

**University of Stirling  
Department of Management and Organisation**

**Performance Review in British Local Government:  
An Investigation of the Current State of the Art**

**Volume 1**

**Submitted by Claire Monaghan for the Degree of Doctor of Philosophy**

**December 1995**

## ***Abstract***

This thesis was precipitated by the observation that little is known about performance review activity in this country despite the introduction of a performance review system being proffered as one solution to the statutory value for money requirement. However, the research was not undertaken merely to fill an information vacuum. Delineating what lessons can be learned from current operations should assist local authorities embarking on the introduction of review systems in the future, particularly the 'new' authorities emerging from Local Government Review and most notably in Scotland, where the statutory responsibility for ensuring value for money arrangements are in place, falls to the unitary authorities becoming operational on the 1st April 1996. Additionally, performance review may provide the framework in which policy achievements can be demonstrated, thus strengthening local government by reinforcing its policy role. This latter characteristic is likely to become critical if the trend towards enabling and decentralisation continues within the local government sector.

An investigation of performance review was thus undertaken with postal questionnaires issued to chief executives and council leaders and a series of case studies, being used to accumulate research evidence. The findings are far-reaching and encompass the scale of review activity, the types of review system being utilised, attitudes to performance review, and establishing, operating and sustaining review systems. Insight was also gained about performance issues in authorities which had not implemented review processes.

The operation of performance review is associated with significant benefits in many local authorities and there are useful lessons to be learned from these experiences as well as from those councils in which performance review has been less successful. These lessons are delineated within this thesis along with a set of good practice recommendations.

## *Preface*

This thesis originated from an ESRC project entitled *Performance Measurement in British Local Authorities* (Award Number R000232256). The principal aims of this project were:

- (1) To research the progress made by British local authorities in introducing effective performance review systems;
- (2) To conduct preliminary investigations into the applicability of data envelopment analysis for comparing the performance of local authorities.

The research embodied in this thesis is concerned with the first of these objectives.

The research was initiated because of the paucity of information in the public domain relating to performance review. Although 'performance' has consistently secured a place high on the local government research agenda, this has generally been focused on the indicators debate and relatively little is known about internally-driven review systems used for monitoring and evaluating organisational performance. There is a clear demand for such information as evidenced in the creation of a support network for practitioners, the Policy and Performance Review Network. Hence, it was felt that an investigation of review activity was timely and this thesis embodies the findings of that investigation.

The ESRC grant commenced in January 1991 but after nine months, the person originally appointed as research fellow to the project took up an alternative post. I was appointed to the research fellow post in January 1992. As well as this other researcher, the grant-holder, Dr Rob Ball, also conducted some of the research involved in the overall project. However, all the research contained within this thesis, was conducted by myself.

## *Acknowledgements*

In undertaking research for this thesis, I am indebted to a large number of people and organisations. The thesis would have been impossible without the significant input of local authorities, particularly those participating in the case study phase of the research. I would like to thank all contributors from local government for taking the time to be interviewed and for completing questionnaires particularly in view of the pressures which many officers and members currently face.

I would like to thank my supervisor, Dr Rob Ball, for his continued support throughout the years during which this research has been undertaken and for his comments on drafts of this thesis which have resulted in an improvement in the quality of the work.

I would like to acknowledge the forbearance of Arthur Midwinter who currently employs me and to thank him for the flexibility he has recently afforded me in my duties and for the encouragement he has given me throughout my career.

Gratitude must also be expressed to Seonaidh MacDonald and Murray McVicar for proof-reading duties and along with Dave Corben, and colleagues Barbara Stewart, Neil McGarvie and Hazel Sinclair, for their moral support throughout this endeavour.

However, the biggest debt accrued in undertaking the research for this thesis and the subsequent writing of this tome, must go to my family. To my children, Louise and David Matthew, I hope that someday you will understand Mummy's pre-occupation with her 'story' - as the thesis is affectionately known in my household - and I would thank you for your constant interruptions which have made a lonely journey, tolerable. There are no words which express my enormous appreciation of my partner David, without whom this thesis would never have been completed. As well as the practicalities of frequently having to be both mother and father to our children and

absorbing a significantly disproportionate amount of the household duties and responsibilities, I am equally indebted for his unfaltering conviction regarding my ability to finish this project and for his continued support which at times, has been a source of inspiration.

Claire Monaghan  
December 1995

## *Thesis Overview*

<b>Chapter 1</b>	<b>Introduction</b>	<b>1</b>
<b>Chapter 2</b>	<b>Approaches to Performance Review</b>	<b>26</b>
<b>Chapter 3</b>	<b>A Methodological Overview</b>	<b>64</b>
<b>Chapter 4</b>	<b>Research Methodology</b>	<b>104</b>
<b>Chapter 5</b>	<b>The Scale of Review</b>	<b>131</b>
<b>Chapter 6</b>	<b>Performance Review: The Chief Executives' Perspective</b>	<b>155</b>
<b>Chapter 7</b>	<b>Performance Review: The Council Leaders' Perspective</b>	<b>241</b>
<b>Chapter 8</b>	<b>The Case Study Evidence</b>	<b>284</b>
<b>Chapter 9</b>	<b>A Critique of Performance Review</b>	<b>392</b>
<b>Chapter 10</b>	<b>Conclusions</b>	<b>421</b>
	<b>References</b>	<b>427</b>

# *Thesis Contents*

## Volume 1

<b>Chapter 1</b>	<b>Introduction</b>	
1.1	The Conservative Agenda	1
1.2	The Value for Money Initiative	6
1.3	Performance Review: The Forgotten Dimension	19
1.4	Thesis Overview	23
<b>Chapter 2</b>	<b>Approaches to Performance Review</b>	
2.1	Definitions	26
2.2	The Audit Commission's Approach to Performance Review	32
	2.2.1 Measuring Performance	34
	2.2.2 Evaluating Quality and Effectiveness	37
	2.2.3 Monitoring and Reporting	39
	2.2.4 Making it Happen	42
2.3	The Accounts Commission's Approach to PR	46
2.4	Alternative Approaches to Performance Review	53
2.5	Summary	62
<b>Chapter 3</b>	<b>A Methodological Overview</b>	
3.1	Introduction	64
3.2	The Research Focus	65
3.3	Alternative Methodological Approaches	71
	3.3.1 Positivism versus Phenomenology	71
	3.3.2 Types of Research	78
	3.3.3 Quantitative versus Qualitative Methodologies	84
3.4	The Research Design	96
3.5	Summary	102
<b>Chapter 4</b>	<b>The Research Methodology</b>	
4.1	The Research Survey	104
	4.1.1 Introduction	104
	4.1.2 The Postal Questionnaire Sent to Chief Executives	104
	4.1.3 The Postal Questionnaire Sent to Council Leaders	109
	4.1.4 The Questionnaire Process	111
	4.1.5 The Questionnaire Data	119
4.2	The Research Case Studies	120
	4.2.1 Introduction	120
	4.2.2 The Case Study Information	122
	4.2.3 The Case Study Interviews	124

<b>Chapter 5</b>	<b>The Scale of Review</b>	
5.1	Introduction	131
5.2	Calculating the Incidence of Performance Review	132
5.3	The Scale of Review	134
5.4	Analysis of Characteristics of Local Authorities	138
	5.4.1 The London Boroughs	138
	5.4.2 Scottish Regions	140
	5.4.3 Scottish Districts	141
	5.4.4 Welsh Counties	144
	5.4.5 Welsh Districts	145
	5.4.6 County Councils	147
	5.4.7 Metropolitan Districts	148
	5.4.8 Non-Metropolitan Districts	149
5.5	Summary	153
<b>Chapter 6</b>	<b>Performance Review: The Chief Executives' Perspective</b>	
6.1	Introduction	155
6.2	Internal Council Attitudes towards Performance Review	158
6.3	Establishing a Performance Review System	172
6.4	Operating a Performance Review System	198
6.5	Corporate and Developmental Issues	220
6.6	Responses from Chief Executives Representing Authorities not Operating a Performance Review System	231
6.7	Summary	238
<b>Chapter 7</b>	<b>Performance Review: The Council Leaders' Perspective</b>	
7.1	Introduction	241
7.2	The Political Dimension	251
7.3	Operational Considerations	264
7.4	Future Developments	273
7.5	Responses from Council Leaders Representing Authorities not Operating a Performance Review System	276
7.6	Summary	281
<b>Chapter 8</b>	<b>The Case Study Evidence</b>	
8.1	Introduction	284
8.2	Case Study 1: Bath City Council	287
	8.2.1 The Performance Review System	287
	8.2.2 Documentation Supplied by Bath	292
	8.2.3 Interviews Conducted at Bath City Council	297
	8.2.4 Performance Review in Bath: A Critique	313
8.3	Case Study 2: Hertfordshire County Council	314
	8.3.1 The Performance Review System	314
	8.3.2 Documentation Supplied by Hertfordshire	317
	8.3.3 Interviews Conducted at Hertfordshire	321
	8.3.4 Performance Review at Hertfordshire: A Critique	330



8.4	Case Study 3: Cornwall County Council	332
	8.4.1 The Performance Review System	332
	8.4.2 Documentation Supplied by Cornwall	335
	8.4.3 Interviews Conducted at Cornwall	336
	8.4.4 Performance Review at Cornwall: A Critique	348
8.5	Case Study 4: Epsom and Ewell Borough Council	350
	8.5.1 The Performance Review System	351
	8.5.2 The Documentation Supplied by Epsom & Ewell	356
	8.5.3 Interviews Conducted at Epsom & Ewell	358
	8.5.4 Performance Review at Epsom: A Critique	369
8.6	Case Study 5: The London Borough of Lewisham	371
	8.6.1 The Performance Review System	371
	8.6.2 Documents Supplied by Lewisham	374
	8.6.3 Interviews Conducted at Lewisham	372
	8.6.4 Performance Review at Lewisham: A Critique	389
Chapter 9	A Critique of Performance Review	
9.1	Introduction	392
9.2	Types of Review System	392
9.3	Attitudes to Performance Review	400
9.4	Establishing a Review System	405
9.5	Operating a Review System	411
9.6	Sustaining a Review System	412
9.7	The Political Dimension of Performance Review	417
9.8	Good Practice Recommendations	419
Chapter 10	Conclusions	421
	References	427
Volume 2		
	Appendices	
	Appendices for Chapter 2	A-1
	Appendices for Chapter 4	A-8
	Appendices for Chapter 5	A-50
	Appendices for Chapter 6	A-53
	Appendices for Chapter 7	A-130
	Appendices for Chapter 8	A-157

# *Chapter 1*

## *Introduction*

- 1.1 The Conservative Agenda*
- 1.2 The Value for Money Initiative*
- 1.3 Performance Review: The Forgotten Dimension*
- 1.4 Thesis Overview*

## **1.1 The Conservative Agenda**

The election of the first Thatcher Government in 1979 heralded a watershed in the history of local government in this country. The Conservative administration which took office, exhibited a decidedly hostile attitude towards local government attacking it as “wasteful, profligate, unaccountable, luxurious and out of control” (Newton and Karran, 1985, p116). Michael Heseltine aptly encapsulated the Government’s antipathy by proposing that:

By 1979, local government had become a barely controllable free-wheeling employment machine which for year after year had been run largely for the benefit of the machine-minders.  
(Heseltine, 1987, p43)

Scant evidence exists to support this irresponsible, squandering image of local authorities. Indeed, a past Controller of the Accounts Commission in Scotland, is on record as saying that:

Local authorities are not the profligate and inefficient bodies many would have us believe. They are in the main, well managed bodies run by experienced, professional officials.  
(Simpson, 1986, p21)

Furthermore, as can be seen from table 1.1 overleaf, which maps out both local and central government expenditure, the expenditure of local government was growing at a more modest rate than that of central government. In reality, the IMF loan issued to the United Kingdom in 1976, was conditional upon a number of factors. As Flynn reports:

The government had to promise to reduce the fiscal deficit (the gap between spending and tax revenues), hold down wage increases, especially in the public sector, and generally stop the expansion of public sector activity in the economy.  
(Flynn, 1993, p9)

Effecting a reduction in the Public Sector Borrowing Requirement immediately proved to be less than straightforward. The high unemployment levels which characterised the early 1980s, with the UK unemployment rate

progressively rising from 4.05% in 1979 to 10.45% in 1983, was putting intense pressure on welfare benefits and thus public expenditure, further exacerbated by the concurrent diminution of both tax receipts and the tax base. The local government sector became the target for expenditure cuts and there followed a raft of legislative reforms aimed at “remodelling the pattern of local authorities” (Wilson and Game, 1995, p57) with the primary intent of curbing local government expenditure.

**TABLE 1.1 GENERAL GOVERNMENT FINAL CONSUMPTION  
(£ millions, 1990 prices)**

<i>YEAR</i>	<i>CENTRAL GOVERNMENT</i>	<i>INDEX</i>	<i>LOCAL GOVERNMENT</i>	<i>INDEX</i>
1974	56,166	100.0	34,606	100.0
1975	59,156	105.3	36,552	105.6
1976	60,458	107.6	36,549	105.6
1977	59,752	106.4	35,645	103.0
1978	60,437	107.6	36,988	106.9
1979	61,243	109.0	38,008	109.8
1980	63,207	112.5	37,791	109.2
1981	63,725	113.5	37,535	108.5
1982	64,260	114.4	37,868	109.5
1983	65,604	116.8	38,692	111.8
1984	66,146	117.8	39,030	112.8
1985	66,241	117.9	38,856	112.3
1986	67,277	119.8	39,547	114.3
1987	67,122	119.5	40,736	117.7
1988	67,588	120.3	41,024	118.5
1989	68,836	122.6	41,303	119.4
1990	70,108	124.8	42,826	123.8
1991	71,950	128.1	43,847	126.7
1992	72,189	128.5	43,813	126.6

Source: UK National Accounts (London: HMSO)

The main features of the Conservatives’ attempts to control local government finance were:

- \* a new approach to grant distribution;
- \* the use of grant penalties for overspending;
- \* rate-capping powers in cases of ‘excessive and unreasonable expenditure;’ and

\* general reserve powers of rate limitations;

and in the first two-terms of post-1979 Conservative office, no fewer than forty pieces of legislation relating to local government were passed (Midwinter and Monaghan, 1993, p43). Local government responded in a variety of ways but shadow-boxing and brinkmanship strategies were more commonplace than compliance and a number of authorities, particularly the London Boroughs are reported as becoming adept at “the art of creative accounting” (Ball and Monaghan, 1993, p34). As a consequence, local government expenditure was not significantly abated with modest growth continuing throughout the 1980s. Whilst the imposition of further financial controls continued and the search for financial ‘solutions’ to the perceived excesses of local governments persisted, ultimately bringing the downfall of Thatcher following the poll tax saga, the emphasis of the reforms was refocused towards the search for improved value for money. By calling for improved efficiency in the use of resources, the Government was able to call for public expenditure cuts without necessarily advocating service level and quality depletion, a move facilitated by the politically irresistible tag ‘value for money.’ As Elcock *et al.* note “it was difficult to oppose the concept of value for money without appearing to defend waste and inefficiency” (1989, p152).

However, value for money was far from a back door route to budgetary control, providing the justification for public expenditure cuts. It was a natural product of the New Right, a philosophical school of thought which Margaret Thatcher is variously associated with (see for example, Biddiss, 1987, Kavanagh and Seldon, 1989, Kavanagh, 1990 and Minogue, 1988). As Mather has said of the Thatcherite commitment to improved value for money:

It is a straightforward concept, based on the underlying premise that monopoly services provided free at the point of consumption and untested by competitive forces are unlikely to be efficient in the medium and long-term; that they are likely to perpetuate restrictive practices and producer-led service delivery; and that they entangle the interests of those specifying the service (the authority) with those providing them (the direct employees of the authority, who are also policy advisors and quantity controllers).  
(Mather, 1989, p213)

Flynn identifies four themes running through Government policy which are influenced by New Right ideas. Namely, that market mechanisms should be used wherever possible; that competition should be promoted between providers affording consumers more choice; that collective decision-making should be replaced with individualism and individual choice; and finally, that state provision should be kept to a minimum (1993, p14/15). It appears little more than coincidence that such reforms are in accord with the IMF conditions since this was not used as a justification or defence by the Conservatives for their change agenda.

In essence, the Thatcher administration considered the private sector to be inherently more efficient than the public sector and many of its local government policies were designed to stimulate an environment similar to that which prevailed in non-public organisations. Policies such as compulsory competitive tendering, contracting out, opting out and increased user charges were introduced in an attempt to make local authorities more like private sector organisations. Within that context, value for money was perceived to be a parallel to profitability in the private sector (Midwinter and Monaghan, 1993, p101). Indeed, the Audit Commission has proposed that:

Making a profit, or at least avoiding a loss, is thus a convenient performance indicator which covers efficiency, economy and effectiveness in one term....In local government, on the other hand, there is generally no profit motive to act as an indication of performance.  
(Audit Commission, 1986, p3)

This reveals an alarmingly crude and over-simplistic view of the private sector but as Olsen observes:

The image of the private sector is seldom based on empirical observations of how that sector actually works. Rather it is taken from how introductory text books in business administration say it should work.  
(Olsen, 1987, p3)

Furthermore, John Stewart has astutely noted that:

The public domain is not constituted to replicate behaviour in the private sector nor to reproduce market conditions, but to build different behaviour. If the public domain were constituted to operate as the private sector there would be no rationale for the public domain....the public domain has its own purpose.  
(Stewart, 1988, p3)

Despite an apparently clear ideological stance, it has been proposed that Thatcher's strategy for local government lacked a grand strategic plan or pre-determined philosophy (Young, 1988; Stoker, 1989) and Flynn has observed that "there is a school of thought which says that the Thatcher governments were not as radical as their increasingly assertive rhetoric implied" (1993, p29). Indeed, Gretton, Harrison and Beeton reported in 1987, that by international standards, the frontiers of the British State had not been rolled back particularly far (1987, p25). In searching for reasons for this, it has been noted that:

Those who would reform local government would be better to start with a clear analysis of its failings and from these develop a coherent approach to tackling them, rather than starting from ideological assumptions and relying on inappropriate solutions to complex issues.  
(Midwinter and Monaghan, 1993, p121)

Additionally, the unpalatability of some of the proposed solutions appears to have been a contributory factor:

When Ministers were presented by the Think Tank with alternative ways of significantly reducing expenditure in September 1982 they recoiled in horror and had the paper withdrawn.  
(Riddell, 1983, p132)

However, value for money, like many of the Government's favoured solutions, did not just receive a polemical treatment. A legislative base was also created and as Holtham and Stewart observed, "value for money became the new financial orthodoxy of the 1980s" (1981, p2).

## ***1.2 The Value for Money Initiative***

The Local Government Act 1982 established the Audit Commission for Local Authorities in England and Wales and added to the traditional probity/fiscal auditing duty of auditors, a requirement to feel satisfied that the local authority "has made proper arrangements for securing economy, efficiency and effectiveness." Definition of the 3Es, as value for money is often colloquially termed, is further discussed in chapter 2. In creating the Audit Commission, Michael Heseltine argued that he would be bringing "some of the rigours of private sector accountability" to bear on local government. It is thus somewhat ironic that in attempting to so do, the auditing requirements placed on local authorities have gone beyond those imposed on private sector companies where no value for money remit exists. Gyford's observation that some Labour authorities perceived the Audit Commission as something akin to "a Trojan Horse for Thatcherism within the walls of local government" (1989, p10) has an altogether more poignant ring about it.

