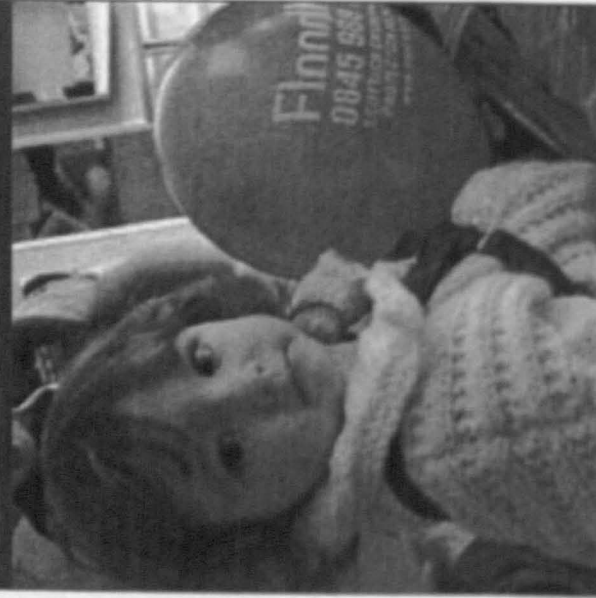
Inventory and work with others to begin mapping spatial relationships between environmental and health factors

How we will do this

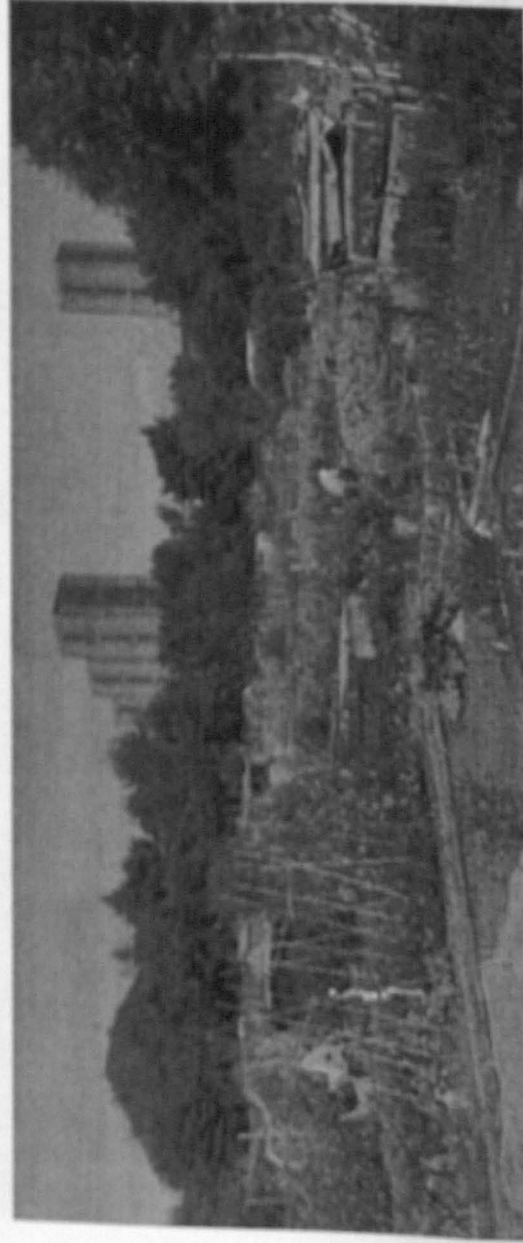
SEPA will achieve these targets by:

- working with EU, UK, Scottish Government and other key partners in the field of environment and health;
- working with the Scottish Government in their development and implementation of the Strategic Framework for Environment and Health;
- improving our knowledge and understanding of the effects of environmental pollutants on human health through promoting and engaging in research in partnership with others, including the national and international research community;
- targeting poor performing sites and operators;
- engaging with the Scottish Government in the delivery of sustainable places under the Greener Scotland objective;
- contributing to targets within other outcomes to achieve the goal of a healthy environment, eg improved air quality, improved water quality etc;
- demonstrating greater commitment to a front-loaded land use planning system;
- ensuring our activities in emergency preparedness are linked to the Government's emergency planning framework.

Benefits for Scotland



- Scotland's communities have a healthy environment, contributing to a Greener Scotland and other Strategic Objectives;
- better protection of human health;
- major environmental incidents are prevented and the impact on the environment and human health is minimised;
- early alerts of flooding in Scotland are provided, which will minimise impacts;
- more focus on facilitating development that supports sustainable economic growth and a sustainable environment.



Our targets

Reduced waste and promoting sustainable use of resources

Understanding the state of the environment
Use waste data to evaluate the impact and effectiveness of waste and resource use activities and to develop future initiatives

Targets

2008-2009

2009-2010

2010-2011

Review commercial and industrial waste data collection to ensure adequate information is available for setting meaningful targets, initiatives and policies¹⁰
Review data requirements following the review of the Landfill Allowance Scheme

Each year, implement the findings of the review of the commercial and industrial waste data collection review and any changes linked to the review of the Landfill Allowance Scheme¹¹

Protecting and improving the environment
Ensure licence compliance for regulated activities and that waste is managed safely and effectively

Progressively improve the compliance by operators with the conditions of their licence

Tackle environmental crime and promote appropriate enforcement action

Maintain Waste Management Licence compliance at 90% under the current compliance assessment scheme

Develop a new target for Waste Management Licence compliance

Maintain Waste Management Licence compliance at a minimum of 90% under the current compliance scheme and implement a new compliance assessment scheme¹²

Work with CoSLA and Keep Scotland Beautiful, through initiatives such as the implementation of the Fly Tipping Prevention Protocol, to prevent fly tipping

Evaluate the effectiveness of actions taken in the previous two years

An influential authority on the environment
Promote sustainable resource management towards a zero waste society through input to, and influence of, the Scottish Government's review of the National Waste Plan

Develop an effective mechanism to deliver expert advice and guidance on sustainable resource management

Provide input, as required, to the Zero Waste Think Tank and technical support to the review of the National Waste Plan

Provide continuing technical support to the Scottish Government on the National Waste Plan Review and in the consultation linked to that review

Deliver cross-cutting capacity from across the SEPA waste function in delivery of the National Waste Plan

Design and implement SEPA's business waste advice service for SEPA-regulated businesses and future targets for delivery

Deliver advice as per targets set out in 2008-2009

¹⁰ There are limited sources of data on commercial and industrial waste. The review is intended to improve this data to assist policy development and implementation.

¹¹ The significance of this priority is that 2009-2010 is a key target year for Landfill Directive compliance on the diversion of biodegradable municipal waste.

¹² SEPA is improving the system for compliance assessment. The existing compliance assessment scheme will continue to operate during the implementation of the new scheme in 2009-2010.

Reduced waste and promoting sustainable use of resources

Reduced waste and promoting sustainable use of resources		Targets	
		2008-2009	2010-2011
<p>Better Regulation Work with partners to deliver the Better Waste Regulation Action Programme</p> <p>Ensure that the development of waste policy is integrated with other environmental arenas</p>	<p>Publish the Better Waste Regulation Action Programme in partnership with the Scottish Government and start delivery</p> <p>Review the integration and delivery of waste functions within SEPA and identify any necessary actions to improve integration and delivery</p>	<p>Assist in the consolidation of existing waste legislation and the development of new regulatory and administrative approaches to waste management/licensing</p> <p>Carry out identified actions from 2008-2009</p>	<p>Monitor the new initiative and develop new BWR projects</p> <p>Review progress in improved integration and delivery on the basis of 2008-2009 findings</p>



How we will do this

SEPA will achieve these targets by:

- ensuring compliance with waste legislation, including producer responsibility and transfrontier shipment of waste regulations;
- putting in place a system for providing comprehensive technical support to the Scottish Government, linked to the review of the National Waste Plan;
- working with key partners to determine priority environmental crime issues and determine cost-effective opportunities for joint action to address them;
- providing technical support to the Scottish Government on all relevant aspects of our current remit, including emissions trading (for greenhouse gases), waste, land, water and air;
- making better use of data to support policy development and implementation, and ensuring

- appropriate data is made more accessible;
- analysing and reporting waste management trends, in support of policy development and implementation;
- providing advice to waste producers and those involved in waste management, on waste minimisation and the safe management of wastes;
- ensuring licence and permit conditions set appropriate standards for site operations and that operations taking place under exemptions from licensing are compliant with the requirements of the exemptions;
- ensuring that the objectives of the National Waste Strategy and sustainable waste management are adequately reflected in local and national planning policies and when commenting on new developments.



Benefits for Scotland



- improved use of resources, with less waste and a more productive use of generated waste;
- integrated waste treatment facilities that operate with minimal environmental impact and which maximise economic opportunities of waste management and treatment;
- taking our international responsibilities seriously by not exporting our waste;
- improved integration of planning, licencing and permitting activities;
- increased business efficiency;
- the efficient management of SEPA's regulatory resources to serve priority issues;
- less fly tipping of waste material.

Improved air quality

Our targets

	Targets		
	2008-2009	2009-2010	2010-2011
<p>Understanding the state of the environment Enhance and further develop SEPA's air strategy to provide a cohesive framework for interpreting, reporting on and understanding the quality of Scotland's air</p> <p>Working in partnership with public and private sector stakeholders, progress SEPA's understanding of habitat degradation from SEPA-regulated sources in order to address air pollution pressures on habitats</p>	<p>Working with Scottish Government, seek to extend the Scottish Air Quality Database (SAQD) to include emissions data from SEPA-regulated activities and be part of the SAQD annual report on Scotland's air quality</p> <p>Review and refine current data and modelling techniques</p>	<p>Analyse trends of pollutant emissions as part of the work to produce the SAQD annual report on Scotland's air quality</p> <p>Report information obtained from modelling and continue to refine modelling techniques</p>	<p>Analyse trends of pollutant emissions as part of the work to produce the SAQD annual report on Scotland's air quality</p> <p>Enhance and develop SEPA's biomonitoring strategy</p>
	<p>Protecting and improving the environment Ensure licence compliance for regulated activities, progressively improving operator compliance with the conditions of their licence</p>	<p>Maximise Pollution Prevention and Control (PPC) permit compliance at 92% under the current compliance assessment scheme</p> <p>Update the PPC compliance assessment scheme</p> <p>Develop a database of upgrade requirements to measure compliance with PPC requirements</p>	<p>Develop a new target for PPC permit compliance</p> <p>Develop a system for reporting progress for the implementation of upgrade requirements</p>
<p>Develop and implement a programme to address poor air quality in partnership with other organisations, to build on current measures both at a local and national level</p>	<p>Undertake modelling of emissions from SEPA-regulated sites and develop a local planning programme for local planning authorities</p>	<p>Continue training for local planning authorities and continue modelling and data analysis of emissions from SEPA-regulated sites</p>	<p>Continue training for local planning authorities and continue modelling and data analysis of emissions from SEPA-regulated sites</p>

¹¹ SEPA is improving the system for compliance assessment. The existing compliance assessment scheme will continue to operate during the implementation of the new scheme in 2008-2009.