The Accounts Commission, the Audit Commission's corresponding body north of the border, was established in 1975 as part of the last reorganisation of local government. At a symposium on value for money and effectiveness auditing in the public sector in 1983, the then Controller of Audit at the Accounts Commission, James Troman, said of making value for money the statutory responsibility of local authority auditors:



In my view these are retrograde steps as we are beginning to define 'audit' within the statute and this could have the effect of inhibiting what is, and should continue to be, a dynamic and continuously evolutionary process. I hope therefore, that this duty of the audit is not introduced into Scottish legislation and that we can continue to regard value for money as an integrated part of the audit of public sector bodies without such statutory specifications.  
(Troman, 1984, p25)

Contrastingly and quite significantly, by 1986, Bob Simpson the new Controller of Audit, felt that a statutory basis for work was required indicating that "it is not appropriate to struggle along on a grace-and-favour basis" (1986, p20). It was felt that differing statutory provisions between the Audit and Accounts Commissions had resulted in dramatic variations in results:

The Audit Commission has been strident, controversial, demonstrably independent and has achieved a high profile. It has spent a great deal of money and identified considerable potential for savings....The Accounts Commission by comparison has been restrained, non-controversial, has adopted a low profile and has spent very little. The impact accordingly has been limited.  
(Simpson, 1986, p20)

In an organisation concerned with economy, efficiency and effectiveness, to infer that success can be equated with the amount of money spent, borders on the ridiculous.

The Audit Commission was not created to enforce public expenditure cuts but rather to address value for money issues in local government. However, as Gyford notes, the distinction between cost-effectiveness and cost-cutting is often blurred (1989, p9). Shortly after its inception, the Audit Commission failed to differentiate between the two concepts as demonstrated by their claim of having identified £492 million potential savings. This assertion was based on dubious inter-authority spending comparisons so it is of little note that by 1987, only 16% of this potential had been realised (Audit Commission, 1987). Despite this, the Accounts Commission felt that it was unfairly and unfavourably compared to the Audit Commission and to redress the balance

required 'the tools for the job' which included not only appropriate legislation, but a comprehensive database and adequate resources (Simpson, 1986). The provision of statutory value for money powers to Scotland was also championed on the grounds that in their absence, authorities acting wastefully and inefficiently, were not in fact acting illegally (Himsworth, 1986).

The amendment of section 99 of the Local Government (Scotland) Act as contained in Section 35 (4) of the Local Government Act 1988 remedied this and provided auditors of Scottish local authorities with the same statutory value for money responsibility as their counterparts south of the border. However, concern was expressed about the ability of auditors to discharge this particular legal responsibility. As McSweeney observes:

Belief in the ability of auditors (or indeed anyone else) to step into local authorities during a few months each year and comprehensively evaluate in a uniform manner their arrangements and accomplishments, recognising what is wrong and knowing how to put it right, greatly underestimates the complexity of organisations in general, and local authorities in particular. It also ignores the cognitive limitations and perceptual bias of auditors.  
(McSweeney, 1988, p38)

Furthermore, a professor of accountancy concluded that:

At present, the auditing profession cannot deliver fully on its value for money mandates. This is partially due to the fact that the auditor's role is evolving in response to changing public needs and expectations. He is a third party intermediary in a broadly defined accountability relationship between on the one hand, government and management, and on the other hand, politicians and the public at large.  
(Glynn, 1987, p119)

Midwinter comments that the value for money role broke new ground but in a field in which expertise was not particularly well developed (1995, p39) and there is little evidence of local authority auditors vigorously enforcing value for money auditing. However, Section 170 of the Local Government etc. (Scotland) Act 1994, also imposes a statutory duty on the new Scottish

unitary authorities which come into operation on the 1st April 1996, to make proper arrangements for securing economy, efficiency and effectiveness in the use of their resources. It seems highly probable that equivalent legislation extending the value for money remit to English and Welsh authorities rather than just their auditors, will follow some time in the future. The Accounts Commission has observed that “this statutory requirement will undoubtedly bring into sharper focus the question of what constitutes proper arrangements” (1995a, p13).

In 1988, the Accounts Commission issued an *Auditing Guideline* which proposed that the following management practices should be in place if the necessary value for money arrangements are likely to exist in authorities:

- \* systems of planning, budgeting and controlling revenue and capital expenditure and income, and for the allocation of resources;
- \* adequate codification of responsibilities, authority and accountability;
- \* manpower management including arrangements for review of staffing and for recruitment, training and direction of employees;
- \* arrangements for the proper management of all the resources of the authority - land, property (including acquisitions, maintenance, utilisation, and disposal of land and buildings), equipment, information technology, finance and energy;
- \* arrangements designed to take advantage of economies of scale, particularly in procurement of goods and services; and
- \* regular monitoring of results against predetermined and quantified performance objectives and standards.  
(Accounts Commission, 1988, p2)

In examining an authority's arrangements for securing economy, efficiency and effectiveness, the auditor was advised to focus on such areas as:

- \* existence of commitment and corporate approach to value for money within an authority, for example, steering group or performance review machinery;
- \* definition and quantification of attainable objectives;

- \* derivation of performance indicators and subsequent monitoring of actual performance;
- \* incidence of reviews of particular service and activity levels and related costs and outputs;
- \* evidence of periodic external comparison with the cost of performance applying in the private sector for all appropriate services and activities;
- \* maintenance of adequate procedures to ensure optimum utilisation of scarce resources; and
- \* existence of adequate management information, that is, accurate, timeous and made available in appropriate detail to levels of accountable management (including members).  
(Accounts Commission, 1988, p4)

Butt and Palmer have more succinctly proposed that value for money “is achieved by planning, reporting upon and reviewing performance on the basis of clear, unambiguous statements of policy objectives or goals” (1985, p9). Such perspectives have led a number of commentators to conclude that value for money is a restatement of earlier rational choice models attempted in the local government sphere particularly corporate planning and its close cousin, Planning, Programming and Budgeting Systems (PPBS). Indeed, if one examines the processes involved in these latter mechanisms, the resemblance is striking.

The Paterson Report examined the organisation and management structures which would be appropriate for the new Scottish local authorities which would become operational in 1975. The report strongly advocated a corporate management approach the main steps of which were:

- \* to identify and as far as possible measure and analyse existing needs and new (and changing) problems within the community served by the authority;
- \* to specify the desired objectives for the provision of services to meet those needs and to quantify them;
- \* to evaluate the various means and in the light of the assessment of resources required and benefits expected, to decide on the best means;

- \* in so doing, to examine the inter-relationships and interactions of the different departments of the authority;
- \* to produce action programmes covering several years ahead to achieve the stated objectives;
- \* to implement the action programme;
- \* to carry out a systematic and continuous review of the programmes in the light of progress made and of changing circumstances; and
- \* to measure real achievements in relation to stated objectives.  
(Paterson, 1973, pp26-27)

The Society of County Clerks proposed that:

Corporate planning in a local government context, is the planning of the authority's activities on an inter-departmental basis in such a way as to secure the highest practicable degree of integration in its objectives and activities and the best possible use of its resources.

(Society of County Clerks, 1974, pp141-142)

They also concluded that the elements of corporate planning were closely related to a system of Planning, Programming and Budgeting which was defined as:

A management system, designed to assist members and officers in taking decisions about the use of resources by the monitoring of results and the feedback of this information to assist in the updating and revising of plans. It is not a technique but a comprehensive system of corporate planning and controls which harness analytical techniques to the needs and process of management. The emphasis is on providing timely and relevant information rather than a specific management structure.

(LAMSAC, 1974, p157)

PPBS was presented as a sequence of stages as indicated in Figure 1.1 overleaf.

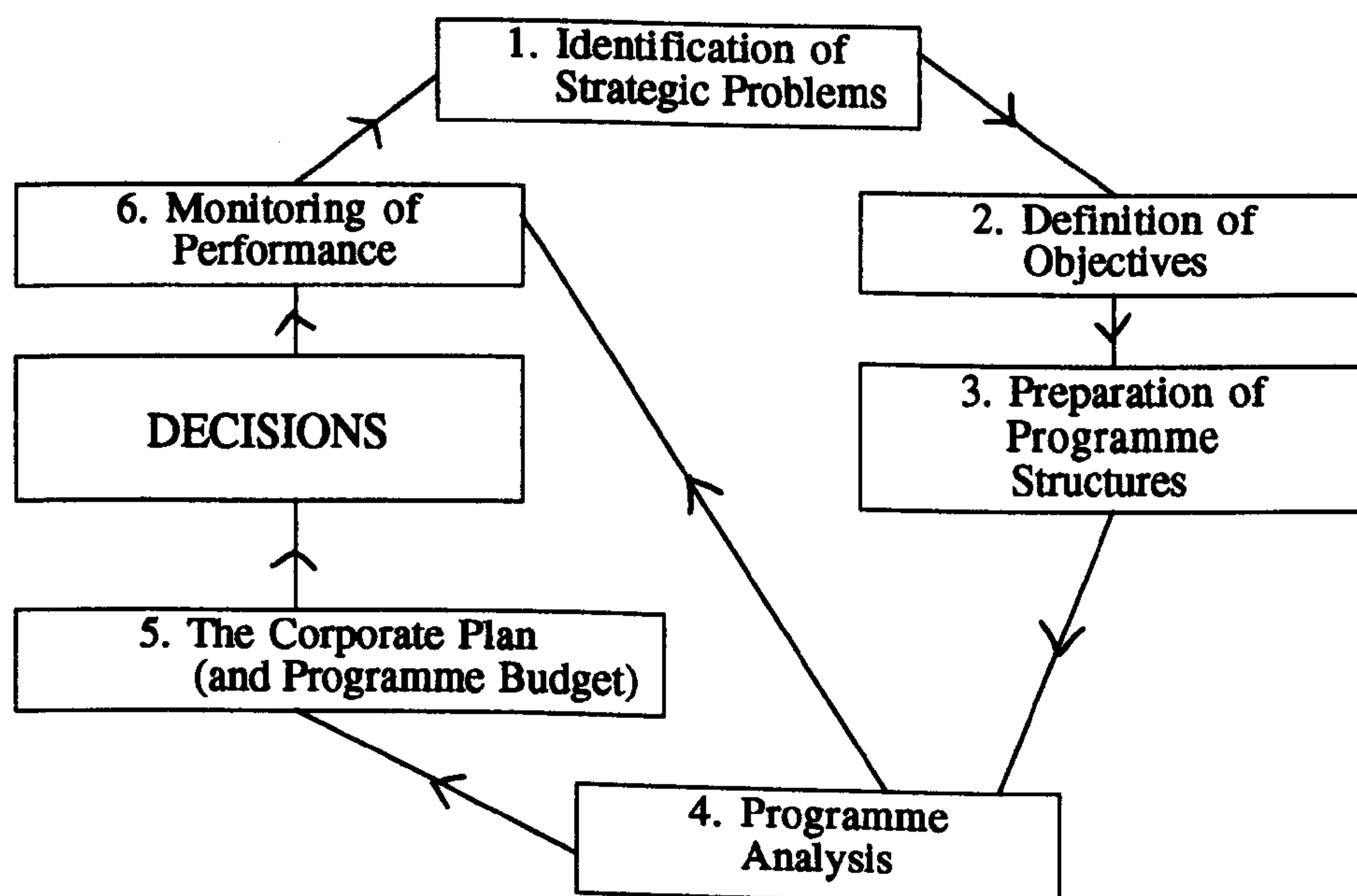
Despite the Society of County Clerks assertion that "to the informed, the case for corporate planning may seem self-evident" (1974, p151) or the Greater London Council's conclusion that PPBS "is a way of management, good management" (1974, p207) neither had a happy or long shelf life in this country (Skelcher 1980, Elcock *et al.* 1989, Midwinter and Monaghan,

1993). As Caulfield and Schultz note “confirmation that corporate planning has a tarnished reputation is not hard to find” (1989, p9). Indeed, some commentators (for example, Heclo and Wildavsky, 1974; Dearlove, 1979; and Gray and Jenkins, 1986) considered this to be predictable given experience of their application elsewhere. As Rhodes has asked:

Why has there been such an emphasis on the contribution of corporate planning to the solution of the problems of English cities given the demonstrated lack of success of such systems in other countries?  
(Rhodes, 1979, p145)

The failure of such systems would be of limited relevance but for the fact that it led to a prediction that value for money was also doomed. As Elcock *et al.* have commented “value for money is not built on a rock of successful precedent” (1989, p151). However, this conclusion may be fallacious.

**FIGURE 1.1: THE PPBS SEQUENCE BY STAGES (LAMSAC, 1974, p159)**



The local government sector of the 1970s which witnessed the downfall of corporate management and PPBS was very different from that being exposed to the value for money initiative. The effects of relentless legislation post-1979 has fundamentally changed local authorities. As Rogers notes “the almost constant flow of legislation during the 1980s has markedly changed the conditions and circumstances within which a local authority performs” (1990, p2) with those changes being described as dramatic and sometimes traumatic (1990, p1). Additionally, value for money, unlike its forefathers, is underpinned by legislation and certainly during the Thatcher reign, received sustained support from the high office of Prime Minister. Indeed, a number of previous Government reports had acknowledged the need for improved value for money. As Jowett and Rothwell have commented:

A number of committees were set up (for example, the Management Committee in 1967, the Bains Committee which met throughout the 1970s and the Layfield Committee in 1976) each of which stressed the importance of obtaining value for money in local services.  
(Jowett and Rothwell, 1988, p21)

Concern with value for money predates Thatcher or as Elcock *et al.* comment “value for money was not discovered in the Adam Smith Institute or the Centre for Policy Studies” (1989, p152). However, as Carter observes:

Although the government was breathing new life into old ideas - ideas previously popular in the 1960s - the enthusiasm was unprecedented and infectious.  
(Carter, 1991, p85)

These combined factors suggest that value for money may not peter out like its ancestors. Evidence of this may be found in the observation that some of the pressure to develop improved value for money systems has come from within local authorities. As Rogers notes:

The extent and diversity of developments and innovations is quite dazzling....It is quite clear that local authorities are not simply responding to the requirements of central government to become more accountable or to be more economic and efficient.  
(Rogers, 1990, p1)

This conclusion is supported by Ball and Monaghan who record a wide range of schemes having been developed in response to the value for money initiative, many of which “considerably exceed the rudiments of efficiency and effectiveness required to satisfy the Audit and Accounts Commissions” (1993, p35). Elcock *et al.* report “important pushes towards efficiency from within the local government community itself” (1989, p139). Indeed, Jackson and Palmer propose that in response to the challenges of the last decade:

Public service managers have adopted a variety of coping strategies. Some have adopted a minimalist approach by simply accepting the need to implement budget cutbacks and to live with the inevitable consequences that this has meant for service quality. The majority have, however, been more positive in their responses. They have accepted the challenges that the hostile and uncertain financial environment has presented to them and have introduced new management systems. In an attempt to produce more from less, the positive minded public services managers have chosen to adopt and implement “performance reviews.”  
(Jackson and Palmer, 1992, p8)

They proceed by providing the following definition:

A performance review is a detailed critical examination of an organisation’s existing activities. It seeks to establish answers to some basic questions such as, what are we currently doing; why are we doing it; whose interests are being served by these activities; why are we doing things in the way that we are; how much does it cost; and could it all be done at less cost?

A review of a public service’s performance seeks to establish how well it is performing in terms of providing *value for money*. Performance review is a process of finding out, through a detailed process of examination and measurement, how actual levels of achievement compare to expected levels of achievement.  
(Jackson and Palmer, 1992, p8)

The Audit Commission have similarly perceived the introduction of a performance review system as an appropriate response to the value for money agenda and during the 1980s produced a series of publications devoted to the introduction of performance review systems in local government (Audit Commission, 1986, 1988 and 1989). In their 1988 Handbook, the Commission outlined the following four stages to performance review:



1. to determine performance measures
2. to set targets for that performance and then monitor achievements against them
3. to review selectively those areas where performance does not come up to expectations
4. to take action arising from the review process  
(Audit Commission, 1988, p1)

However, much of the focus both in the Commission's subsequent work and in the wider academic and professional community has centred on the first stage. As Midwinter and Monaghan have observed:

The majority of the literature in the VFM field has centred on the use and abuse of performance indicators (PIs). This reflects the relative ease of setting and monitoring PIs however ill-defined, inappropriate or inadequate. In an attempt to be seen to be responding promptly to the VFM remit; auditors, authority officials, consultants and commentators alike, have directed their energies into the most tangible element of the reforms, with the result that performance indicators have a high profile in the VFM field.  
(Midwinter and Monaghan, 1993, p102)

More recently, this preoccupation with performance indicators reflects the Citizen's Charter, John Major's contribution to the value for money debate. The Local Government Act 1992 required the Audit and Accounts Commission:

- \* to give such directions as it thinks fit to each local authority to publish, annually, information as to its standards of performance; and
- \* to provide the indicators to measure the performance of local authority services - indicators that will (in its opinion) facilitate comparison of cost, economy, efficiency and effectiveness - from one authority to another and over time.

Extensive consultation was undertaken both north and south of the border.

The Audit Commission identified the following key areas of concern:

- \* there were too many indicators to be of interest to citizen's, yet too few to reflect complex services adequately. In particular, there were insufficient indicators of effectiveness, quality and efficiency;
- \* the imposition of centrally-determined indicators could skew local policies and restrict local choice;
- \* the figures produced would be misused, or not properly understood; and

- \* the cost of collecting and reporting the information would not be worth the benefits gained from the exercise.  
(Audit Commission, 1993)

In response to these concerns, the Audit Commission claims to have:

- \* focused initially on fewer services, and detailed the way in which it intends to develop the initiative in the future;
- \* focused on issues which are of most general interest to citizens, choosing indicators which should be readily available; and
- \* formulated indicators to relate performance to local policies and targets, leaving authorities with maximum discretion to explain the reasons for their policies when publishing their performance locally.  
(Audit Commission, 1993)

The proposed indicators were accordingly revised but a number of technical inadequacies still remained. As Ball and Monaghan have observed:

- \* many of the indicators are not indicators of performance at all although they may represent interesting information. For example, take the unit cost of road resurfacing - Is a higher figure unambiguously more or less favourable? A higher figure might represent inefficiency but alternatively could represent a better quality job;
- \* some of the indicators appear bizarre. Take for instance total crimes reported per 1000 police officers. Is this a performance indicator for the police force or for society? Will such a measure penalise forces who have good relationships with their communities and good community policing;
- \* there stills appears to be much discussion of using indicators for comparative purposes. This is bound to lead to misleading and inappropriate comparisons being made. For example, many of the indicators are based on cost. But it is inevitable that many services will be delivered more cheaply in densely-populated authorities rather than in sparsely populated rural areas whatever their relative performance;
- \* there is undue emphasis on those aspects of service delivery which are easily quantifiable at the expense of more qualitative indicators. Consider for example a planning department. The focus is on administrative measures such as the turnaround time of planning applications. The *quality* of the planning decision taken is ignored but will have much greater impact in the longer term than a delayed response.  
(Ball and Monaghan, 1993, p41-42)

Similar doubts have been expressed by a number of other authors particularly concerning the usage of charter indicators for comparative purposes.

McSweeney proposes that:

Like must be compared with like. This is far more problematic than it might first appear. The reasons include inconsistencies, inaccuracies, inadequacies, and inappropriateness of the indicators. Much input data comes from accounting systems that are neither uniform nor neutral. Cost data may not be given but may have to be constructed. Significant discretion may exist as to what costs to include, how to calculate them and how much to assign, for example, to overhead allocation. This introduces diverse method of calculation and thus diminishes comparability. Additionally, there is the issue of manipulation which can take a variety of forms: smoothing, biasing, filtering, focusing and so forth.  
(McSweeney, 1988, p37)

Flynn (1986) has concluded that there are so many problems with comparative data that they may not even be helpful in identifying broad problem areas.