Improved air quality

An influential authority on the environment
 With Scottish and UK Governments, influence and provide technical support for policy development at a UK and European level

Through the provision of guidance, technical support, briefings and information, influence customers to promote changes in behaviour

Better Regulation

Work with the Scottish Government to implement risk-based regulation, adopting General Binding Rules (GBRs) for low risk activities

Undertake post-regulatory reviews of legislation to inform and enhance future regulatory approaches

Targets

2010-2011

2009-2010

2008-2009

Monitor and report on the effectiveness of influencing plans for legislation, including the Industrial Emissions Directive

Develop influencing plans for relevant legislation, including the Industrial Emissions Directive

Develop influencing plans for proposed legislation, including the Industrial Emissions Directive and carbon capture and storage

Each year, work with the Scottish Government, Environment Agency and Defra to revise and upgrade sector guidance and process guidance notes for Pollution Prevention and Control (PPC) Part A and Part B sites

Investigate further methods for streamlining regulation

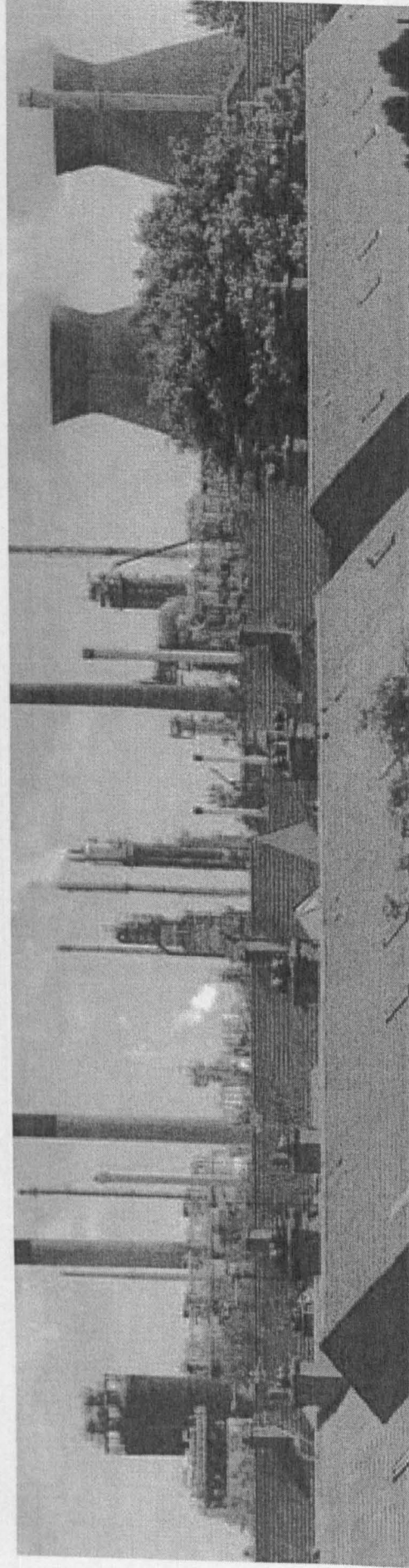
Implement GBRs and investigate further methods for streamlining regulation

Investigate GBRs and other suggestions for streamlining regulation

Continue to monitor progress on legislation implementation

Use the post-regulatory impact assessment findings to implement changed practices

Develop a post-regulatory impact assessment methodology



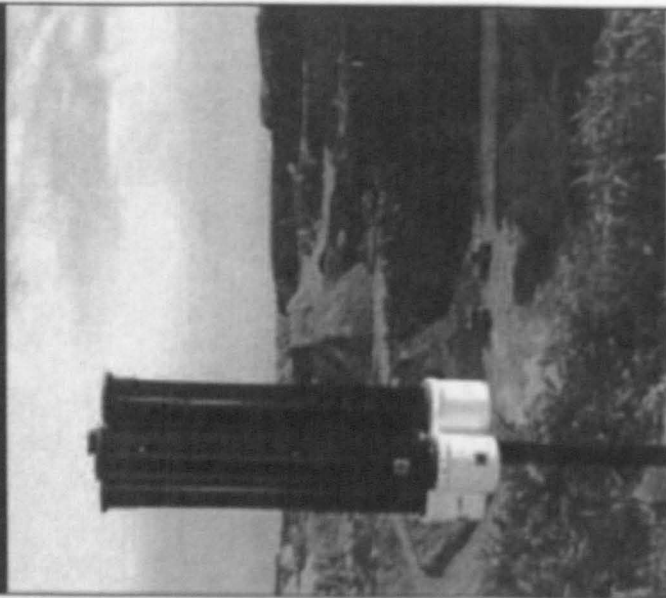
Improved air quality

How we will do this

SEPA will achieve these targets by:

- using the planning system effectively, to ensure that the importance of air quality is highlighted and considered as a material planning consideration, primarily for SEPA-regulated activities;
- working in partnership with other organisations to address poor air quality at a local and national level, and ensuring local authorities are fulfilling their statutory role in meeting the requirements of the National Air Quality Strategy;
- providing technical support to the Scottish Government on the design and implementation of incoming legislation pertaining to all relevant aspects of environmental protection within SEPA's regulatory remit;
- monitoring and regulating industry, through regulatory regimes such as Pollution Prevention and Control and EU emissions trading, to reduce emissions of pollutants and to prevent and minimise harm to the environment and human health;
- promoting the use of Best Available Techniques (BAT) and sound environmental choices in industry, predominantly through permitting installations;
- assessing the effectiveness of SEPA's regulation of industry, and quantifying the impact of non-regulated activities, in relation to local air quality;
- assessing and quantifying the sources of air pollutants from SEPA-regulated activities and analysing their annual state with prediction of future trends;
- identifying how emissions to air can be reduced, with particular emphasis on using non-regulatory initiatives and practices and working in partnership with key stakeholders;
- promoting environmental best practice, Better Regulation and increased business efficiency and encouraging sustainable economic growth;
- seeking to make SEPA's air quality data accessible to stakeholders through the Scottish Air Quality Database, analysing and reporting trends on air quality and ensuring evidence-based policy making;
- developing SEPA's air modelling and monitoring capabilities to address future needs, with particular regard to developing major air quality incident response capability.