Indeed, Ed Page has surmised that:

The safest and fairest conclusion is that performance indicators are invaluable, even essential tools of management *within* institutions; they are misleading and unhelpful tools of political analysis between institutions - unfortunately the latter are more exciting.  
(Page, 1989)

There is also a more general argument about whether it is either sensible or appropriate to try to evaluate local authority performance by "a whole raft of unrelated indicators devoid of any policy context" (Ball and Monaghan, 1993, p42). As Midwinter purports:

The notion that authorities' performance can be reduced to a few simple, quantifiable indicators which form the basis for comparison of organisational efficiency is fallacious...The basis for sensible and equitable comparisons between authorities does not yet exist, and therefore the statutory requirement to undertake comparisons on the basis of limited information ought to be withdrawn.  
(Midwinter, 1995, p51)

He goes on to suggest that the data generated in the public domain should be reclassified as *local government statistics* and should be used for "internal policy analysis in assisting councils to reach decisions on budgetary priorities or service developments"(1995, p51). Woodward, in his review of the use of performance indicators in the nationalised industries, similarly concludes that 'performance indicators' presented in annual reports, give limited information

except on the loosest definition of performance and provide no insight into achievement (1986, p308).

It certainly seems in some doubt that the publication of the Citizen's Charter information will create much public furore. As Ball and Monaghan note "councils will collect the information which will be published as required by the legislation but the impact will be limited" (1993, p43). This was the case with previous similar initiatives. Section 167 (1) of the Local Government and Housing Act 1989 required local authorities in England and Wales to present an annual list of 40 indicators to tenants. Passmore (1991) conducted a survey of tenants in the Welwyn Hatfield District Council area two weeks after the authority had circulated its 1990/91 indicators. Few respondents could remember details of the publication and there were a number of negative comments about the amount of information received. Jowett and Rothwell also highlight the limited impact of the 1980 Local Government Planning and Land Act which required authorities to produce an Annual Report informing ratepayers of the uses to which their money had been put:

It was hoped that this might galvanise concerned ratepayers into pressurising their elected representatives to improve efficiency in those areas where excessive expenditure had been identified. Perhaps it is premature to judge, but it would so far seem that the publication of these accounts has neither aroused the wrath of ratepayers nor promoted positive cost-cutting action by councillors (Jowett and Rothwell, 1988, p26)

It would be premature to conclude that the same fate awaits the Citizen's Charter but certainly the publication of the first year's data (Accounts Commission 1995b, Audit Commission 1995a) has not created much of a stir amongst the great British public.

### ***1.3 Performance Review: The Forgotten Dimension***

The hype which has surrounded performance indicators has detracted attention from performance review systems which were advocated as a suitable response to the need to establish arrangements for securing economy, efficiency and effectiveness (Jackson and Palmer, 1992; Audit Commission, 1988) and little is known about the systems in operation in this country. Steve Rogers in his contribution, *Performance Management in Local Government*, highlights a number of systems for managing organisational performance which have been adopted by local authorities (1990) and Caulfield and Schultz, in their book devoted to strategic planning in the local government arena, unveil a number of approaches to performance review which they see as an essential element of strategic planning. They quote the Assistant Chief Executive of Rochdale Metropolitan Council who proposes that “while systematic performance review may have been thought of in the past as being ‘nice to have,’ it now falls into the ‘must have’ category” (Caulfield and Schultz, 1989, p61). The Audit Commission echo this sentiment proposing that:

The continued existence of local government depends on its ability to be competitive, offer consumer choice and provide well-managed quality services. Councils are increasingly recognising the need to evaluate the effectiveness of their services; to consider outcomes as well as inputs and outputs. The performance review process is fundamental to achieving these aims. (Audit Commission, 1988, p1).

However, the Commission describes the approach of many authorities to performance review as “haphazard and unstructured” (1989, p1). In practice, there has not been a comprehensive assessment of performance review activity in this country to support or deny this assertion. It is largely unknown what approaches local authorities have adopted, nor indeed, how many have instigated review procedures. Reflecting the need to plug this knowledge

gap, the Economic and Social Research Council funded a project, *Performance Measurement in British Local Authorities*, part of the remit for which was to research the progress made by British local authorities in introducing effective performance review systems with the intention of identifying good practice (Award Number R-000-23-2256). The findings of part of that research project are embodied in this thesis (see preface).

However, there are reasons other than filling an information vacuum for reviewing current performance review practice. A statutory duty is placed on auditors, and imminently on Scottish authorities, to ensure that arrangements are in place for securing value for money within authorities. The models proffered by the Audit and Accounts Commissions in response to this legislative requirement which are discussed in chapter 2, are largely untested and indeed unsubstantiated and it would seem sensible to examine experience to date to unveil examples of good practice and highlight any commonly occurring problems. As Monaghan and Ball have commented:

Whilst no blueprint exists for an effective performance review system, valuable insights can be gained from authorities who have already established review mechanisms and a number of general observations can be made.  
(Monaghan and Ball, 1993, p12)

Delineating what lessons can be learned from performance review operations to date, should prevent the 'new' authorities emerging from the reorganisation of local government from reinventing the performance review wheel. There is evidence of local authorities seeking such information for example by the creation of the Policy and Performance Review Network in 1989, an organisation devoted to the sharing of experience in the policy and performance review field. Indeed, in a study conducted by the Value for Money Accounts Commission/Convention of Scottish Local Authorities

Liaison Group, the need for more information, particularly relating to good practice, to be made available in the public domain was evident (Accounts Commission, 1991, p11).

Performance review has been defined as “the monitoring and evaluation of organisational performance” (Rogers, 1990, p16). Whilst the emphasis to date in the public domain, has been on operational statistics, performance review should also relate to policies since this is a fundamental aspect of the performance of local authorities which are after all political organisations (Widdicombe, 1986; Gyford, Leach and Game, 1989). There has undoubtedly been a trend for increased politicisation and more of a focus on policies within local councils in recent years. As Flynn observes:

While by virtue of being an elected tier of government, local authorities have always been political, the last decade has produced sharper contrasts in policies among many authorities.  
(Flynn, 1993, p50)

Stewart concurs with this view proposing that “local politicians have become more determined to assert political control and to pursue distinctive policies” (1988, p13). Whilst reviewing performance in relation to policies is arguably more complex than operational details, it can be more important in terms of organisational purpose. Stewart has argued that:

A local authority can be seen as a convenient unit for the administration of a series of separate services or as an elected body charged not with one purpose, but with many purposes, and with a wide-ranging concern for its area and for those who live within it. It can be seen as local administration or as local government.  
(Stewart, 1988, p32)

Local authorities have statutory responsibilities in relation to a number of the services they provide but they also have considerable discretionary powers which afford them the opportunity to determine local policies across a wide

range of services significantly affecting those individuals living and working within the local authority boundary. Exercising this local government right should entail an implicit obligation to review progress in relation to those policies - it is not sufficient to merely have a statement of policy. Indeed, the Audit Commission has argued that:

The members and officers of a local authority have three main responsibilities: planning the services that the council is to provide; ensuring the appropriate structures and resources to deliver them are in place; and then checking that the desired results have actually been achieved.  
(Audit Commission, 1989, p2)

Monitoring results within a policy framework should strengthen local government by reinforcing the policy role which needs to be played by local authorities if they are not to become a convenient local administration for central government-determined policies. It should also prevent a local authority from drifting into performing to the Citizen's Charter indicators which are devoid of policy and contextual considerations and which even the Accounts Commission has conceded are often primarily determined by the capacity to produce numerical information (Accounts Commission, 1992a).

The need for a local authority to review its performance relative to its overall aims and objectives will become increasingly critical if the trend towards enabling and decentralisation persists and services continue to be put out to competitive tender. A performance review mechanism can facilitate a local authority ensuring that progress is being made relative to what it set out to achieve even though it is not necessarily the direct service provider. However, this is not to suggest that performance review is a panacea. As Monaghan and Ball have indicated "performance review is not an all-encompassing solution to the many and varied problems confronting local government" (1993, p14). But in the absence of consultation with local



authorities, the limitations of performance review, like its strengths, cannot be specified.

There are thus a number of reasons why a comprehensive investigation of performance review practice in this country is timely. To this end, a critique of the state of the art in performance review activity in British local authorities was undertaken and is described in this thesis.

#### ***1.4 Thesis Overview***

In the next chapter, definitions of the terms commonly used in this area are considered and the approaches to performance review expounded by the Audit and Accounts Commissions are examined. In chapters 3 and 4, attention is turned to methodological issues. Chapter 3 establishes the specific research questions to be addressed in the remainder of the thesis and takes an overview of the methodological considerations which underpin research of this type. Chapter 4 delineates the actual methodology employed in undertaking research for this thesis which comprised two principal components; namely, a comprehensive postal questionnaire issued to both chief executives and council leaders of all local authorities in Great Britain, and a series of five case studies undertaken in authorities operating a range of different performance review systems.

Chapters 5 to 8 present the research material. Chapter 5 identifies the scale of performance review activity occurring in this country as revealed through this piece of research. Chapters 6 and 7 summarise the postal questionnaire results respectively received from chief executives and council leaders whilst chapter 8 presents the case study material.

In chapter 9, all the research evidence on review systems is synthesised and a critique of performance review is made founded on the actual experiences of councils, culminating in the delineation of good practice recommendations for authorities intending to implement a review mechanism in the future. Concluding comments relating to this programme of research are made in chapter 10.

Much of the research fieldwork was conducted in 1992 as part of the ESRC-funded project from which this thesis emerged. However, there is little evidence to suggest that significant change has occurred in relation to performance review in the local government arena between the research being undertaken and the presentation of this thesis. This reflects the priority which other major pieces of legislation have demanded of local authorities such as the introduction of the council tax, the extension of compulsory competitive tendering, the implementation of the Citizen's Charter, and Local Government Review. Contact has been maintained with four of the five case study authorities and their performance review systems are little changed from when the case study visit was undertaken with only modest refinements having been made to the review processes. An open dialogue has also been maintained with the Policy and Performance Review Network, the practitioners organisation in this field, and again it is perceived from discussions with key figures in this organisation and attendance at their conferences, that progress is being made only very gradually in the review area reflecting the lack of central time available because of all the competing pressures facing local councils. It is thus felt that the observations and findings of this research remain valid.

Although the research material is exclusively drawn from local government, the general findings are applicable to other public sector arenas. All organisations in the public domain are under pressure to monitor their performance (Jowett and Rothwell, 1988) and thus some of the findings from a review of practice in the local government area, will inevitably be of relevance in these other sectors and consequently may have a bearing on practice beyond the confines of local authorities. Local government was singled out for investigation because central government has so overtly challenged this component of the public sector and placed the performance of local authorities high on the public agenda with rhetoric such as Michael Heseltine's assertion that "the Government had been returned on a promise to cut out waste in local government" (1987, p40). But as Elcock *et al.* more incisively observe "this assumption of waste as the original sin of the public sector is commonly made by those preaching the hot gospel of value for money, but it is only an assumption" (1989, p154).

## *Chapter 2*

### *Approaches to Performance Review*

- 2.1 Definitions*
- 2.2 The Audit Commission's Approach to Performance Review*
- 2.3 The Accounts Commission's Approach to Performance Review*
- 2.4 Alternative Approaches to Performance Review*
- 2.5 Summary*

## 2.1 Definitions

Within the performance review field, definitional imprecision is commonplace and therefore terminology will be considered prior to examining the advocated approaches to performance review.

In chapter 1, it was proposed that performance review was proffered as an appropriate solution to the requirement to have arrangements in place for securing value for money in local authorities. Butt and Palmer propose that “being a colloquialism, value for money has become a wide and ambiguous term, but it is generally accepted that it covers three basic elements: economy, efficiency and effectiveness” (1985, p10). They define these elements as follows:

*Economy* - The practice by management of the virtues of thrift and good housekeeping. An economical operation acquires resources in appropriate quality and quantity at the lowest cost.

*Efficiency* - Making sure that the maximum useful output is gained from the resources devoted to each activity, or, alternatively, that only the minimum level of resources are devoted to achieving a given level of output. An operation could be said to have increased in efficiency if either lower costs were used to produce a given amount of output, or a given level of cost resulted in increased output.

*Effectiveness* - Ensuring that the output from any given activity (or the impact that services have on a community) is achieving the desired results. To evaluate effectiveness we need to establish that approved/desired goals are being achieved. A goal (or operating objective) may be defined as a concrete expression of a policy objective. This is not necessarily a straightforward procedure; some goals may not be initially apparent. Once a set of goals has been established we need to determine whether these goals are being accomplished.

(Butt and Palmer, 1985, pp10-11)

Carter has commented that “the precise definition of economy, efficiency and effectiveness became an industry in itself” (1991, p90). However, the above interpretations of the criteria are broadly held by most commentators although the Commissions define effectiveness as “how well a programme or activity is achieving its established goals or other intended effects” (Audit Commission,

1984; Accounts Commission, 1988). Rogers interestingly notes that this limits the scope of effectiveness to the intended effects of a policy, whereas the unintended effects may be of equal importance (1990, p15). He provides the following additional definitions:

Inputs refer to the resources which are used to produce a service or execute a policy and are expressed in terms of finance, personnel, equipment etc. Outputs refer to the services produced or delivered. They are most often expressed in terms of their quantity but should also include some statement of quality. Outcome is the term most variably defined but is generally considered to be a statement of what actually happens as a result of providing the service or of the benefits of the service to its users. This definition can sometimes conflict with the use of the term 'impact' which may be described as the ultimate effect of a policy, both intended and unintended.  
(Rogers, 1990, p14)

He proposes that this generally accepted definition of the term 'input' could be considered narrow since it does not take into account the fact that for many services, the inputs to a service cannot be limited to resources alone but should also include reference to the characteristics or needs of the customers or clients for whom the service is provided, citing pupil characteristics as an input into the educational process, as an example.

In addition to economy, efficiency and effectiveness, there has been pressure for the inclusion of equity to the value for money framework given the social remit which local authorities have (Flynn, 1993; Bovaird *et al.*, 1995; Hulme, 1988; Jackson, 1988). Jackson and Palmer have gone further proposing the addition of excellence, entrepreneurship, expertise and electability and possibly Europe and the environment. They propose that:

The extended VFM framework which incorporates equity, entrepreneurship, excellence, expertise and electability by adding them to economy, efficiency and effectiveness brings the issues of performance measurement much closer to the reality of management problems. There are many different dimensions to performance and the problem which faces management is to choose the appropriate trade offs between each of the elements.  
(Jackson and Palmer, 1992, p20)

Pollitt similarly argues that “the alphabet of performance does not begin and end with the 3Es” (1986, p161) and he cites a number of other criteria which have been suggested as relevant. In particular, availability, awareness, extensiveness and acceptability (Clarke, 1984). Pollitt proposes that:

Certainly some of these terms could be collapsed into others, but sweeping definitional aggregation serves to conceal complex problems of multi-dimensional attribute identification and weighting. Our needs, desires and preferences are not simple so neither, other than by distortion, can be our measures of the performance of the services which tender to those needs.  
(Pollitt, 1986, p161)

This view is supported by McSweeney who says of economy, efficiency and effectiveness:

Desirable, and indeed simple, as the criteria may appear to be, their meaning are complex and their use for auditing or managerial purposes is often problematic, indefinite and capable of different and conflicting interpretations.  
(McSweeney, 1988, p32)

The emphasis to date is considered to have been on economy and efficiency (Hopwood, 1984; Pollitt, 1986; Midwinter and Monaghan, 1993; Midwinter 1994). This situation, which Pollitt describes as “sadly lop-sided” (1986, p161), reflects the difficulty in capturing effectiveness (Jowett and Rothwell, 1988; Elcock *et al.*, 1989; Jackson, 1993). As McSweeney has sardonically commented:

Prior specification of a few uncontested, unambiguous and tangible (and preferably quantified) goals for each local authority task, and each local authority as a whole, is regarded as usually possible and always highly desirable.  
(McSweeney, 1988, p34)

Butt and Palmer have proposed that “the three elements, economy, efficiency and effectiveness, have been ranked in order of scope and ease of measurement” (1985, p11) so it is not surprising that limited progress has been made with respect to the latter criteria. However, the Audit Commission, not impressed by what it perceived to be inertia, proposed that “it is wrong to

overstate the difficulties” (1989, p1) and as Henkel has noted, “began to break down, and in effect, redefine what is meant by effectiveness” (1992, p76). She also suggests that the Commission has set itself up as a source of national standards against which local organisations could assess themselves and be assessed (1992, p76). The Citizen’s Charter has legitimised this process by allowing both the Audit and Accounts Commissions to define the indicators against which the performance of local authorities is to be publicly judged, although doubts pertain as to whether such evaluation will occur in practice.

In assessing a local authority’s achievement, performance indicators and measures are normally employed. Jackson and Palmer consider that:

A distinction is often and usefully made between performance **measures** and performance **indicators**. Where economy, efficiency and effectiveness can be measured precisely and unambiguously it is usual to talk about performance measures. However, when as is most usually the case it is not possible to obtain a precise measure it is usual to refer to performance indicators. (Jackson and Palmer, 1989, p2)

Carter proposes that performance indicators can be employed as either dials or tin-openers:

‘Performance’ can be read off the dials: that is, there is a set of norms or standards against which achievement can be assessed, as in measuring the quality of water....Tin-openers are simply descriptive. They do not speak for themselves. They may signal that a particular unit, be it a crown court, prison or bank, is a statistical outlier, but no conclusion can be drawn from this fact in itself. It is simply an invitation to investigate, to probe and to ask questions. (Carter, 1991, p94)

Jackson and Palmer concur with this view proposing that “performance indicators are provocative and suggestive. They alert managers to the need to examine the issue further” (1989, p2). Jackson has suggested a number of characteristics which performance indicators should ideally possess:



*consistency*: the definitions used to produce the indicators should be consistent over time and between units;

*comparability*: following from consistency, it is only reasonable to compare like with like;

*clarity*: performance indices should be simple, well defined and easily understood;

*controllability*: the manager's performance should only be measured for those areas that (s)he has control over;

*contingency*: performance is not independent of the environment within which decisions are made; which includes the organisation structure, the management style adopted as well as the uncertainty and complexity of the external environment;

*comprehensive*: do the indicators reflect those aspects of behaviour which are important to management decision makers?

*bounded*: concentrate upon a limited number of key indices of performance - those which are likely to give the biggest pay off;

*relevance*: many applications require specific performance indicators relevant to their special needs and conditions. Do the indicators service these needs?

*feasibility*: are the targets based on unrealistic expectations? Can the targets be reached through reasonable actions?  
(Jackson, 1988, p12)

He proposes that indicators can be classified according to whether they are prescriptive (linked to particular objectives), proscriptive (negative indicators - it is possible to know when performance is unacceptable but it is more difficult to know when it is acceptable) or descriptive (a multitude of statistics which describe what a department does, in other words, its activities and throughput) and Jackson considers that the majority of performance indicators published in the annual Public Expenditure White Paper and in the annual reports of local authorities are descriptive (1988, p12). The dominance of descriptive statistics has continued with the Citizen's Charter legislation with all the indicators prescribed to date falling into the descriptive category. As a consequence, as previously intimated, Midwinter suggests that such indicators should be

reclassified as local government statistics since they communicate little about 'performance.' Developing this theme, Pollitt has indicated:

In the context of politics and management, performance is a very attractive term. It exudes an aroma of action, dynamism, purposeful effort. It suggests a sorting out of the good from the bad. Its seeming neutrality permits managers to discuss assessment and appraisal as though they were technical, non-political procedures. Similarly, it enables politicians to enthuse audiences suspicious of party dogma with visions of a down-to-earth drive to make public services work better. Of course, things are not, and could not possibly be as simple as this. (Pollitt, 1986, p161)

Such misleading seductiveness obscures the fact that, as Stewart and Walsh have noted, "performance in the public domain is an elusive concept" (1995, p51). However, whilst this is undoubtedly true at the aggregate level of *local government* and particularly when attention is focused on inter-authority comparisons, it does not necessarily hold when considering the performance of an individual authority which is the emphasis of performance review systems, the focus of this thesis. As indicated in chapter 1, Rogers has defined performance review as "the monitoring and evaluation of organisational performance" (1990, p16). Whilst such a definition does not preclude external comparisons, Elcock *et al.* have proposed that "performance review is mainly an internally-orientated process" (1989, p167) and in embarking on this piece of research, it is anticipated that performance review will be an internal mechanisms for evaluating an authority's performance according to the criteria which that authority considers to be important. This may involve some external input, for example, by encompassing the views of service-users or local interest groups, but it will primarily be internally-driven and focused. Indeed, the Audit Commission have described performance review as "an essential element in the management of a local authority" (1989, p1).