Benefits for Scotland



- improvements in air quality and human health and no detriments to habitats as a result of poor air quality;
- improved health benefits and increased business efficiency;
- efficient management of SEPA's regulatory resources to serve priority issues;
- a good environment to live and work in, attracting new investment and encouraging economic growth.

Improved land quality and healthier soils

Our targets

Improved land quality

Understanding the state of the environment
Produce reports on the state of contaminated land and the state of Scotland's soils, including climate change interactions and the effects of atmospheric deposition on land

Monitor, assess and communicate the impacts of diffuse pollution and the effectiveness of control measures on the water environment

Targets

2008-2009

Publish a report on the state of contaminated land

Establish methods for assessing the effects of atmospheric deposition on land quality and identify mitigation strategies

Monitor priority catchments and the Nitrates Directive, including the provision of technical advice to the Scottish Government for Article 10 reporting

2009-2010

In partnership with external stakeholders, develop and undertake an information collection survey for a report on the state of Scotland's soils

Monitor priority catchments, and assess the effectiveness of diffuse pollution measures

Monitor the Nitrates Directive and provide advice to the Scottish Government

2010-2011

In partnership with external stakeholders, publish a report on the state of Scotland's soils, detailing risks and threats to soil

Monitor priority catchments, and report on the effectiveness of diffuse pollution measures

Monitor the Nitrates Directive and provide advice to the Scottish Government

Protecting and improving the environment

Work with local authorities to remediate historically contaminated land and prevent further damage.¹⁴

Implement the General Binding Rules (GBRs) under the diffuse pollution regulations

Each year, implement action to address all notified special sites and work with local authorities to remediate historically contaminated land and prevent further damage.¹⁴

Develop guidance and training on ensuring compliance with GBRs

Contribute to a diffuse pollution mitigation implementation strategy

Implement guidance and training to ensure compliance with the GBRs

Contribute to the development of any further diffuse pollution measures required under Water Framework Directive and contribute to a diffuse pollution mitigation implementation strategy

Implement the diffuse pollution mitigation implementation strategy with partner organisations

¹⁴ For sites being investigated under Part IIA of the Environment Protection Act and address all special sites.

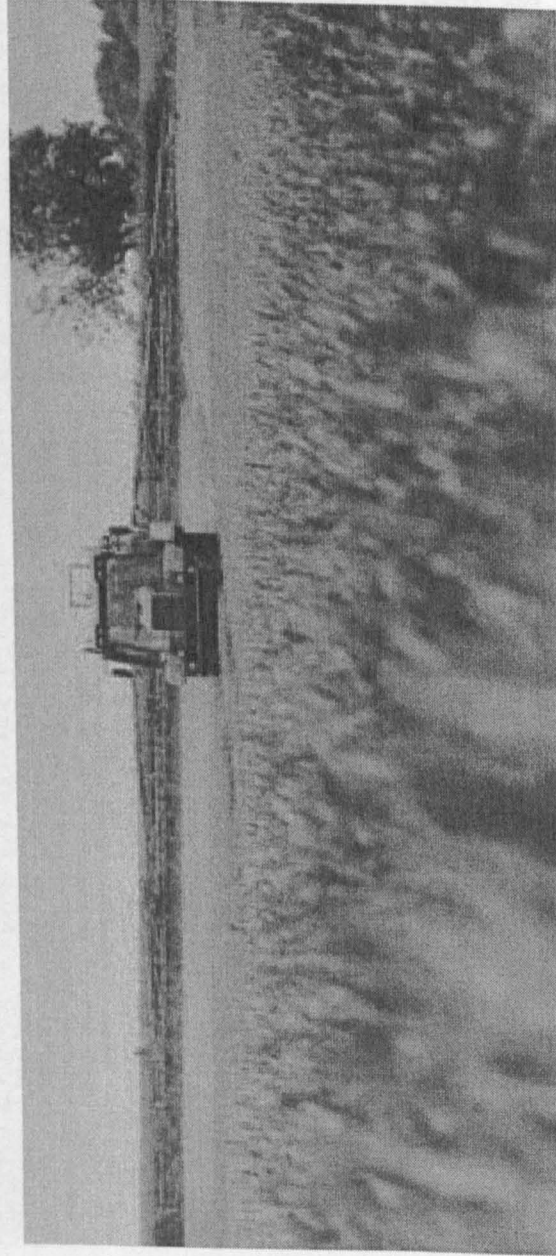
Improved land quality		Targets	
		2008-2009	2009-2010 2010-2011
<p>An influential authority on the environment Support the Scottish Government in the development and implementation of soil policy</p> <p>Provide advice on land quality, including planning, land management, climate change and conservation to the Scottish Government and all other key stakeholders</p>	<p>Each year, complete Scottish Government requests for maintenance of soil policy development and implementation</p> <p>Provide advice and complete SEPA visits on the Prevention of Environmental Pollution from Agricultural Activity Code and report on soil compliance monitoring at 70 sites</p>	<p>Provide advice and report on soil compliance monitoring at 75 sites</p>	<p>Provide advice and report on soil compliance monitoring at 80 sites</p>
	<p>Each year, participate in the Scotland Rural Development Programme (SRDP)</p> <p>Contribute to the design and implementation of Scotland's Environmental and Rural Services (SEARS), including drafting the SEARS Policy, EAs and participating in workshops and providing training</p> <p>Develop and deliver training and guidance on land and soil protection consistent with Better Regulation principles</p> <p>Carry out a review of SEPA's role and work on land use planning</p>	<p>Each year, contribute to the design and implementation of Scotland's Environmental and Rural Services (SEARS)</p> <p>Revise SEPA's Land Protection Policy and Strategy for implementation</p> <p>Revise guidance and procedures on use of organic materials on land</p>	<p>Produce a report and guidance, consistent with Better Regulation principles, on the influence of land and soil management practices on greenhouse gas mitigation strategies</p>
<p>Better Regulation</p> <p>Assist in the development and implementation of Scotland's Environmental and Rural Services (SEARS) and participate in the Scotland Rural Development Programme (SRDP)</p> <p>Ensure that SEPA's land policy is risk-based and integrated with other environmental areas</p>			

Improved land quality and healthier soils

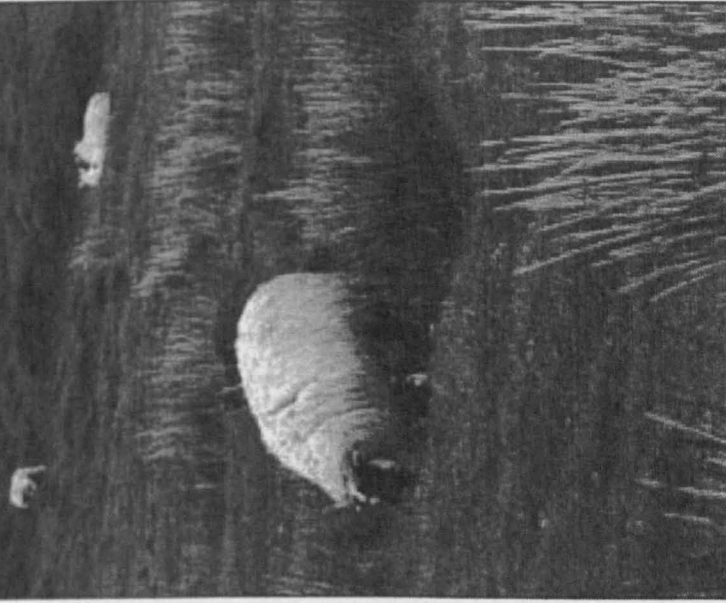
How we will do this

SEPA will achieve these targets by:

- providing technical support to the Scottish Government and other stakeholders, and offering guidance and advice for the protection of land and soils;
- working with eight other public body partners to design and implement Scotland's Environmental and Rural Services (SEARS), delivering an efficient, effective and co-ordinated approach for land managers;
- producing guidance and training, gathering data and raising awareness to ensure that good practice is adopted within the parameters of rural development and sustainable land management;
- working with local authorities to help bring contaminated land back into use;
- using the principles of Better Regulation to regulate, inspect and monitor industrial and agricultural activities, in order to prevent land and soil pollution;
- offering guidance and implementing new legislation to Scottish industry, to help them comply with environmental law (additionally, much of our air and water regulations indirectly offer land protection).



Benefits for Scotland



- improved land and soil protection;
- improved awareness of soil issues;
- greater up-take in Brownfield development and conservation of green belt;
- reduced diffuse pollution;
- efficient and effective environmental service;
- a more sustainable use of Scotland's land environment.

Our targets

	Targets		
	2008-2009	2009-2010	2010-2011
<p>Improved water environments</p> <p>Understanding the state of the environment Deliver the monitoring Scottish Monitoring Strategy and lead its further development, ensuring that it assesses the full range of impacts upon the water environment</p> <p>The priority is to improve our assessments of the impacts of abstractions, impoundments and engineering, and in particular how biology is affected</p> <p>Produce an annual report on the state of the water environment and a summary report as part of the River Basin Management Plan by 2009</p>	<p>Scope out the options for developing biological methods for measuring impacts caused by abstractions, impoundments and engineering</p> <p>Publish the 2007 classification results and include a summary of this in the draft River Basin Management Plan</p>	<p>Initiate work to deliver biological methods for measuring impacts caused by abstractions, impoundments and engineering</p> <p>Publish the 2008 classification results and include a summary of this in the River Basin Management Plan</p>	<p>Finalise the method development work to allow trialling of methods in 2011-2012</p> <p>Publish the 2009 classification results and prepare for the 2013 assessment of pressures and impacts</p>
<p>Protecting and improving the environment</p> <p>Progressively improve operator compliance</p> <p>Work with local authorities and Scottish Water to support urban regeneration by improving the condition of the water environment in our towns and cities. Promote integrated urban drainage planning taking account of implications of climate change.</p> <p>Produce single licences which control the operation of sewer networks replacing the large number of licences which currently authorise individual sewer overflows.</p> <p>Deliver improvements in protected areas which have been identified to protect important national uses.</p>	<p>Maintain Catchment Activities Regulations (CAR) compliance at a minimum of 92% under the current compliance scheme and implement a new compliance assessment scheme</p> <p>Identify environmental investment priorities for Scottish Water and restoration funding in a manner which takes account of climate change implications</p> <p>Produce network sewer licences for all towns and cities with populations above 2000</p> <p>Review pressures that pose a risk of damaging protected areas and identify potential measures to address these</p>	<p>Maintain CAR compliance at a minimum of 92% under the current compliance scheme and implement a new compliance assessment scheme</p> <p>Produce a list of environmental investment priorities as part of River Basin Management Plan</p> <p>Produce network sewer licences for towns with a population below 2000</p> <p>List measures for protected areas to ensure that they meet required standards and start the delivery of these measures</p>	<p>Develop new targets for CAR compliance</p> <p>Define environmental investment requirements for Scottish Water as part of Quality and Standards IV process.</p> <p>Monitor compliance against conditions in network licences</p> <p>Ensure delivery of measures so that protected areas achieve planned levels of compliance with standards by the end of 2015</p>

¹⁵ SEPA will introduce a new compliance assessment scheme. The existing compliance assessment will continue to operate until the phased implementation of the new scheme, proposed to be phased 2009-2010 for CAR.