Performance review is to be distinguished from performance appraisal which normally refers to the “evaluation of the performance of individuals” (Rogers, 1990, p16). Rogers proposes that:

Performance management is used more variably and may sometimes be equated with performance appraisal, but on other occasions is used....to include both individual and organisational performance. It may be defined as an integrated set of planning and review procedures which cascade down through the organisation to provide a link between each individual and the overall strategy of the organisation.

(Rogers, 1990, p16)

In undertaking performance review, appraisal and management, performance indicators will inevitably play a significant role and in advocating their use for internal purposes, Midwinter and Monaghan have proposed that:

Performance indicators should be rescued from the confining and inappropriate strait-jacket of the value for money framework, and set in a broader context of policy analysis to assist the political process in local government.

(Midwinter and Monaghan, 1993, p122)

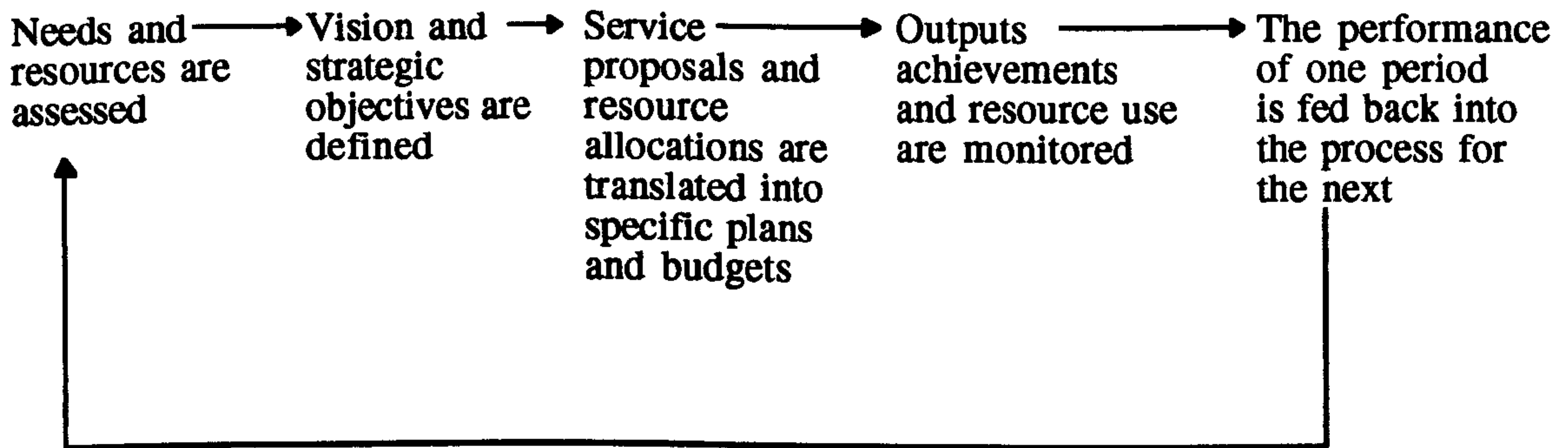
## ***2.2 The Audit Commission's Approach to Performance Review***

Ball and Monaghan have proposed that “the Audit Commission has championed the performance review cause” (1993, p38) and whilst other commentators have also promoted its introduction and compiled accompanying ‘how to do it’ guides (for example, Butt and Palmer, 1985; Jackson and Palmer, 1989); the high profile which the Audit Commission has within the local government sphere has given its advocacy and recommended approach, predominance.

Throughout the 1980s, the Audit Commission produced a series of publications, *Performance Review in Local Government - A Handbook for Auditors and Local Authorities*, which were updated and refined in the light of accumulated experience and the changing circumstances of local

government. In the 1988 handbook, it was proposed that performance review should underpin the management process shown in figure 2.1.

**FIGURE 2.1: THE AUDIT COMMISSION'S MANAGEMENT PROCESS**



(Audit Commission, 1989, p2)

Comparing this process with the corporate management and PPBS models outlined in chapter 1, it is clear why value for money and performance review have been considered as a partial resurrection of these earlier approaches.

In December 1989, The Commission published *Managing Services Effectively - Performance Review*, which was a refined and modified version of the approach espoused in the earlier handbooks. Following this publication, the Commission's attention in the performance domain was dominated by preparation for and implementation of the Citizen's Charter and thus despite all the reforms which have occurred in the local government arena since 1989 and the experience accumulated by authorities operating performance review systems, the Audit Commission's approach to performance review remains unchanged to date. It has recently published a series of papers which emphasise the role of the individual in determining overall organisational performance and indicating methods of strengthening

this (Audit Commission 1995b, 1995c, 1995d) but the Commission has not updated its recommended performance review approach.

Given the profile and standing which the Commission has, it is highly probable that its recommended approach to performance review will significantly influence how local authorities embark on reviewing their performance. Consequently, the process advocated by the Audit Commission will be considered in detail. In the 1989 paper, the Commission proposed that a council intending to strengthen its performance review capability needs to focus on four main steps which are separately considered in detail below:

1. Measuring Performance
2. Assessing Effectiveness and Quality
3. Monitoring and Reporting
4. Making it Happen

### **2.2.1 Measuring Performance**

The Commission considers that performance review ultimately depends on “defining what performance means, and then measuring it.” It is considered that most services or activities can be (or ought to be) measured along four dimensions:

- \* the cost
- \* the resources provided - for example the staff, buildings and other resources employed in providing swimming pools or residential homes for the elderly. It is sometimes possible also to measure the units of service that these resources jointly provide, for example the number of residential places.
- \* the outputs - the use made of these resources, or the service actually delivered to the public, for example the number of residents in council homes, or the number of swimmers.
- \* the outcomes - the ultimate value or benefit of the service to its users. Examination results provide one measure of the outcome of secondary schooling.

These measures are considered “to provide the raw materials for performance review” but that they normally only come to life in the form of performance indicators normally based on ratios between the measures, particularly economy (the cost of acquiring resources such as staff, premises or supplies), efficiency (the outputs achieved in relation to the resource inputs) and effectiveness measures (the final outcome of the service in relation to its output). These indicators can then be monitored over time or compared with targets or with performance elsewhere. The Commission perceives the indicators to be inter-related as indicated in appendix 2.1.

The Commission also considers that it is important that the target population for each service is defined and measured, thus providing the basis for two further performance indicators:

- \* Level of Service - for example, the number of places provided per elderly resident, or the number of leisure facilities in relation to the catchment population.
- \* Take-up - for example, the proportion of the catchment population that use the swimming pool - often useful as a proxy indicator of the quality of the facilities provided.

It is argued that:

Once these performance indicators have been identified and measured, then the performance of the service can be monitored and compared with the expected levels of achievement. Problems and opportunities can be spotted and investigated and corrective action initiated where needed.  
(1989, p3)

However, the Commission recognises that practice is not always as easy as “the theory of performance measurement” and considers measuring ‘service outcome’ or effectiveness to be a particularly significant difficulty. It is conceded that it is usually easier to measure the ‘output’ of a service, with the number of children educated by a school cited as an example, but it is

proposed that such measures are of little value “unless there is reasonable reassurance about the effectiveness and quality of the service.” It is proposed that measuring inputs seldom presents difficulties but that this potentially creates the problem of “the measurable driving out the unmeasurable” with performance review consequently being biased towards “reducing cost rather than improving effectiveness.” The literature which underlines such difficulties is acknowledged but it is argued that whilst “respecting the quality of these arguments, the Commission believes it is wrong to conclude that performance measurement is quite so difficult and dangerous.” In particular, it is considered better to “have incomplete or imperfect measures of performance than none at all.” Furthermore, the Commission argues that many of the objections assume that the audience for performance measures “has no judgement or common-sense” whereas in fact they will normally know the limitations and pitfalls of the information and are well-capable of determining what conclusions can and cannot be drawn. It is concluded:

The Commission therefore believes that it is a dis-service to local government to dwell too much on the theoretical difficulties of measuring performance. What is more useful is to propose practical ways in which local authorities actually can measure their performance, while avoiding the worst consequences of misleading indicators.  
(1989, p4)

The paper then proceeds to advise authorities on specific aspects of measuring cost, resource inputs, outputs and outcomes. This advice is reproduced in appendix 2.2 (for space reasons) but an underlying theme is the reiteration that the measures are only of significance if service quality and effectiveness are not ignored and it is considered that this is one of the main areas in which performance review systems can be improved.

### **2.2.2 Evaluating Quality and Effectiveness**

The Commission proposes that:

No matter what a service costs, or how generously it is provided, the most critical indicator of its performance is the value or benefit that it confers on its users. Simply measuring costs and quantities with no regard for quality, is not a satisfactory basis for performance review. At the same time once a council has some assurance about service quality, it can then attach more importance to other measures such as unit costs, making the whole performance review process more credible.  
(1989, p6)

The Commission on a number of occasions in this paper use quality and effectiveness interchangeably proposing at one point that “the effectiveness or impact of most services can reasonably be gauged by inspecting and controlling the quality of the service itself in relation to accepted standards.” This point is somewhat contentious since quality and effectiveness can reasonably be argued to be different things. For example, a swimming pool may be a high quality facility but if it is inaccessible to its users for example by poor public transport linkages, or if there has been some sort of incident putting people off coming to the area in which the pool is located, then it will be ineffective in terms of the Commission’s definition: how well a programme or activity is achieving its established goals or other intended effects. One could similarly think of examples, particularly in social services and housing where a comparatively poor quality service is provided but because the impact on those involved is significant (consider for example, the homeless) the service, is in fact relatively effective. Both quality and effectiveness are relatively elusive concepts and both are difficult to ‘measure’ in the local government context but this does not imply that they are interchangeable.



The Commission proposes that the simplest solution to the difficult issue of assessing effectiveness and quality, is to use proxy measures of impact. The following example is given:

One of the reasons for providing recreation centres may be to occupy teenagers and so reduce vandalism. This impact may be hard to measure directly, but a fair proxy is simply the number of teenagers - or particular types of teenagers - that actually use the facilities.  
(Audit Commission, 1989, p6)

One might reasonably suggest that concurrent monitoring of vandalism levels would significantly strengthen this proxy measure of effectiveness. It is also suggested that a simple proxy measure for many services is "the level of public complaints, or the level of customer demand and customer retention." It is proposed that service users should be the judges of the quality of the service and it is suggested that "surveys of users, recording their opinion of the current service, and their suggestions for what else might be provided" should help gauge quality and identify the main opportunities for improvement. It is also proposed that quality control and quality assurance systems will have a significant role in improving service quality and effectiveness.

Whilst it would be difficult to argue with the logic of the foregoing, it must be observed that throughout the 28 paragraphs devoted to the evaluation of quality and effectiveness, no mention is made of policies, members or politics despite the fact that the effectiveness of a service must be related to what policy objectives are being pursued by a local authority. The entire discussion is devoid of any policy dimension or recognition of the political process underpinning the delivery of services by local councils. Whilst this is the case throughout the publication, the omissions seems particularly acute when the effectiveness of services is being considered. There is also no

acknowledgement that a trade-off normally exists between service quality and the cost of provision and that often a policy decision is taken as to the quality of service a council can 'afford.'

### **2.2.3 Monitoring and Reporting Performance**

The Commission proposes that there are four main steps to developing an effective monitoring and reporting system:

- \* Identify the key issues for each service, and the key processes that genuinely need to be monitored; and select the performance indicators that measure them.
- \* Clarify responsibilities for monitoring performance - who needs to monitor what, and how often, including members, senior management, and the front-line managers of each service.
- \* Set targets or yardsticks, including quality objectives that indicate whether performance is good or bad, or at least getting better or worse.
- \* Design and produce the appropriate reports.  
(1989, p9)

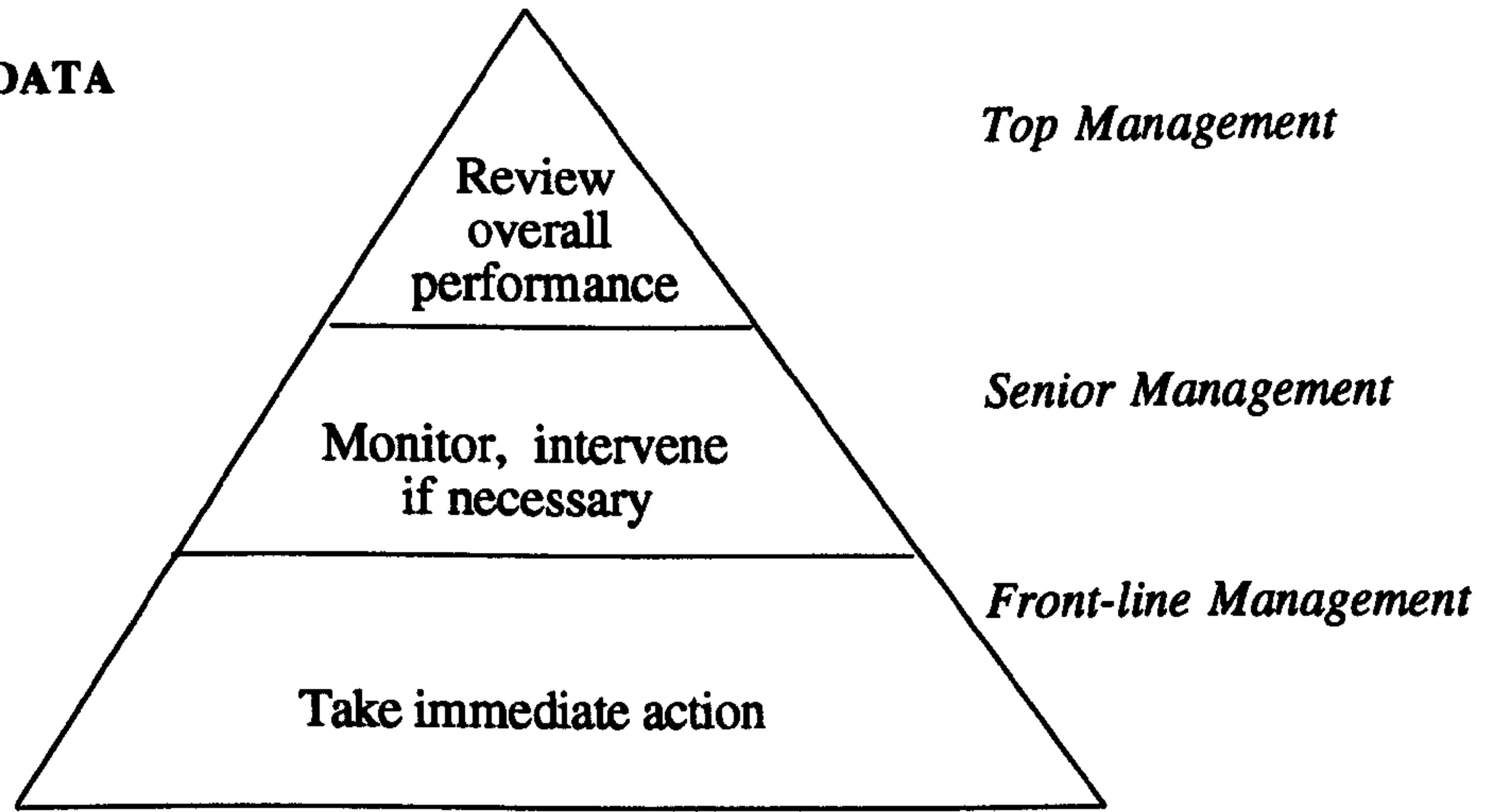
In identifying key performance indicators, it is stressed that monitoring performance is not simply a matter of "scanning whatever statistics happen to come to hand" but rather there needs to be a focus on key issues and it is considered that these will depend to some extent "upon the audience, the time-period and local circumstances." It is also proposed that:

In choosing the critical indicators, it is often useful to make a distinction between operational performance, that needs to be monitored at regular intervals, and underlying performance (for example quality and effectiveness) that may be just as critical, but which it is not sensible to debate every month, even if the information were available.  
(1989, p9)

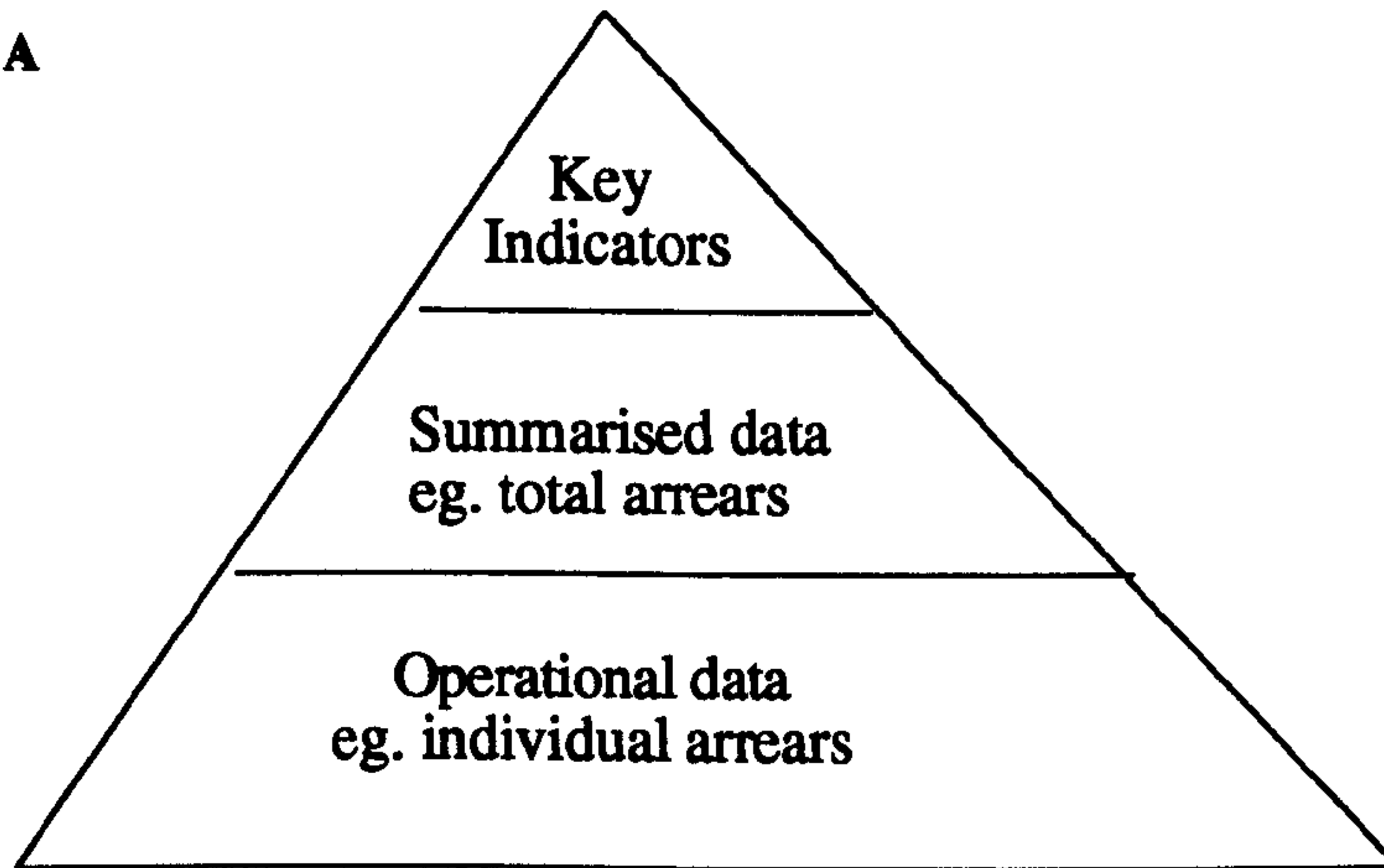
In clarifying monitoring responsibilities, the Audit Commission proposes that the purpose, type and frequency of reporting data can be summarised as a series of pyramids as shown in figure 2.2 overleaf.

**FIGURE 2.2: THE AUDIT COMMISSION'S MONITORING PYRAMIDS**

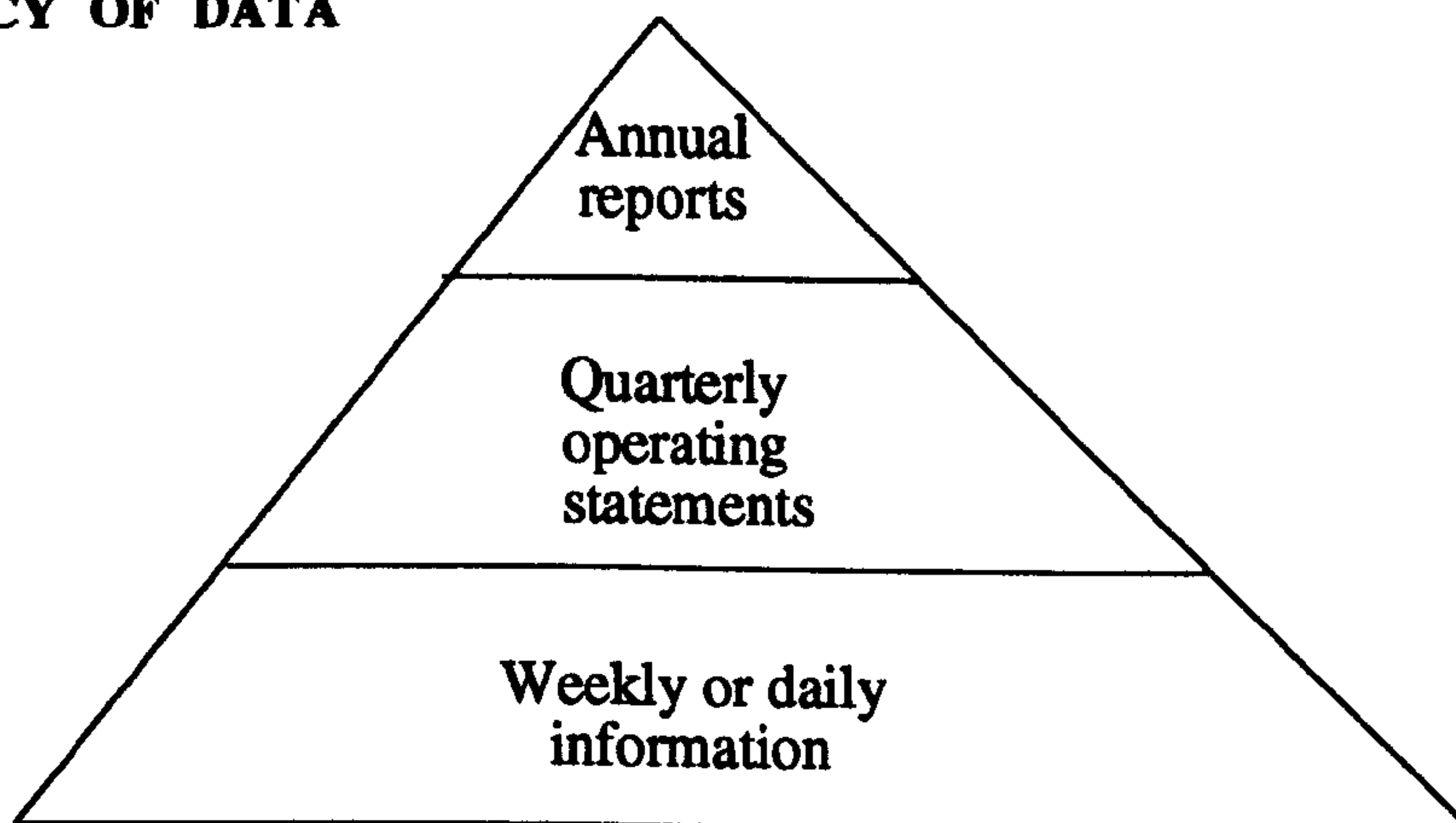
**PURPOSE OF DATA**



**TYPE OF DATA**



**FREQUENCY OF DATA**



(Audit Commission, 1989, p11)

It is recognised that members should be involved in the monitoring of performance as well as management but because they “cannot possibly monitor every aspect of every service at every meeting” the Commission proposes that:

- \* members regularly monitor a limited set of measures that they judge to be most critical, supplemented with an annual review of the whole service;
- \* they ensure that officers are adequately monitoring everything else, at the appropriate detail and frequency; and
- \* they require any deviations beyond a certain level of significance to be reported to them immediately.  
(1989, pp10-11)

Additionally, it is considered that councils have an obligation to report performance to the public normally through broad annual reports and that information is increasingly being demanded by service users about standards.

The Commission asserts that performance indicators are pointless without associated targets or yardsticks and considers that:

As a general rule, any performance indicator that a council monitors should have some kind of comparative figure set beside it. There are two possible approaches: setting targets, or using comparisons such as last year's figures or averages for other authorities.  
(1989, p12)

The Commission produced a Data Supplement to the 1988 *Performance Review in Local Government* handbook comprising a large number of benchmark figures and it is proposed that councils should compare their performance with these national average and good practice targets and report performance accordingly.

The final stage of monitoring and reporting performance is designing and producing the appropriate reports. It is proposed that the following questions

should be asked in deciding what information and comparative indicators are to be included in any monitoring report:

- \* Whom is the report for, and for what activities are they responsible?
- \* What decisions do they have to take, or genuinely need to monitor, in the sense that they might intervene if the results were unsatisfactory?
- \* How frequently do these decisions need to be taken?

The report should then contain the minimum information needed to satisfy these requirements. Authorities are urged to make sure that reports are well presented and to observe the following points:

- \* Avoid over-crowding the page
- \* Use clear headings
- \* Employ graphs to illustrate trends and variations
- \* Highlight the key figures
- \* Include text commentary alongside the relevant figures

Authorities are reminded that reporting and monitoring should not be confined to quantifiable performance indicators and it is proposed that issues such as quality and effectiveness should have a regular place on the agendas of members and senior management perhaps at an annual meeting devoted to performance review.

#### **2.2.4 Making it Happen**

The Commission proposes that setting up a performance review system is relatively easy but that the best defined systems will serve little purpose unless members and officers take it seriously. Whilst the latter point is undoubtedly true, the assertion that establishing a system is comparatively easy is more dubious and it is intended in this thesis to analyse the process of constructing a review process and to assess how easy it is. The Commission considers that:

It is also easy to go through the motions of monitoring and reporting performance, without taking it seriously - avoiding the sensitive issues, or the awkward comparisons, turning a blind eye to obvious weaknesses, and focusing on why things cannot be changed rather than how they could be.  
(1989, p16)

It is proposed that to counteract this, a conscious and concerted effort needs to be made in the following areas:

- \* ensure that each department has adequate arrangements for performance review;
- \* make the chief executive responsible for the process, and provide him or her with staff resources; and
- \* involve members.  
(1989, p16)

It is suggested that there are three main pre-conditions for effective performance review in a department namely, an accountable management structure, a clear commitment to quality, and leadership from the top. In terms of chief executive involvement, it is considered that he or she should not simply "occupy the top of the performance review pyramid" but should in fact have responsibility (and the corresponding authority) for the way in which the system operates. In particular:

- \* ensuring that each department has an effective performance review system;
- \* monitoring key aspects of each department's performance, reviewing results with its chief officer and where possible agreeing corrective action;
- \* organising the council's top-level performance review system - in particular providing regular monitoring information to its central policy-making committee;
- \* recommend which services or activities should be subjected to an in-depth review of performance; agreeing the arrangements for doing this with the appropriate chief officer; and reviewing departments' progress in implementing agreed changes.  
(1989, p17)

In addition to chief executive input, the Commission considers that effective performance review will almost certainly require "the assistance of a small central staff, respected by service departments and well-managed by central

chief officers and members.” It is asserted that these staff will report to the chief executive and will be responsible for both performance review and policy planning. It is proposed that it is not the job of such central staff to directly review department’s performance but rather to act as catalyst for the efforts of others by:

- \* helping departments design and improve their performance review systems, and promoting a reasonably uniform approach across all departments;
- \* designing and operating the central policy review process;
- \* helping the chief executive to identify the issues to bring to the attention of the centre, or to raise with other chief officers; and
- \* taking part or leading in-depth reviews of services whose performance appears to need improvement.  
(1989, p18)

It is recognised that the exact arrangements will vary from council to council and that smaller authorities will not be able to employ the same number of staff as large councils but it is suggested that in such instances, the chief executive could second some of his departmental staff on a part-time basis.

In terms of involving members, the Commission asserts that:

Performance review should form an integral part of each member’s work for the council, in the same way as it forms an integral part of a manager’s job. In general therefore the Commission believes that performance review should not be hived off to a separate Performance Review Committee. Temporary working parties can deal with particular issues, and there may be a case for a special group of members to oversee the working of the performance review system itself. But the actual responsibility for reviewing performance should rest with the same committees who are already responsible for each service.  
(1989, p18)

It is considered that the change needed is simply to give performance review the proper weight in the agenda and business of committees probably at the expense of detailed involvement in the day to day operations of the service. It is suggested that members should receive operations reports from officers as the first substantive item on the committee agenda and that once a year,

committees might hold a special meeting solely devoted to the review of the year's performance. It is also proposed that members have the task of ensuring that performance review is linked to the strategic planning process but it is not indicated how such a linkage might be achieved. The Commission also suggests that member-officer reviews might prove a useful vehicle for reviewing performance and that above all "there is little point in monitoring performance and identifying short comings unless something is done."

The Audit Commission concludes this guide to performance review by providing some advice to councils embarking on setting up a system:

The first requirement is that the initiative must be taken seriously, and not simply regarded as one more management drill. The objective is not to go through the motions, but to highlight genuine problems and to secure improvement and change. It should have visible and sustained backing from members, from the chief executive and from chief officers. And this backing should be demonstrated by action rather than simply by words, and by the use made of the results.

(1989, p19)

It is suggested that councils developing a system can do so in "easy stages" and that they should work from the front-line upwards, start with the most promising areas, and avoid being too ambitious. The Audit Commission does however suggest that the majority of councils already have some elements of a performance review system in place but need to develop these into something that is more systematic and effective.

Throughout *Managing Services Effectively - Performance Review*, the Audit Commission's approach is asserted as the definitive process. There is no suggestion that alternative processes or mechanisms for reviewing performance may exist or indeed be better suited to a particular local authority's needs and circumstances. The approach is postulated as best



practice but without any substantiation being given. Nor is it apparent that the Audit Commission's suggested approach has actually been tested in the complex, turbulent and political environment which characterises most local authorities.

Unlike the previous Audit Commission publications on this subject, there is no discussion of how performance review might fit into the overall management and political framework of a local council. Passing reference is made to the need for a link to exist between reviewing performance and the authority's planning process, but despite the fact that detailed guidance is given on significantly less imperative matters such as the presentation of performance reports, this particular issue is skipped over without any useful advice being offered. Overall, the policy dimension of performance and local government more generally, is virtually ignored particularly in the discussion of service effectiveness,

In this thesis, the approaches to performance review actually adopted by local authorities will be examined and these can then be compared with the Audit Commission's espoused process. However, there are a number of other mechanisms which have been advocated in the public domain.

### ***2.3 The Accounts Commission's Approach to Performance Review***

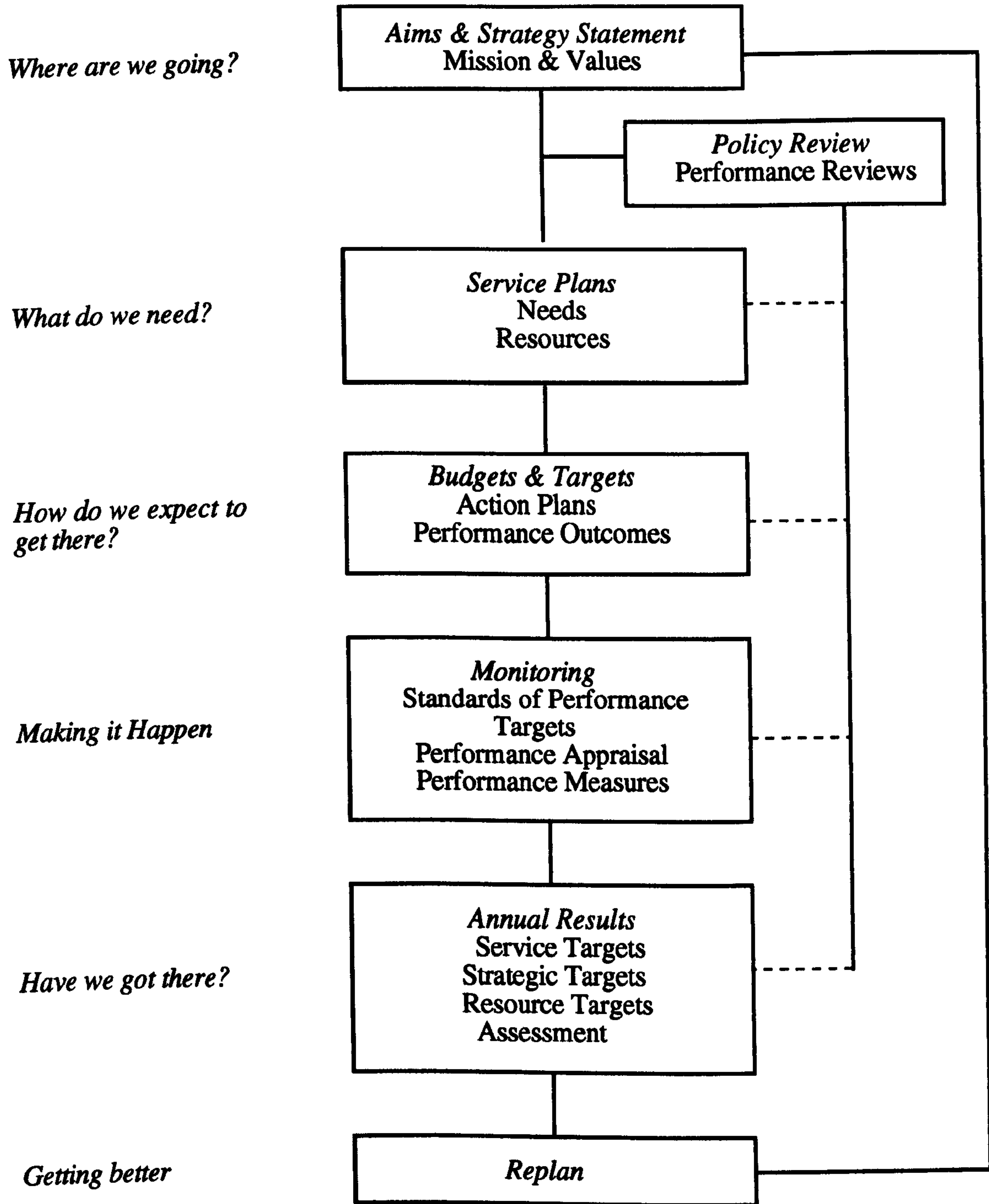
Being north of the border, the Accounts Commission has nothing like the impact or profile which the Audit Commission has and encompasses only 65 local authorities as compared with the 449 which the Audit Commission has under its wing. Its approach is consequently different and it has tended to

work wherever possible in partnership with local authorities and indeed the Accounts Commission set up a Value for Money Liaison Group with the Convention of Scottish Local Authorities to determine the most appropriate methods of pursuing value for money within Scottish local government.

In chapter 1, the management practices which the Accounts Commission intimated a local authority should have in place if the necessary arrangements for securing economy, efficiency and effectiveness are likely to exist, were outlined (page 9). These included “regular monitoring of results against predetermined and quantified performance objectives and standards” (Accounts Commission, 1988). In examining an authority’s value for money arrangements, auditors were advised to focus on a number of areas including the “existence of commitment and a corporate approach to value for money within an authority, for example, steering group or performance review machinery” (1988). In a subsequent publication, the Accounts Commission outlined how performance review might operate within the total framework of a council’s operations as reproduced in figure 2.3. This indicates the need for reviewing both the performance of operational activities and policies and suggests that performance should be related to targets and that the actual results achieved should lead to replanning at the strategic level.

In developing this further, the Accounts Commission published research in 1992 which had been undertaken in collaboration with the Institute of Housing in Scotland examining current management practice and progress made towards establishing a performance culture within the housing area (Accounts Commission, 1992c). It was reported that:

**FIGURE 2.3: ACCOUNTS COMMISSION'S FRAMEWORK OF COUNCIL OPERATIONS**



(Accounts Commission, 1992b, p13)

Just over half (57%) of the authorities have either a policy commitment to introduce performance review or have some system in operation. Only a few authorities, however, have developed a systematic approach to performance review of the majority of housing functions.  
(Accounts Commission, 1992c, p11)

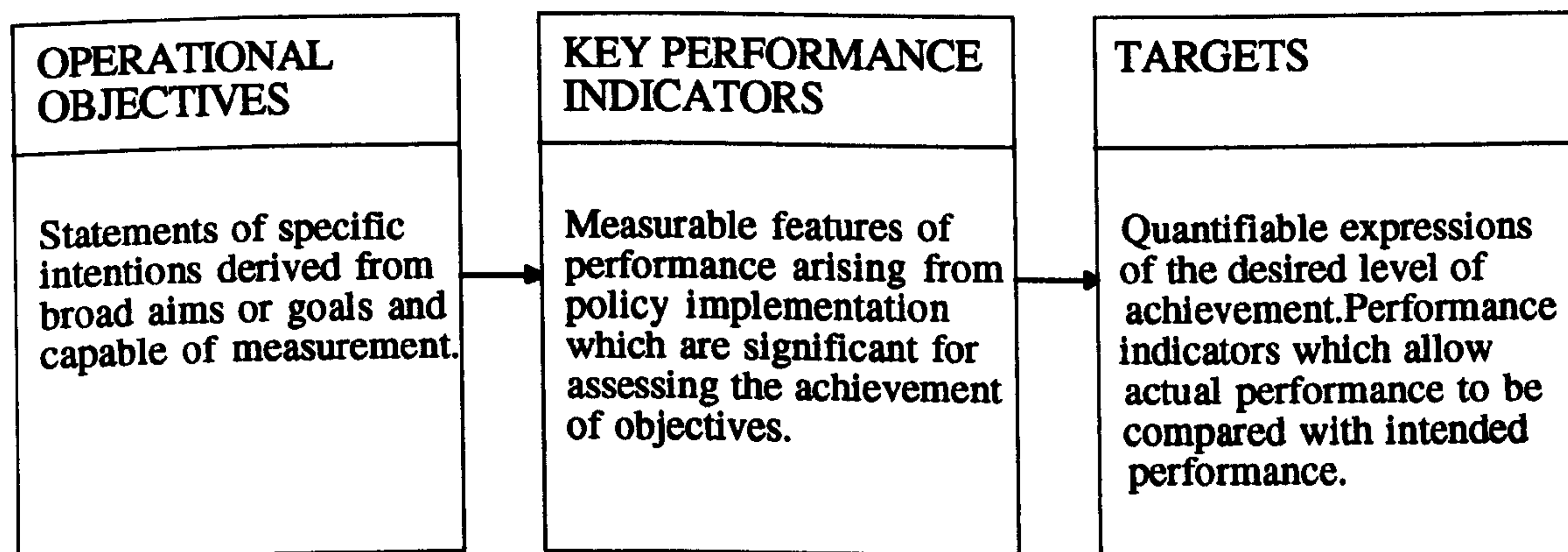
A number of case studies were conducted within this research programme and it was indicated that amongst the case authorities:

- \* the development of performance review is not dependent on one organisational form and can operate in a centralised or decentralised structure;
- \* performance review, with effective use of information technology and trained staff, can be operated successfully in authorities irrespective of size;
- \* performance review is relevant and applicable to all types of housing agency  
(Accounts Commission, 1992c, p13)

Some advice on developing good practice in performance management was then offered including clarification of the relationship between objectives as outlined in figure 2.4. It was suggested that:

The strategic objectives and indicators defined by authorities should provide senior management and the administration with a clear view of departmental performance. Below this level, however, authorities should ensure that key objectives and indicators for individual functions are established for each organisational level. Authorities can then monitor trends and variations in performance at different operational and management levels, identify more accurately the source of difficulties, and set targets which increase accountability for performance throughout the department.  
(Accounts Commission, 1992c, pp14-15)

**FIGURE 2.4: RELATIONSHIP BETWEEN OBJECTIVES, INDICATORS AND TARGETS**



(Accounts Commission, 1992c, p14)

The report strongly argues that “the development of effective performance management also requires adequate costing of the management and administration of delivering individual housing functions:

By establishing cost centres for individual housing functions, accompanied by key operational objectives, indicators and targets at different organisational levels, an integrated performance review framework can be operated throughout the annual cycle of activity.