Improved water environments

Our targets

Improved water environments

An influential authority on the environment
 Deliver Water Framework Directive obligations by working with SEPA's advisory groups to develop River Basin Management Plans and Area Management Plans by 2009

Deliver SEPA's obligations under the Scottish Flood Bill by working with Scottish Government, local authorities, Scottish Water and others to develop reports identifying risks of flooding and the potential environmental and socio-economic impacts by 2011

Better Regulation

Apply a risk-based approach to ensuring that new activities do not cause deterioration in the water environment.
 Continue to develop the approach to managing applications and charging so as to further develop a risk-based approach

Deliver environmental improvements by focusing SEPA's regulatory efforts on waters which fail, or which risk failing, their environmental objectives
 Reviews will progressively deliver administrative efficiencies by increasing the proportion of multi-activity sites covered by single water-use licences

Targets

2008-2009

Work with stakeholders to produce draft River Basin Management and Area Management Plans which co-ordinate the work of organisations to deliver maximum environmental, social and economic benefits, and publish by December 2008

Plan SEPA's implementation requirements for the Scottish Flood Act and work with Scottish Government and stakeholders to scope out the contents of reports on flood risk

Monitor consequences of the revision of "Levels of Authorisation" introduced in 2008

Prioritise a list of licence reviews required in waters which fail objectives. Start the process of reviewing licences to achieve objectives and report on progress. This process will progressively increase the number of single water-use licences with associated efficiencies

2009-2010

Produce final River Basin Management and Area Management Plans and publish by December 2009
 Provide an implementation plan for ensuring delivery of the objectives of the plans

Start data collection with stakeholders and produce a mock-up of reports on flood risk

Bring into effect the review of the Water Environment charging scheme, which will further develop the link between charges and environmental risk/impact

Review list of licence reviews required in waters which fail objectives
 Continue to review licences and report on the increase in the proportion of single water-use licences

2010-2011

Ensure delivery of measures so that protected areas achieve planned levels of compliance by the end of 2015

Continue data collection and modelling
 Start production of reports on flood risk

Assess performance and consider further review of levels of authorisation

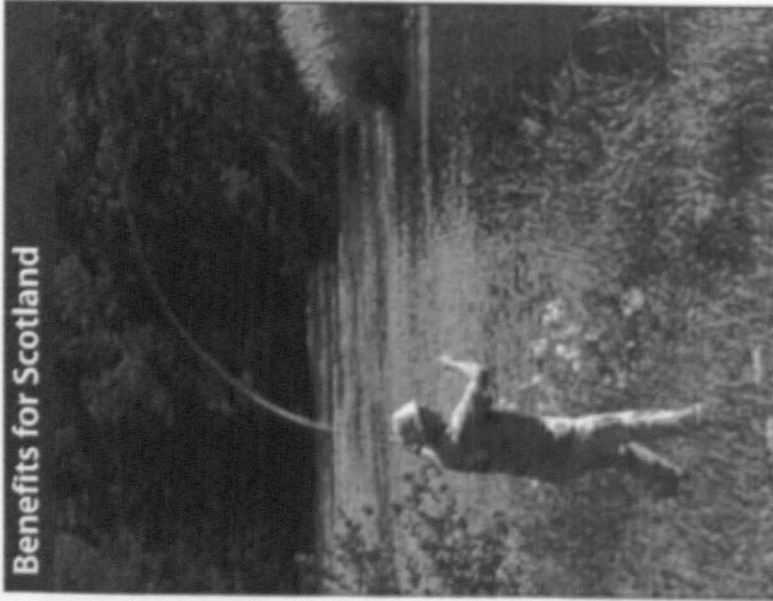
Continue to review licences and report on the increase in the proportion of single water-use licences

How we will do this

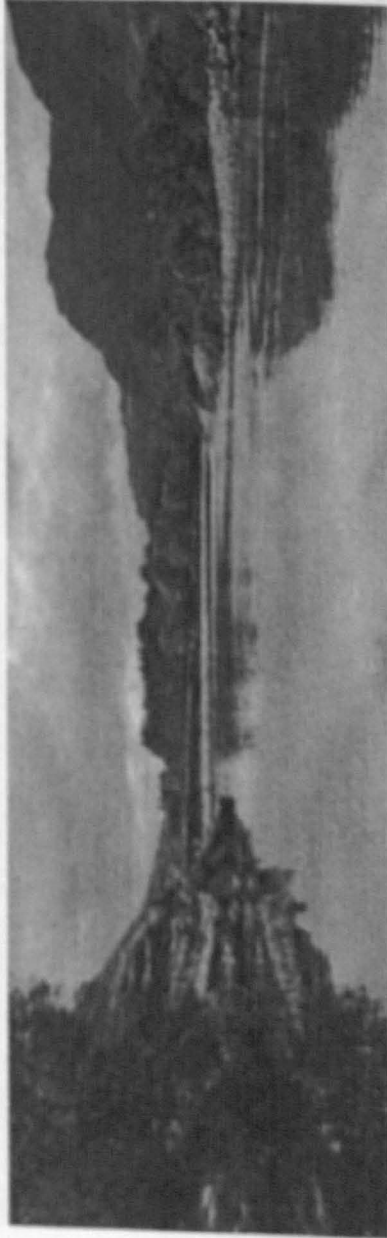
SEPA will achieve these targets by:

- ensuring that the basis upon which we will protect and improve the water environment will be the production and implementation of River Basin Management Plans. We will work to co-ordinate a wide range of measures identified by partners in the Area Advisory Groups. These measures will be identified in the RBMP, published in 2009, and their delivery will be overseen by the Area Advisory Groups;
- increasing the effectiveness of applying SEPA's regulatory powers by focusing on those activities that pose the greatest risk to the environment;
- acting as a partner in the Glasgow Strategic Drainage Programme to deliver integrated drainage solutions that address poor urban water quality, development constraints and flooding;
- contributing to the identification of investment requirements for Scottish Water. Scottish Water causes the largest impact upon the environment of any company and, consequently, their investment programme is very important for Scotland's environment. SEPA works with Scottish Water and the Water Industry Commission to ensure the delivery of the current programme, which address polluting discharges, over-abstraction from rivers, dams which are impassable for fish migration, and abandoned engineering structures. Most importantly, over the next three years, SEPA will identify the environment improvements required for the next investment cycle;
- using restoration funding to support partnership programmes to restore the condition of rivers lochs, estuaries and coastal waters.