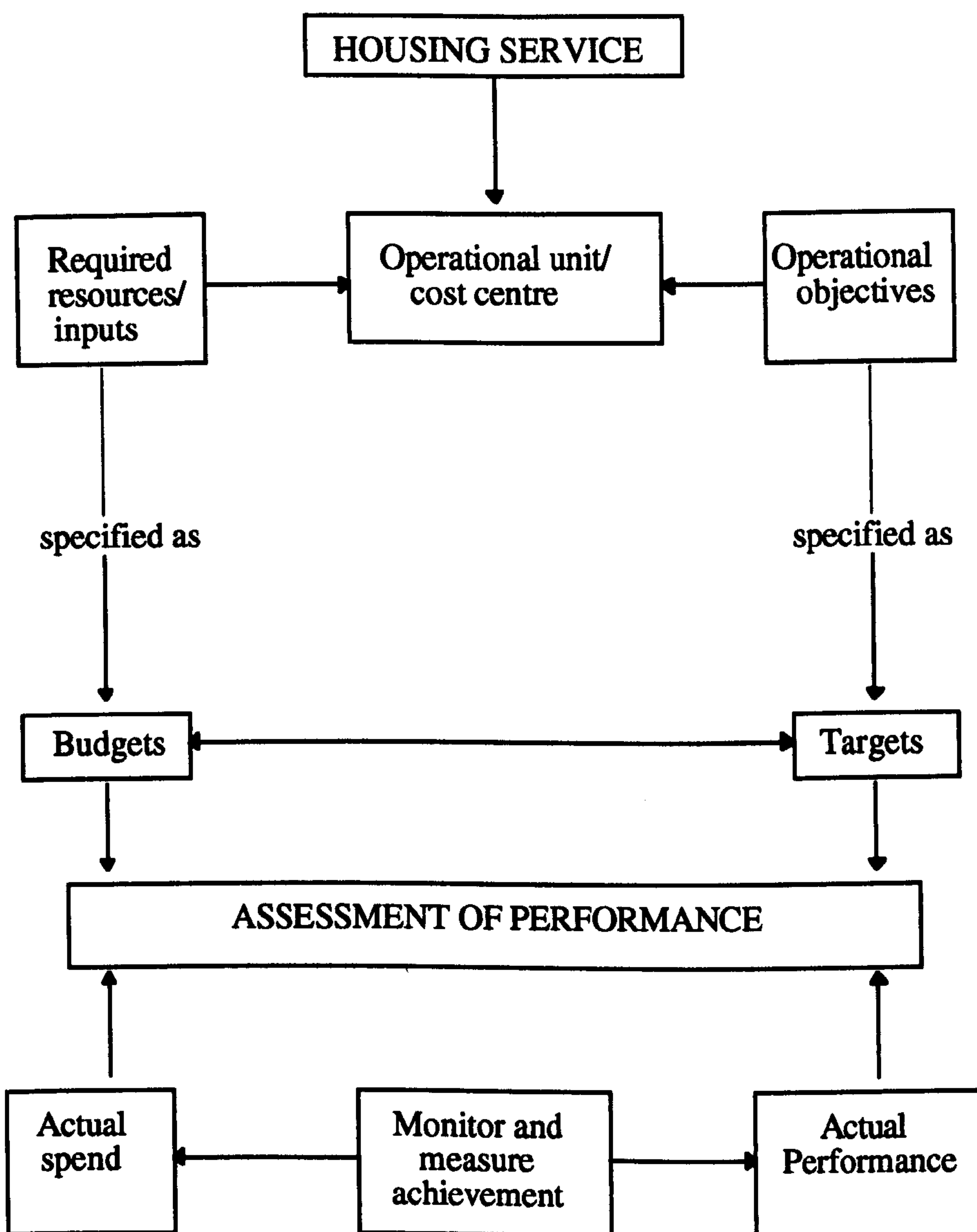
(Accounts Commission, 1992c, p15)

It was proposed that “performance budgeting and performance review are essential elements of an effective management process” (1992c, p16). Figure 2.5 sets out their inter-relationship in a housing service as perceived by the Accounts Commission. The report concludes by providing a framework for improving housing performance as indicated in figure 2.6. Whilst the analysis from which these recommendations emerged was concerned with housing, the findings are of wider applicability.

The Accounts Commission approach highlights a number of issues in the performance review domain not apparent in the Audit Commission discourse. In addition to being considerably less paternalistic, the Accounts Commission highlights the need to integrate the performance review process into the overall management of the authority and in particular recognises that a policy dimension exists in local government and thus that performance in relation to policy achievements needs to be considered within a performance review system. The need for a link to be established with the budgetary process is also indicated and it is suggested that cost centres with clear operational objectives and associated performance indicators, which have cascaded down from the organisation’s overall strategy, may be an appropriate means of achieving this. For the performance indicators, the accent is on comparing performance against pre-set internal targets rather than external criteria such

as the Audit Commission's benchmark figures or average performance levels for local authorities. Little attention however, is paid to non-quantifiable performance and in particular there is an inadequate treatment of service quality. Within the Accounts Commission dialogue, the emphasis is on promoting change as opposed to the Audit Commission's work which smacks of 'imposing' change.

**FIGURE 2.5: INTEGRATED PERFORMANCE BUDGETING - PERFORMANCE REVIEW FRAMEWORK**



(Accounts Commission, 1992c, p15)

**FIGURE 2.6: KEY ELEMENTS FOR IMPROVING HOUSING PERFORMANCE**

**ASSESS  
CURRENT  
POSITION**

- \* are derived objectives stated and linked to standards, indicators & targets?
- \* is performance measured?
- \* are service management costs and outputs measured?

**PROMOTE  
CHANGE**

- \* motivate staff to believe in performance, quality services and accountability
- \* develop and train staff in performance concepts and practice
- \* support members to develop strategic monitoring role

**DEVOLVE AUTHORITY  
AND ACCOUNTABILITY**

- \* devolve responsibility for resources and staff
- \* give authority for decision-making to lowest appropriate level
- \* establish accountability for performance

**DEVELOP  
INFORMATION  
TECHNOLOGY**

- \* train management staff to understand/use IT effectively for performance review
- \* specify management information requirements
- \* design systems for flexibility and change

**ADDRESS  
QUALITY**

- \* specify standards of service to be achieved
- \* document procedures
- \* develop tenant/consumer perspectives of quality

**PLAN  
PERFORMANCE  
REVIEW**

- \* set measurable objectives, indicators, targets for each function
- \* define organisational/officer levels at which performance will be reviewed
- \* establish monitoring cycle for each organisational level

**ESTABLISH  
COSTS**

- \* disaggregate functions to individual cost centres
- \* identify cost components for each cost centres
- \* set cost centre target

**MEASURE  
PERFORMANCE  
AND COSTS**

- \* measure outputs/outcomes against costs and resources
- \* measure each function at district and local level
- \* measure quality via consumer feedback and internally via conformity with standards and procedures

**ANALYSE  
AND  
REVIEW**

- \* compare results against standards, targets, budgets
- \* analyse issues arising, performance gaps, trends
- \* assess overall performance of each function

**REPORT  
AND TAKE  
ACTION**

- \* presents results in appropriate format to internal audiences (staff, directorate, committee)
- \* communicate key results to tenants/consumers
- \* respond to feedback, act to improve service, reward success, address weakness

The Accounts Commission has promoted good practice but has also encouraged local authorities to develop review processes and approaches to performance management which match their local circumstances. Midwinter and Monaghan have commented on the difference between the Commissions proposing that:

The Audit Commission for Local Authorities in England and Wales has specified a uniform evaluation model to be applied by auditors....Contrastingly, in Scotland, the Accounts Commission issued guidelines and an 'exemplified approach' which were to provide a framework within which auditors had, and indeed have, flexibility to derive their own detailed manuals of guidance for staff engaged in value for money. This seems a more appropriate way of operating than the previous method since recognition of local operating conditions is essential if value for money is to become meaningful and against this backdrop, flexibility and to some degree discretion seems fundamental. (Midwinter and Monaghan, 1993, p106)

Like the Audit Commission, the Accounts Commission's agenda in recent years has been dominated by preparation for and implementation of the Citizen's Charter and thus they have not issued an updated performance review guide since 1992. However, in anticipation of local authorities bearing the responsibility for implementing arrangements for securing economy, efficiency and efficiency, the Commission is currently developing a management arrangements guide. This is being compiled with support from councils and is currently being piloted in selected local authorities for planned implementation in the first operational year of the new unitary councils (Accounts Commission, 1995a). It is not yet available in the public domain but it is not anticipated that it will represent a significant deviation from the previous approach recommended by the Accounts Commission.

#### ***2.4 Alternative Approaches to Performance Review***

As previously indicated, much of the commentary surrounding value for money and performance review has centred on the definition and



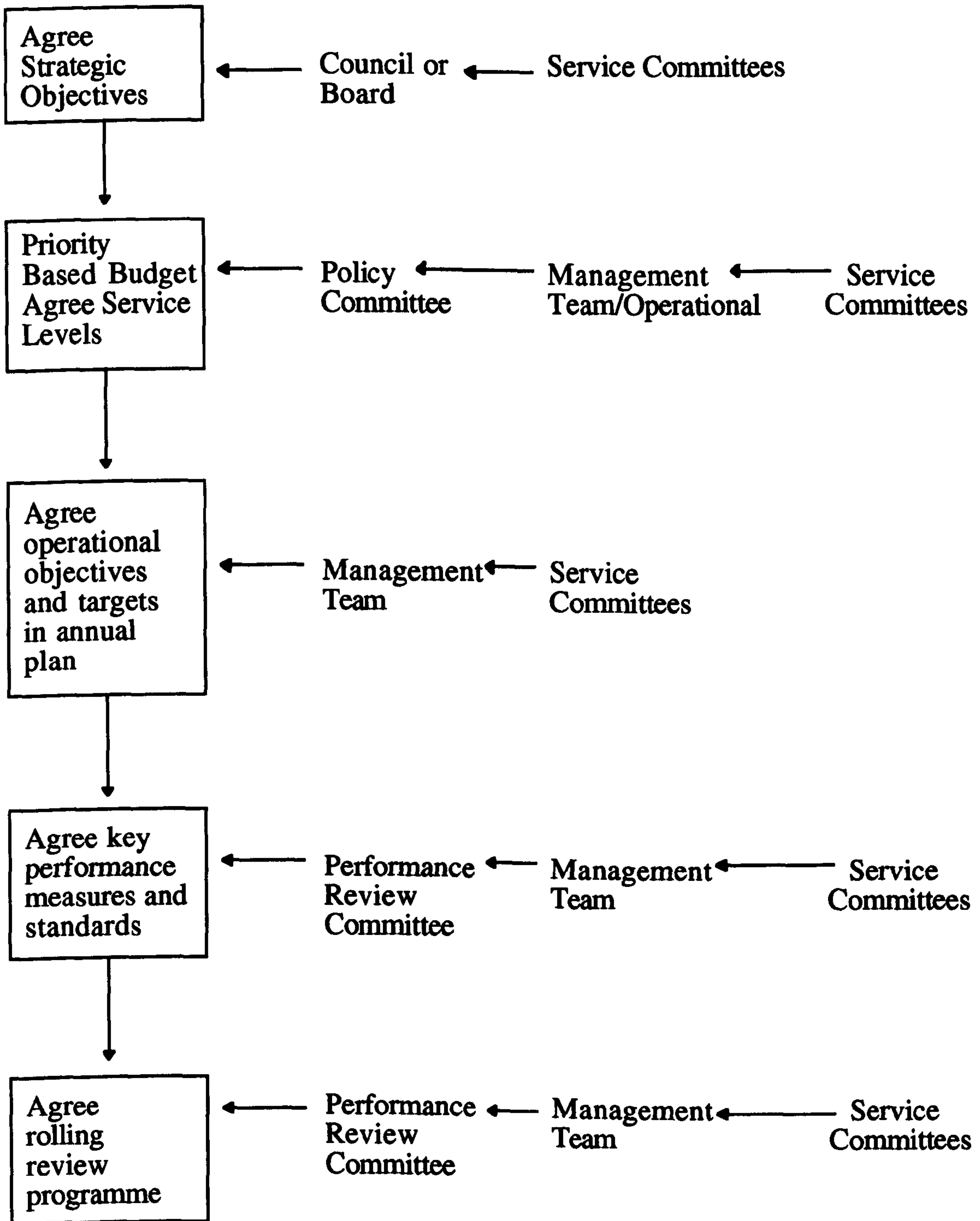
measurement of performance indicators (Beeton, 1988). As Pollitt has commented:

There is now a substantial body of literature on the introduction of performance indicators to the major public services. Most commentators, however, have been concerned with the characteristics of particular indicators and with the pressures which led to their adoption in the first place.  
(Pollitt, 1989, p51)

Consequently, there are few developed approaches to performance review apart from those proposed by the Commissions. However, there are a couple of contributions which are worthy of consideration particularly for identifying any issues not exposed by either the Audit or Accounts Commissions which may need to be considered in undertaking research in the performance review area.

Henry Butt and Robert Palmer of Price Waterhouse produced *Value for Money in the Public Sector: The Decision-Maker's Guide* in 1985 which was intended as "a comprehensive guide to all aspects of value for money in the public sector" (1985, jacket cover) and which Elcock *et al.* have described as "an unusually comprehensive guide to value for money" (1989, p155). This sets out an approach to "organising for value for money in local authorities" (1985, p23) as indicated in figure 2.7. This is supported by a 14 key point action plan for securing value for money as indicated in box 2.1. Whilst the action plan is arguably over-ambitious for most local authorities, it again highlights the need for a link to be made with the budgetary process which they propose should be prioritised or zero-based, and a distinction is drawn between the systematic, continuous on-going review of performance with respect to both strategy and operations, and one-off, in-depth reviews of service areas where there may be an indication that a problem exists.

**FIGURE 2.7: BUTT AND PALMER'S APPROACH TO ORGANISING FOR VALUE FOR MONEY IN LOCAL GOVERNMENT AUTHORITIES**



(Butt and Palmer, 1985, p25)

**Box 2.1: BUTT AND PALMER'S 14 KEY POINT ACTION PLAN FOR SECURING VALUE FOR MONEY**

1. Total commitment by senior elected representatives and officials. Right attitude to achieving value for money should permeate whole organisation.
2. Small, powerful but representative committee to direct and co-ordinate value for money projects. Corporate approach to value for money should be adopted.
3. Clearly defined strategic and operational objectives and targets for all functions and activities.
4. Priority based or zero based budgeting approach whereby budget items are ranked for priority and the incremental effects of service level changes are calculated.
5. Key performance measures used for all major functions to evaluate and monitor productivity and effectiveness.
6. Performance measures linked to performance targets or standards for operational management so that productivity gains achieved during value for money reviews are maintained or improved upon.
7. A 'rolling' cost based review covering all areas of material spending and linked to the budgeting process. Particular attention to be paid to the cost of administration and supervision, energy and supplies. Management should be prepared to tackle 'soft' areas (eg. education) as well as 'hard' areas (eg. transport).
8. Regular comparisons with the costs and performance applying in the private sector for all services where it is appropriate to do so. Where better cost effectiveness can be obtained outside the organisation managers should be asked to justify keeping the service in-house.
9. Select for review only those areas with 'payback' potential. Areas of greatest materiality, or those which have known problems or those with a history of significant improvement in other organisations, should be considered first. 'Pilot' studies are useful to ensure that limited review resources are not wasted. Studies should cross departmental boundaries, for areas such as transport, to ascertain what scope exists for 'pooling.'
10. Investment made in people or equipment which will save money within a reasonable payback period (ideally 2/3 years) eg. energy conservation officers and monitoring equipment, contract audit specialists, 'cook-chill' catering equipment.
11. Effective procedures to ensure that there is proper control over scarce resources eg. for identifying surplus land, overstocking, unbanked cash, overmanning.
12. Consumer and 'client' surveys on a sample basis to test the quality of services eg. exit questionnaires for mature students.
13. Budget process to encourage the controlled use of virement. Other incentives to achieving value for money such as performance bonuses should be considered.
14. Officials should be trained in management as well as technical matters.

(Butt and Palmer, 1985, p23)

However within their approach, there seems to be a heavy emphasis on savings and fiscal containment. The process also appears to be very mechanistic but the authors have indicated that:

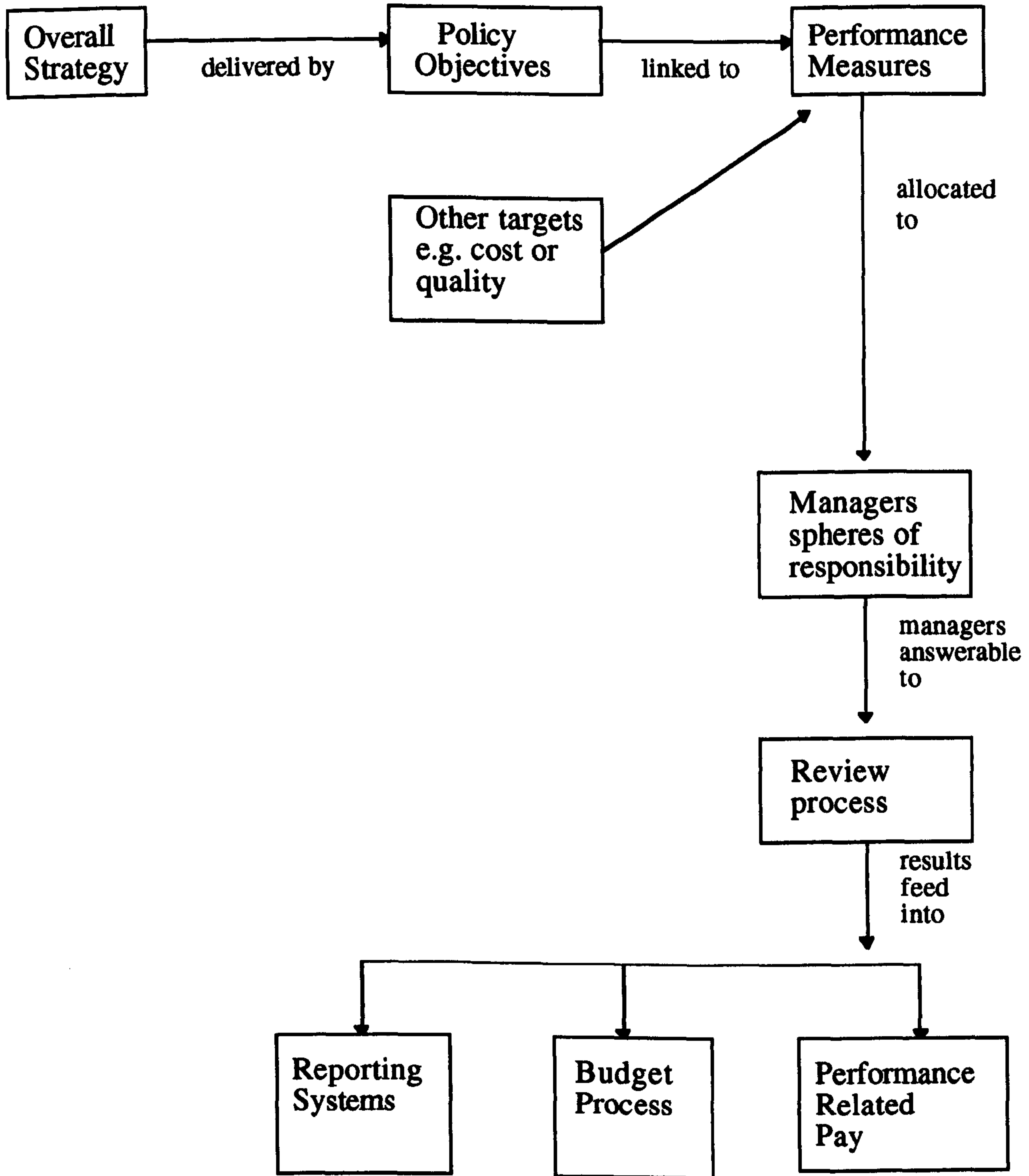
It cannot be stressed enough that value for money is not just a collection of techniques. It is above all an attitude of mind, a commitment to good practice on the part of politicians and officials...Having said that, value for money cannot be achieved by merely inspiring the necessary crusading spirit. Management's enthusiasm and drive has to be supported by the right organisational structure and also formalised budgeting, evaluation and monitoring systems.

(Butt and Palmer, 1985, p22)

Commitment to the process is stressed not just from the top organisational tier but cascading throughout the local authority.

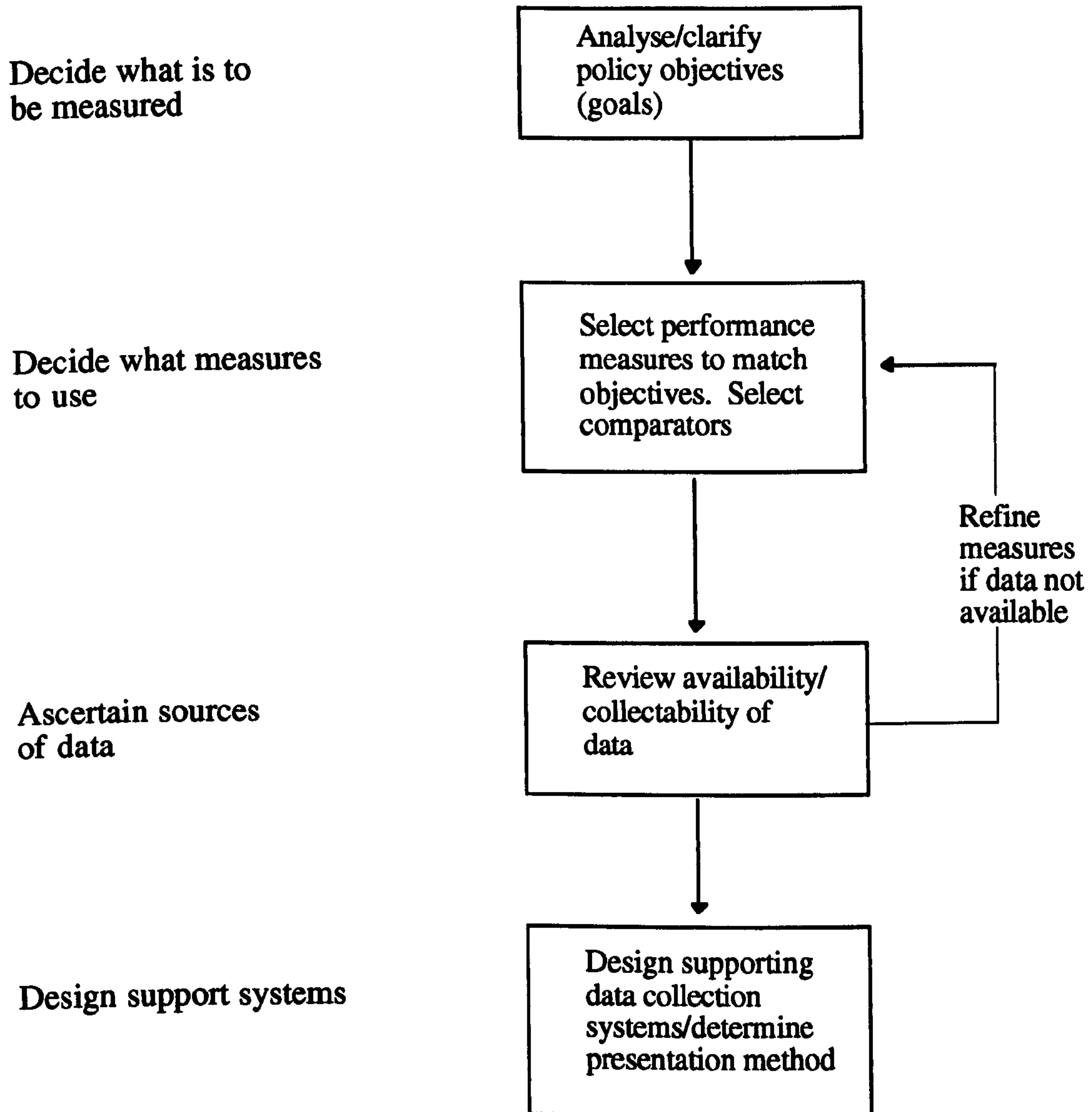
Robert Palmer, this time writing with Peter Jackson, has produced two further guides in the performance field. The first, *First Steps in Measuring Performance in the Public Sector: A Management Guide*, was published in 1989, and the second, *Developing Performance Monitoring in Public Sector Organisations: A Management Guide*, was produced in 1992. In the 1989 contribution, it was proposed that "it is important that performance measures are matched to policy objectives, targets and activities for which specific managers have been allocated clear responsibility" (1989, p13). They suggest that the performance management system should be designed as indicated in figure 2.8. The specific steps involved in designing a performance measurement system as prescribed by Jackson and Palmer, are shown in figure 2.9.

**FIGURE 2.8: JACKSON AND PALMER'S PERFORMANCE MANAGEMENT APPROACH**



(Jackson and Palmer, 1989, p17)

**FIGURE 2.9: JACKSON AND PALMER'S STEPS FOR DESIGNING A PERFORMANCE MEASUREMENT SYSTEM**



(Jackson and Palmer, 1989, p34)

The Jackson and Palmer approach is very much focused on policy achievement although operational performance is not ignored and it is suggested that the performance of managers in relation to the areas for which they have responsibility be fed into a performance-related pay scheme. This suggests that this approach could be categorised as a performance

management system according to the definition provided by Rogers (see page 32). The policy theme is continued in the 1992 publication where performance review is set within a complex strategic management process as indicated in appendix 2.3. Jackson and Palmer provide a summary and action plan for councils intending to introduce a performance management system and this is reproduced in appendix 2.4. However, in the supporting commentary, the following advice is offered to those on the first rung of the performance review ladder:

Strong senior management and political leadership; the unfreezing of prevailing attitudes of senior professional officers especially of the type that, "the concept of objective setting and the measurement and assessment of outputs cannot be applied to my job;" designing new information systems and the re-orientation and training of staff are all necessary inputs to a performance review exercise. (Jackson and Palmer, 1992, p162)

They propose that many public service organisations have found it useful to employ an external agency to act as a catalyst in getting the fundamental message of performance review across to the senior management team primarily because an external consultant can be more objective and is not part of the finely balanced political system of the internal organisation. They suggest that a typical way of approaching the problem of getting started and moving towards total organisational commitment is for the chief executive and senior managers and possibly members to participate in a number of residential weekend seminars led by the external consultant. During the course of the seminar a particular service is chosen to demonstrate how service objectives might be identified and how appropriate indicators relating to intermediate and final outputs and the 3Es etc. might be determined. Jackson and Palmer consider that this kind of exercise is useful in demonstrating to managers and politicians the potential value of performance review.

Having secured commitment to the concept of performance review the next step is deciding how to implement the review process. Jackson and Palmer argue that it is clear from an examination of the experiences of different public service organisations that no single ideal blue print exists. In particular, they cite that local authorities all have different characteristics and different needs ranging from the closely knit small rural authority to the sprawling central city authority. The authors report that a choice faced by most organisations is whether or not to have a centralised performance review team whose purpose is to facilitate performance review throughout the organisation at a balanced and measured pace or to leave each service department to create its own performance review team. Jackson and Palmer report that many organisations have chosen to establish a centralised review team to get the system up and running but that the intention is then to dissolve the central team once the performance review process has matured, leaving a small central core to facilitate further developments with the major part of performance review work being undertaken by service departments. However, they also advocate that:

Whichever structure is adopted a performance review group should not be left in isolation to determine its own fate. It must be keyed in to the regular reporting mechanisms of the organisation. Performance review groups themselves must pay particular attention to their own performance; what are their objectives, are they meeting them and are they giving value for money?  
(Jackson and Palmer, 1992, p163)

The authors indicate that the implementation process is likely to take several years and be an expensive exercise and that it is therefore necessary for those advocating its introduction to be ready to demonstrate that the benefits of a review outweigh the costs.



The 1992 guide contains a number of case studies but although performance measurement in a number of local authority service areas is considered, in particular, the library service, policing, education and social services; the approach which a local authority as a whole, might pursue is not exemplified.

Jackson and Palmer conclude their contribution by proposing that:

As in all spheres of management, there is no single best way of doing things. The procedures that you adopt for performance review will be contingent upon your local circumstances. Our framework represents a starting point for the design of your framework which will reflect your local conditions. Management systems evolve from experimentation, having an open mind and a willingness to learn and to cut and trim as circumstance change.  
(Jackson and Palmer, 1992, p167)

## **2.5 Summary**

This chapter has considered the recommended approaches to performance review which are in the public domain. No consensual impression of performance review emerged from examining these alternative processes but there were some common themes:

- \* all of the approaches stressed that commitment to performance review was critical;
- \* in varying degrees, the approaches acknowledged the need to differentiate between performance in relation to policies and operations. The Audit Commission whilst recognising the need to consider service effectiveness did not discuss this within the context of policies and advocated the use of proxy measures in this domain;
- \* de-emphasising the local policy dimension accounts for the Audit Commission's bias towards comparing performance with external criteria where the other approaches stress measurement against internally-determined targets and standards;
- \* with the exception of the Audit Commission, performance review is perceived as an integral part of a wider management process and Jackson and Palmer particularly see it as being integrated into a complex strategic management framework;
- \* the Accounts Commission and Butt and Palmer particularly stress the need to link performance review with the budgetary process;
- \* the Audit Commission and Jackson and Palmer highlight the potential role to be played by a performance review team, both perceiving this to be catalytic.

However, there were also some issues only highlighted in one of the approaches:

- \* only the Audit Commission emphasised the significance of quality in the performance of services but recognised the measurement difficulties which this posed;
- \* Jackson and Palmer see the results of performance review as feeding into performance related pay for managers;
- \* they also see a role for external consultants in getting the process off the ground and argue that the implementation process is likely to be long and expensive;
- \* only in Butt and Palmer's approach is a distinction drawn between systematic, continuous, on-going review and one-off, in-depth reviews normally initiated when some thing appears to be wrong in a particular service area.

None of the mechanisms seem based on the experiences of local authorities but are rather postulated as best practice without substantiation.

The purpose of considering these approaches was to identify some the key issues which need to be considered in undertaking a critique of performance review activity and to allow comparisons to be made between the systems identified as in operation in local authorities and the advocated approaches.

The research methodology involved is now considered.

# *Chapter 3*

## *A Methodological Overview*

*3.1 Introduction*

*3.2 The Research Focus*

*3.3 Alternative Methodological Approaches*

*3.4 The Research Design*

*3.5 Summary*

### **3.1 Introduction**

The previous chapters have been focused on the drive for performance review within the local government sector and consideration of suggested approaches to performance review. The benefits to be accrued from operating a performance review system in the immensely complex and turbulent world of local government were highlighted. In particular, as well as responding to the legislative requirement to having arrangements in place for securing economy, efficiency and effectiveness, it was argued that as local authorities continue the progressive transition from **direct** service providers to service 'enablers' it will be increasingly important that some mechanism or process is in place for reviewing performance within local authorities particularly in relation to policies and their achievement.

However, with the relentless flow of legislation which has characterised this particular sphere of the public sector during the last 15 years, there has been a wide spectrum of research topics requiring attention and much focus has gone on the more tangible legislative changes that have occurred. Consequently, performance review systems have been relatively neglected as a research area and comparatively little is known about either the scale or scope of review systems currently utilised. If more local authorities are to go down the review route in the future and there are multivariate reasons why this is desirable as previously outlined, then it would be of significant benefit to assess the review processes that are currently operational and see what lessons can be learned from experience accumulated to date.

The research focus of this thesis is intended to redress this lack of knowledge and is concentrated on performance review activity in Great Britain. Whilst it

may have been the case that useful lessons could have been learned from practice in Ireland, the boundaries of this study had to be drawn somewhere and there are several reasons to justify the exclusion of Ireland from this research. Local authorities and their associated information are more readily accessible in mainland Britain - for example, the Municipal Yearbook does not extend to Ireland. The functions of the Audit Commission, who have been key actors in the promotion of performance review, are confined to England and Wales with the Accounts Commission encompassing the Scottish dimension. Furthermore, the political agenda in Ireland, both north and south, has been dominated by a different set of concerns than those which have been in evidence in Great Britain.

This chapter is concerned with methodology and will consider some of the fundamental issues relevant to social science research. The research methodology employed in assessing the state of the art in performance review activity will be described in the next chapter.

### **3.2 *The Research Focus***

Almost all of the texts on social science research and methods stress the considerable importance in delineating the "problem" to be considered - in other words clearly defining the research focus. Simon for example states that "no matter what problem you want to work on and no matter what method you will eventually use, your empirical work *must* begin with a careful consideration of the research problem." (1978, p98). Catherine Hakim parallels a research project with the construction of a new building and suggests that the design stage of research is as critical as the architects role in the building and that furthermore "famous buildings are known by the name

of the architect rather than that of the construction company” (Hakim, 1987, p1).

Hedrick, Bickman and Rog have identified three stages to research definition:

1. developing an understanding of the issue or problem underlying the research;
2. identifying the specific researchable questions; and
3. refining and revising the questions.  
(Hedrick *et al.*, 1993, p15)

In many respects, the first stage in this definition process seems superfluous since it is almost inconceivable that research could be undertaken without having an understanding of the underlying topic. Indeed it is often through this understanding that the researcher is made aware of the need for research in the particular area. However, Hedrick *et al.* go on to specify strategies for gathering information in educating themselves on the issue under consideration . These are:

- \* holding discussions with the research clients or sponsors (agency, legislative member, foundation, business, organisation, etc.) to obtain the clearest picture of their concerns;
- \* reviewing relevant literature (research reports, transcripts of legislative hearings, program descriptions, administrative reports, agency statistics, media articles and policy/position papers by all major interested parties);
- \* gathering current information from experts on the issue (including all sides and perspectives) and major interested parties; and
- \* conducting information-gathering visits to sites of the program or problem to obtain a real-world sense of the context and to talk with persons actively involved in the issue.  
(Hedrick *et al.*, 1993, p16)

This is in fact a more rigorous process than that typically undertaken before a research project commences. They argue that “these activities should enable the researcher to obtain a comprehensive and balanced view of the issue and begin the process of defining the research” (1993, p17). However, it could be

suggested that it is perhaps a little naive to imply that any of the strategies they outline could be employed prior to some preliminary definition of the research focus. For example, the literature reviewed and the people identified as experts and the subsequent information gathered, will inevitably be conditioned by the researchers' pre-conceptions about the research topic. In practice, what might reasonably be hoped for is a process that is dynamic where the researcher in engaging in all or any of the strategies identified, is open-minded and willing to modify his/her initial thoughts on the scope of research in the light of emergent evidence. This is in accordance with Robson who, in his book on *Real World Research*, notes that "the real world enquirer often has a good idea of the 'lie of the land' and is looking for something quite specific whilst still being open to unexpected discoveries" (1993, p20).

For this particular piece of research there was no research client or sponsor requiring consultation on key issues as recommended by Hedrick *et al.*, but in accruing an understanding of the research topic in order to define specific research questions:

- \* the performance review approaches proposed by the Audit and Accounts Commissions and others were scrutinised;
- \* preliminary background discussions were undertaken with both local authorities which had review systems and therefore were aware first-hand of what issues are involved, and those which did not operate any review process to ascertain what sort of information/guidelines they might find beneficial and what sort of factors had prevented them from introducing a system; and
- \* discussions also took place with the Policy and Performance Review Network, the practitioners' organisation for those with an interest in performance review matters, and with the Audit and Accounts Commissions, about what the main issues have been for local authorities operating review systems.

In addition to the information and background perspective developed by the above, the research focus which emerged reflected my own concern with

establishing a rich picture of performance review activity which is currently noticeable by its absence. The questions were also founded on my expectation that performance review is likely to play a more dominant role in councils in the future and that it is thus desirable to secure a dynamic perspective on the sustainability of review mechanisms.

In focusing on the scale and scope of performance review in Great Britain, the key research questions identified for consideration are:

- \* how many local authorities operate performance review systems?
- \* what type of systems are in operation?
- \* what is the attitude from within the council towards performance review?
- \* what factors are significant in establishing a performance review system?
- \* what factors are significant in operating a review mechanism once it has been implemented?
- \* what issues need to be considered in sustaining a performance review process?
- \* is there a political dimension to performance review?
- \* what good practice recommendations can be made from the experiences of councils already operating performance review systems?  
and
- \* for authorities not operating any performance review mechanisms, are any alternative processes utilised and what are the attitudes of officers and members towards performance review?

The first two questions are seeking fundamental information about performance review activity and the question on types of systems in operation should facilitate a comparison between the types of process actually used by local authorities with those approaches considered in chapter 2. Throughout the latter, commitment from officers and members to performance review was a



key theme hence the inclusion of a research question relating to attitudes from within the council.

The process of actually setting up a system was identified as an issue by some of the authorities with whom preliminary discussions were undertaken hence the research question 'what factors are significant in establishing a performance review system ?' The approaches considered in chapter 2 variously argued for links with the policy and budgetary processes. Some also identified a key role for committees whilst others stressed the need for a central review unit to act as a catalyst. There are thus a number of matters to be considered in the actual operation of a review mechanism. One issue not really considered in depth by the approaches discussed is sustaining a performance review system. Although reference was made to the fact that performance review is not just another management drill and that it needs to be kept fresh, there is a real danger of a systematic review process going stale or fading into the background. It was thus felt appropriate to have a research question which addressed the issue of sustainability. Local authorities are political institutions and the preliminary discussions with both local authorities and PPRN highlighted that the involvement of members with performance review is very variable and can be problematic and it was thus felt relevant to consider the political dimension of performance review.

Research of this type, whilst interesting in its own right because it is being undertaken in an area which little is known about, has its real value in the application of the findings. Consequently, it was considered relevant to discern 'what good practice recommendations can be made on the basis of the experiences of councils operating performance review?' Finally, it is

anticipated that not all authorities will operate a performance review system and that it would be interesting to see what alternative processes they utilise and what the disposition of their officers and members is towards performance review and whether they are likely to introduce a system in the future.