Benefits for Scotland



- River Basin Management Plans being used to co-ordinate the environmental improvement work of a wide range of organisations to more efficiently deliver the greatest scale of benefits;
- having the environmental capacity to support sustainable economic development;
- a good quality water environment, which has the capacity to support development and a wide range of recreational uses.



6 Performance Measurement and Monitoring

The National Library controls and manages financial performance through a comprehensive budget process as part of the Corporate Business Plan, and by regular reporting:

- bi-monthly management accounts to Trustees and Senior Management;
- monthly financial reports to budget holders;
- continuously available spend information to budget holders;
- comprehensive review of financial position and projected outturn at six months (October);
- production of audited statutory accounts by September each year.

In addition, the National Library uses a range of Key Performance Indicators to measure operational performance. These, together with the performance over the past year, are set out in section 3. The KPI's are being reviewed in order to:

- confirm their continuing relevance to the new Strategy "Expanding our Horizons";
- ensure the ability of the Library to measure progress towards the achievement of the twenty objectives in the Strategy;
- clarify differences between performance measures and surveys of usage
- obtain greater integration between financial and operational data;
- incorporate them into the proposed introduction of a Balanced Scorecard system, replacing the current spreadsheet-based system; and
- bring alignment with the Scottish Government approach to 'outcome measurement.'

Performance Information 2007/08

Access

Users In Person	2003/04	2004/05	2005/06	2006/07	2007/08
Reader visits	57,515	59,485	60,158	60,370	68,819
Shop customers	8,338	6,678	14,428	7186*	-
Exhibition visitors	19,392	29,990	20,193	15,793	44,451
Events Visitors	2,000 (est)	3,372	4,512	4,801	3,231
School children attending workshops	-	668	867	736	3,305
Self-service Photocopies	63,096	224,141	215,603	153,243	126,327

* NLS shop closed for building works on the visitor centre from late 2006.

Reader Profile (%)		2004/05	2005/06	2006/07	2007/08
Age	Under 26	31.1	37.5	38.4	39.4
	26-64	59.2	55.6	53.7	52.2
	65+	9.7	6.8	7.9	8.3
Disability?	Yes	3.0	2.7	2.6	3.4
	No	97.0	97.3	97.4	96.6
Ethnic Group	White	89.1	90.2	89.0	87.8
	Asian	7.8	7.4	8.0	8.1
	Black	1.4	0.8	1.1	1.5
	Other	1.7	1.6	1.9	2.6
Gender	Male	50.5	49.2	47.8	47.4
	Female	49.5	50.8	52.2	52.5

Enquiries	2003/04	2004/05	2005/06	2006/07	2007/08
Enquiries (in person/post/email/telephone)	72,795	75,800	73,069	82,732	79,201
Inter-library requests	10,909	12,201	10,290	9,792	9,922

Digital library	2003/04	2004/05	2005/06	2006/07	2007/08
Web sessions	903,596	1,299,214	2,081,333	3,242,432	3,557,154
Digital images	23,271	30,448	40,888	62,483	74,408

Items Used	2003/04	2004/05	2005/06	2006/07	2007/08
General Reading Room	224,400	246,329	289,941	287,171	287,122
Microform Reading Room	7,213	5,242	6,677	6,853	4,872
Rare Books	11,606	9,482	8,832	8,503	10,691
Manuscripts	16,614	14,427	14,456	15,117	14,802
Maps	37,283	36,936	33,506	26,061	28,393
Scottish Screen	-	-	-	-	-
Lending collection	1,974	2,776	1,621	1,527	1,688
TOTAL	299,090	291,540	355,033	345,232	349,295

Collection Management

Acquired	2003/04	2004/05	2005/06	2006/07	2007/08
Printed books, maps	342,235	309,091	298,003	288,690	275,768

Cataloguing	2003/04	2004/05	2005/06	2006/07	2007/08
Printed Books	94,880	79,967	74,903	70,392	67,690
Serial issues	146,343	129,454	156,623	151,573	138,514
Music	1,041	688	647	2,552	2,141
Maps	2,839	3,430	2,891	3,837	3,506
Manuscripts *	3,104	1,209	44.74m	16.06m	60.48m
TOTAL	248,207	214,748	235,064	228,354	211,851

* With effect from 2005/06, manuscript cataloguing activity has been measured by metres of material listed (these figures not included in total).

Conservation	2003/04	2004/05	2005/06	2006/07	2007/08
Items treated	33,207	9,045	13,418	9,700	17,173

Staff research	2005/06	2006/07	2007/08
Staff works published	12	39	47

Human Resources	2004/05	2005/06	2006/07	2007/08
Sick absence (%)	5.1	4.5	6.3	6.5
Training (days) *	1,331	1,617	2,275	2,459

* Includes external and internal staff development; Gaelic classes, conference/ seminar attendance; health & safety & ICT training.

ICT reliability	2005/06	2006/07	2007/08
Reliability of overall ICT network (%)	99.3	99.5	99.5

Public awareness	2004/05	2005/06	2006/07	2007/08
Public awareness of NLS	20%	31%	50%	(not measured)
Media Coverage (EAV) *	£921,556	£1,003,728	£1,227,117	£1,612,178

* Media coverage is measured by 'Equivalent Advertising Value', a computation of the value of media coverage received by NLS.

Alignment of NLS and Scottish Government Priorities

Introduction

NLS is a key player in the cultural, educational and research life of Scotland. NLS also has an international reputation and a major research library and is an important resource for innovation in information management in the global digital environment. NLS is principally funded by public money and is accountable to the Scottish Government.

It is therefore essential for NLS to contribute actively to the priorities of the Scottish Government. This short section demonstrates the most significant links between NLS activity and the national priorities, outcomes and performance indicators agreed by the Scottish Government. NLS is currently reviewing its performance information framework, having adopted a refreshed corporate strategy early in 2008. The need to align NLS strategic objectives with government priorities will form an important part of this review.

The underpinning role of libraries in providing access to knowledge

In order to implement the Scottish Government's national priorities, a wide range of people need access to relevant and accurate information. Libraries - whether in universities, local communities or professional associations - play a key role in managing knowledge and information. Information is needed for effective research, to develop policy and to learn from best practice and the experience of others. As Scotland's largest library, the National Library of Scotland therefore forms a crucial part of the national 'information infrastructure', and consequently makes an important contribution to all National Priorities, directly or indirectly.

The strength of this role can be demonstrated by illustrating the diversity of our collections and the services our staff provide in accessing them. NLS receives nearly 300,000 current UK publications every year, adding to the 14 million existing holdings. The Library's famous historic and culturally significant heritage collections are therefore complemented through this constant renewal of modern material to meet today's research needs. This intake, mostly received through Legal Deposit, includes an active purchasing programme of material published overseas to meet the needs of Scottish researchers. A few examples include:

- **Business** - one of the world's biggest collections of market research reports; 1,000 business directories; 1,200 business and trade journals.
- **Science** - ecology, biodiversity, geology, physics, biology chemistry, mathematics.
- **Maps** - land-use planning, environmental works, contaminated land.
- **Official publications** - international aid/development.
- **Journals** - covering every field of professional activity from accountancy and engineering to social work and nursing. NLS also collects for, and provides access to one of the world's leading law libraries - the Library of the Faculty of Advocates.

National Strategic Objectives

The Government's strategic objectives are:

WEALTHIER & FAIRER – Enable businesses and people to increase their wealth and more people to share fairly in that wealth

SMARTER – Expand opportunities for people in Scotland to succeed from nurture through to life long learning, ensuring higher and more widely shared achievements

HEALTHIER – Help people to sustain and improve their health, especially in disadvantaged communities, ensuring better, local and faster access to health care

SAFER & STRONGER – Help local communities to flourish, becoming stronger, safer places to live, offering improved opportunities and a better quality of life

GREENER – Improve Scotland's natural and built environment and the sustainable use and enjoyment of it

NLS Role:

In terms of these high-level priorities, NLS has a particular contribution to a SMARTER Scotland, through our contribution to education at all levels, and to a WEALTHIER & FAIRER Scotland, through our business services and contribution to tourism.

National Outcomes

The Scottish Government has agreed fifteen National Outcomes. NLS has a particularly strong contribution to three of these:

We are better educated, more skilled and more successful, renowned for our research and innovation

Our young people are successful learners, confident individuals, effective contributors and responsible citizens

We take pride in a strong, fair and inclusive national identity

NLS Role:

NLS contributes to these outcomes through a range of roles: as an educational resource, as a research organisation, as a cultural institution and as a public body. We contribute directly and indirectly to the flourishing educational and research life of Scotland and play a major role in shaping the perception of people overseas about Scotland. NLS is a key source of information and inspiration for people around the world interested in all aspects of Scottish culture, history and society.

The National Performance Indicators

In addition to the 'underpinning role outlined above, NLS makes a particularly important contribution to a number of the forty-five National Indicators:

Indicators with major contribution by NLS

Improve people's perceptions, attitudes and awareness of Scotland's reputation.

NLS has a central role in collecting, preserving and providing access to Scottish cultural heritage - in print, in historic documents and increasingly in digital format. NLS therefore has a crucial role in shaping perceptions of Scottish identity for domestic and international audiences.

Improve knowledge transfer from research activity in universities.

Increase the percentage of Scottish domiciled graduates from Scottish Higher Education Institutions in positive destinations.

NLS forms a central role in support of Scottish higher education research by acquiring, preserving and co-ordinating the resources needed by Scottish researchers and for academic, cultural and commercial purposes. This role also contributes significantly to the success of Scottish students.

Indicators with substantial contribution by NLS

Improve people's perceptions of the quality of public services delivered.

Reduce the number of Scottish public bodies by 25% by 2011.

Improve public sector efficiency through the generation of 2% cash releasing efficiency savings per annum.

Like all public bodies, NLS has a responsibility to contribute to the creation of an effective and efficient public sector. We are actively exploring how NLS should best contribute to these indicators (for example, through the 'More Effective Government' and 'shared services' initiatives).

Increase the proportion of school leavers (from Scottish publicly funded schools) in positive and sustained destinations (FE, HE, employment or training).

NLS works with organisations like Learning and Teaching Scotland, to make national collections accessible and relevant to the national curriculum, as well as directly with school children.

At least halve the gap in total research and development spending compared with EU average by 2011.

NLS acts as a central repository for research information (increasingly held in vulnerable digital format), a crucial role in supporting R&D activity in Scotland.

**Increase the business start-up rate.
Increase the social economy turnover.**

NLS collects valuable resources for business users and provides specialist information services to business through the ScotBis service, contributing to the vitality of Scottish firms. NLS also plays an important role in cultural tourism, especially in genealogical and 'ancestral tourism' and as a major national cultural institution (contributing to initiatives like the Year of Homecoming).

Indicators with significant contribution by NLS

**Reduce overall ecological footprint.
Reduce the proportion of driver journeys delayed due to traffic congestion.
Reduce to 1.32 million tonnes waste sent to landfill by 2010.**

As an employer of over 300 staff, NLS has a relatively small, but nonetheless important contribution to meeting these environmental objectives

Increase the average score of adults on the Warwick-Edinburgh Mental Wellbeing Scale by 2011

NLS works directly with people with mental health problems, as well as making a more general contribution to health and well-being through providing educational services.

Reduce number of working age people with severe literacy and numeracy problems

NLS works directly with groups of adult learners, including those with literacy difficulties and who have had little formal education