Whilst it would be possible to argue with the particular choice of research questions, the inclusion of some and the exclusion of others, as with the geographical coverage of this study, boundaries had to be drawn somewhere. Hedrick *et al.* in their research definition process, stress the need for refining and revising research questions. Miles and Huberman similarly argue that “formulating the questions is an iterative process; the second version is sharper and leaner than the first, and the third cut gets the final few bugs out” and they suggest that “the questions should not be done in one sitting.” (1994, p25) The questions outlined above do in fact represent several refinements and particular attention was paid to their practical researchability: “you can always think of trenchant questions, that you or your informant have no real means of answering, nor you of measuring (Miles and Huberman, 1994, p25).

Unfortunately, regardless of how much iterative revising is done, it is normally only through studying a research topic in depth that the “real issues” can be unveiled and it is but to be hoped that these are consistent with the research questions established at the outset! Campbell *et al.* (1982) consider that the choice process for selecting research questions is often non-linear and involves considerable uncertainty and intuition and that furthermore, research starting with mechanistic linear thinking closely tied to the known and understood may be clean and tidy, but it is unlikely to be of

any significance. Whilst flexible methodology allows for some refocusing after the research has begun there are limitations to how much “correcting” can be done. It is not anticipated that the research questions outlined above are necessarily provocative or contentious but it is hoped that they address the key issues in the performance review field and that in concentrating on them, information which will be of benefit to local government in the future will be generated.

### ***3.3 Alternative Methodological Approaches***

In responding to the research questions, of critical importance is the delineation of an appropriate and adequate research methodology. The debate about the relative merits of alternative methodological approaches within the social sciences takes place at several different levels reflecting varying epistemologies and also perceptions about types of research. Much of the rhetoric is concerned with the differences between qualitative and quantitative approaches.

#### **3.3.1 Positivism versus Phenomenology**

Bogdan and Taylor propose that two major theoretical perspectives have dominated the social science scene:

One, *positivism*, traces its origins to the great social theorists of the nineteenth and early twentieth centuries and especially August Comte and Emile Durkheim. The positivist seeks the *facts* or *causes* of social phenomena with little regard for the subjective states of individuals....The second theoretical perspective which, following the lead of Irwin Deutscher we will describe as *phenomenological*, stems most prominently from Max Weber. The phenomenologist is concerned with *understanding* human behaviour from the actor's own frame of reference.  
(Bogdan and Taylor, 1975, p2)

The positivism/phenomenology debate is primarily focused on the philosophical position from which methods should be derived. The essence of

**positivism** is that the social world exists externally and that its properties should be measured through objective methods, rather than being inferred subjectively through sensation, reflection or intuition (Easterby-Smith *et al.*, 1991, p22). As Cassell and Symon have observed “the assumption behind the positivist paradigm is that there is an objective truth existing in the world which can be revealed through the scientific method where the focus is on measuring relationships between variables systematically and statistically (1994, p2).

The positivist’s philosophical stance has a number of inherent implications in the research context as summarised by Easterby-Smith and his colleagues. In particular:

1. *independence*: the observer is independent of what is being observed;
2. *value-freedom*: the choice of what to study, and how to study it, can be determined by objective criteria rather than by human beliefs and interests;
3. *causality*: the aim of social sciences should be to identify causal explanations and fundamental laws that explain regularities in human social research;
4. *hypothetico-deductive*: science proceeds through a process of hypothesising fundamental laws and then deducing what kinds of observations will demonstrate the truth or falsity of these hypotheses;
5. *operationalisation*: concepts need to be operationalised in a way which enable facts to be measured quantitatively;
6. *reductionism*: problems as a whole are better understood if they are reduced into the simplest possible elements;
7. *generalisation*: in order to be able to generalise about regularities in human and social behaviour it is necessary to select samples of sufficient size;
8. *cross-sectional analysis*: such regularities can most easily be identified by making comparisons of variations across samples.  
(Easterby -Smith *et al.*, 1991, p23)

These propositions are a collection of points which have come to be associated with the positivist viewpoint rather than the view of a single positivist philosopher. Disparity is evident in which of these statements

different positivist protagonists would agree with. As Kolakowski has observed “one would be obliged in discussing each thinker, to single out those elements in positivism that are not to his taste, at the same time pointing out how much of the rest of it he none the less subscribes to.” However he also advocates that “one has to organise the material at hand according to some schema, disregarding differences in matters one looks upon as secondary, in order to bring out the continuity in primary contexts” (1993, p1).

The emergence of the alternative major theoretical perspective, **phenomenology**, was largely a reaction to the application of positivism to the social science world which precludes any recognition of the possibility that the world and “reality” are not objective and exterior but socially constructed and given meaning by people (Husserl, 1946). As Bryman has concluded “It was argued that the application of a ‘scientific’ approach - in the form of surveys and experiments - fails to take into account the differences between people and the objects of the natural sciences” (1988, p3). It is argued that the continued application of the positivist perspective is a consequence of the social sciences’ claim to scientific method which is often regarded as being dependent on quantification (Hollway, 1991). Qualitative research is frequently perceived as inferior to that derived through quantitative techniques which Patton describes as the “dominant paradigm.”

Patton argues that:

This dominant paradigm assumes quantitative measurement, experimental design and multivariate, parametric statistical analysis to be the epitome of ‘good’ science.  
(Patton, 1978, p203)

He also argues that “the label research” has come to mean the equivalent of employing the “scientific method” within the dominant paradigm.

The recognition of an alternative approach is attributable to the anthropological field studies tradition (Pelto and Pelto, 1978). Indeed, there are a number of other epistemologies closely associated with phenomenology with each taking a different stance on the application of phenomenology and which aspects of positivism they find least palatable (Easterby-Smith *et al.*, 1991, p24). These include interpretative sociology (Habermas, 1970), naturalistic inquiry (Lincoln and Guba, 1986); social constructionism (Berger and Luckman, 1966), qualitative methodology (Taylor and Bogdan, 1984) and ‘new paradigm’ inquiry (Reason and Roewan, 1981).

At a philosophical level, the starting point of phenomenology is the notion that reality is socially-constructed rather than objectively determined. The task of the social scientist is therefore not to gather facts and measure how often certain patterns occur as in positivism, but to appreciate the different constructions and meanings that people place upon their experience. Giorgi (1970) and Spiegelberg (1972) have both argued that “adopting qualitative (phenomenological) approaches implies taking a different perspective on human behaviour from that adopted in utilising quantitative (positivist) approaches” (Cassell and Symon, 1994, p2). The phenomenologists task is to try and understand and explain why people have different experiences rather than search for external causes and fundamental laws to explain their behaviour because human action arises from the sense that people make of different situations rather than as a direct response from external stimuli (Easterby-Smith *et al.*, 1991, p24).

---

In translating the implications of this into a research context, there is a paucity of supporting or indicative literature. On the whole, authors writing on the subject of phenomenology move seamlessly from epistemological considerations to a discussion of the relative merits of alternative qualitative techniques. If one scratches around, the reverse of the research implications of positivism outlined by Easterby-Smith *et al.* (see p72) can be found scattered amongst the literature. One particularly recurrent theme is the need for the researcher to submerge him/herself in the phenomena they are researching, the opposite of the 'independence' assumption within positivism. Bogdan and Taylor consider "that the phenomenologist examines how the world is experienced. For him or her the important reality is what people imagine it to be" (1975, p2). Logically, this can only be achieved through naturalistic inquiry (Guba, 1978), what Denzin considers to be "the studied commitment to actively enter the world of interacting individuals" (1978, p8), which makes description and understanding of both externally observable behaviours and internal states feasible, the latter concept disaggregated by Patton as comprising worldview, opinions, values, attitudes, symbolic constructs and the like (1980, p44). It is this demand to directly access the research world which has led to the concentration on non-quantitative approaches within the phenomenological paradigm. Evered and Louis (1981) contrastingly consider research deriving from positivism as 'inquiry from the outside' as opposed to the 'inquiry from the inside' which emerges from phenomenological approaches.

Considerable energy has been utilised in arguing the relativities of the positivist and phenomenological paradigms (see for example, Keat, 1981; or

Habermas, 1970) but the most useful contribution I have come across is from Gareth Morgan who distinguishes three levels of difference:

- \* the philosophical level which reflects basic belief about the world;
- \* the social level, which provides guidelines about how the researcher should conduct his or her endeavour; and
- \* the technical level, which involves specifying the method and techniques which should ideally be adopted in conducting research.  
(Morgan, 1979)

Easterby-Smith *et al.* (1991, p27) have adopted and developed these distinctions in summarising the main differences between the positivist and phenomenological viewpoints. These are described in table 3.1 but the authors do recognise that these represent “pure” versions of each paradigm.

**TABLE 3.1: KEY FEATURES OF THE POSITIVIST AND PHENOMENOLOGICAL PARADIGMS**

	<i>POSITIVISM</i>	<i>PHENOMENOLOGY</i>
<i>Basic Beliefs:</i>	<p>The world is external and objective</p> <p>Observer is independent</p> <p>Science is value-free</p>	<p>The world is socially constructed and subjective</p> <p>Observer is part of what is observed</p> <p>Science is driven by human interests</p>
<i>Researcher Should:</i>	<p>focus on facts</p> <p>look for causality and fundamental laws</p> <p>reduce phenomena to simplest elements</p> <p>formulate hypothesis and then test them</p>	<p>focus on meanings</p> <p>try to understand what is happening</p> <p>look at the totality of each situation</p> <p>develop ideas through induction from data</p>
<i>Preferred Methods include</i>	<p>operationalising concepts so that they can be measured</p> <p>taking large samples</p>	<p>using multiple methods to establish different views of phenomena</p> <p>small samples investigated in depth or over time</p>



The relevance of the epistemological positivist/phenomenological debate is that alternative perspectives imply different methodological approaches to research within the social sciences. Thus the dispute is not just philosophical in nature. As Bogdan and Taylor have noted:

Since the positivists and the phenomenologists approach different problems and seek different answers, their research will typically demand different methodologies.  
(Bogdan and Taylor, 1975, p2)

Cassell and Symon similarly argue that “the perception that different methods emerge from different philosophies has important implications (1994, p2). However, Burrell and Morgan (1979) argue that although the distinction between the two paradigms is clear at the philosophical level, when it comes to the use of quantitative or qualitative methods and to the issue of research design, the distinction breaks down, an observation supported by Bulmer (1988) and Punch (1986). Indeed, although Easterby-Smith *et al.* logically trace the epistemological differences from basic beliefs through research design through to differing preferred methods as summarised in table 3.1, they do in fact concede that:

Although the basic beliefs may be quite incompatible, when one comes down to the actual research methods and techniques used by researchers the differences are by no means so clear cut and distinct.  
(Easterby-Smith *et al.* 1991, p26)

Miles and Huberman are similarly wary of abstract epistemological arguments that do not connect operationally with the actual research practices used to gain knowledge (1994, p4). Hartley proposes that it is not the techniques which themselves are positivist or phenomenological but rather it is how the data are interpreted which defines the epistemological assumptions on which they based (1994, p210). Whilst such a view has refreshing appeal it is over-

simplistic since the choice of data to collect and the collection method employed cannot be entirely dissociated from epistemological underpinnings.

Henwood and Pidgeon consider that it is important that “we do not over emphasise the significance of the epistemological distinction” whilst guarding against the equivalent danger of minimising the epistemological dimension (1994, p17). The fact that alternative philosophical stances lead to different research approaches and concentration in different methods necessitates that the social science researcher should at least be conscious of the positivist/phenomenological debate. However, as argued by Miles and Huberman “in epistemological debates, it is tempting to operate at the poles” but that “at the working level, it is hard to find researchers encamped in one fixed place along a stereotyped continuum.” They consider that whilst the lines between the epistemologies have become blurred, research is considerably more than adherence to methodological rules and in general, studies do not conform to a standard methodology (1994, p5).

### **3.3.2 Types of Research**

The second level at which alternative methodological approaches is often considered is in the context of the type of research which is conducted. Hedrick, Bickman and Rog (1993) draw a distinction between basic and applied research and argue that **basic** research is grounded firmly in the experimental method and has as its goal the creation of new knowledge about how fundamental processes work. They consider it to be a relatively protected research, allowed to build facts and theory incrementally in an environment generally of low stress and few outside influences or interruptions. They consider that **applied** research also has its roots in the

experimental method, but it uses scientific methodology to develop information aimed at clarifying or confronting an immediate societal problem. Its environment is often a messy one, with pressure for quick and conclusive answers, sometimes in very political contexts (1993, p2). They argue that basic and applied research have many more commonalities than differences but that these differences are critical if studies are to produce useful results. The significant areas where they differ are purpose, context and methods and they conclude that “the world of applied research often has more numerous and varied purpose, its context is less controllable, and its methods are more varied and more complex than research conducted in laboratory settings.” (1993, p11).

Easterby-Smith *et al.* similarly distinguish between basic and applied research although in the former case they classify basic research as “pure” research. However, their discussion of the difference is focused exclusively on purpose:

The key feature of ‘pure’ research is that it is intended to lead to theoretical developments; there may, or may not, be any practical implications....Applied research is intended to lead to the solution of specific problems, and usually involves working with clients who identify the problems.  
(Easterby-Smith *et al.*, 1991, p6)

They also add a third type of research called **action** research which encompasses a number of approaches which do not fit comfortably into either of the other categories: these start from the view that research should lead to change, and therefore that change should be incorporated into the research process itself (1991, p8).

Hakim considers that the distinctions typically drawn between pure and applied research are crude and based on superficial characteristics such as funding source, timescale, audience and whether academics are involved or

not (1987, p7). Rossi has similarly pointed out that the dividing line is a very fine one if one looks at the characteristics of the research itself (Rossi, 1980). In Hakim's view, the main distinction in research types is between theoretical research and policy research and that underlying this distinction is the separation of "knowledge for understanding" from "knowledge for action" :

*Theoretical research* is concerned primarily with causal processes and explanation. The factors (or variables) considered are frequently abstract or purely theoretical constructs for which operational definitions and indicators or varying degrees of precision and validity are developed....The long-term aim is the development of social-science knowledge. Theoretical research is essentially concerned with producing knowledge for understanding, usually within the framework of a single social science discipline.

*Policy research* in contrast, is ultimately concerned with knowledge for action, and the long-term aim is in line with famous dictum that it is more important to change the world than to understand it.  
(Hakim, 1987, p3-4)

Hakim recognises that there is no well-delineated boundary between theoretical and policy research but argues that the differences normally have implications for research design. In particular, theoretical research is normally conducted within the framework of a single-discipline where policy research is typically multi-disciplinary. In keeping with Hedrick *et al.*'s view of applied research, policy research is considered to be typically multi-dimensional with a greater propensity towards multi-method and multi-level study. She also argues that the need for a comprehensive picture within policy research leads to a preference for studies which are nationally representative which contrasts with theoretical studies which are often carried in the context of small local studies. She argues that theoretical research is orientated towards reporting statistically significant results with a lesser emphasis on the size and strength of any association. This is contrasted with policy research which is seen as requiring robust results on associations and the impact of any given factor. Hakim considers that this necessitates that policy research results must report

large effects rather than statistically significant effects and that this has led to the statistical significance of research findings being regularly and wrongly confused and conflated with the substantive or practical importance of research results which is seen as a matter for judgement and cannot be determined mechanistically by statistical techniques. Whilst other differences exist as Hakim notes they “are of a more peripheral nature, or are contingent rather than inherent distinctions” (1987, p5). She summarises that there are distinctions between policy research and theoretical research which have implications for research design. Whilst much of her discussion, particularly the latter point on statistical significance, offers interesting and alternative insights to those normally found in methodological texts, examples are not given to illustrate or substantiate the distinctions which she draws out. Her text, being predominately focused on *Research Design*, ignores the vital link between theoretical and policy research differences and alternative methodologies.

Robson in discussing types of research, distinguishes between real world research and that undertaken in a laboratory setting although he argues that “the proposal for a real world emphasis is as much about an attitude of mind as an invitation to come out of the laboratory closet” (1993, p10). Table 3.2 summarises the dimensions which he sees as separating the two forms of research. Many of the dimensions defined overleaf have already been mentioned in the context of both the positivist/phenomenology debate and in the discussion of other alternative research types. Robson notes that not all of these distinguishing aspects will be evident in any particular enquiry.

**TABLE 3.2: REAL WORLD AND LABORATORY SETTING DIMENSIONS**

<b>REAL WORLD</b>	<b>LABORATORY SETTING</b>
solving problems	gaining knowledge
predicting effects	finding causes
getting large effects and a particular concern for actionable factors	Relationships between variables and assessing statistical significance
developing and testing programmes, interventions, services	developing and testing theories
field	laboratory
outside organisation	research institution
strict time constraint	as long as the problem needs
strict cost constraints	as much finance as the problem needs
little consistence of topic from study to the next	high consistence of topic from one study to the next
often generalist researcher	typically highly specialist researcher
little use of 'true' experiments	much use of 'true' experiments
multiple methods	single methods
orientated to the client	orientated to academic peers
currently viewed as dubious by many academics	high academic prestige
need for well developed social skills	some need of social skills

(Robson, 1993, pp11-12)

Table 3.2 reiterates a point made in many of the texts in the social science methods area which is that their type of research is poorly-resourced and carried out under considerable time pressure in comparison with scientific, basic, or pure research. Whilst there may be some truth in this judgement in terms of pure relativity, many laboratory scientists will testify to enduring extreme constraints and pressures not dissimilar to those experienced by real

world, applied or policy researchers. Perhaps the social science world is suffering from 'the grass is always greener on the other side' syndrome. Robson argues that "academic researchers may not feel that the suggestions about open-ended availability of time and money chime in too well with their experience but, to take a strict line, there is little point in their carrying out studies intended to advance their discipline if the resources available are inadequate" (1993, p14). This assertion highlights two points: laboratory scientists, who he classifies as academic researchers, are not sitting on large wads of cash waiting for inspiration to determine the next great problem to be solved or scientific discovery - they have to secure funding too; and secondly that Robson has implied that real world research is non-academic. This assumed status is at best spurious and may perhaps explain one of his other separating dimensions between the research types, that of academic credibility! Soundly-based, rigorous research will always attract higher acclaim and more prestige than poorly-constructed research whether it is conducted in a real world or a laboratory setting. There may be more of an attempt on the part of those working on real world problems to demystify their research work and to disseminate their findings more extensively than 'pure' scientists but this does not devalue the credibility or recognition of their research or make it inferior in any way.

Robson has clear ideas about the distinctiveness of real world research as opposed to that undertaken in a laboratory context and whilst I would disagree with some of the criteria he uses in separating the two forms of research, he does delineate the methodological implications of their differences (see section 3.4 below) unlike some of the other authors drawing distinctions in research types. Recognising the type and nature of research

being undertaken particularly with regard to purpose and context has methodological implications. However, the typical lack of rigorous discussion in methodological texts about the implications of alternative types of research suggests that such factors have only limited bearing when it comes to actually conducting research.

### **3.3.3 Quantitative Methodologies versus Qualitative Methodologies**

The most substantive and frequently recurring debate on alternative methodologies is centred around the relative merits of the quantitative versus the qualitative style of inquiry. As Cassell and Symon have noted “the division between qualitative and quantitative methods has a long history in the social sciences” (1994, p1). Boundaries in this context are problematic with some writers on the subject focusing on qualitative versus quantitative paradigms, some on qualitative versus quantitative research, some on qualitative versus quantitative methods, some on qualitative versus quantitative techniques, some on qualitative versus quantitative data, and some on qualitative versus quantitative analysis with few ever specifying what is encompassed within the particular term they have chosen to adopt, a feature further complicated by the fact that many authors often use several terms interchangeably.

It is quite interesting to observe that almost all of the texts concerned with qualitative approaches to research begin with a discussion, or what often reads as more of a defence, of qualitative methods as compared with quantitative approaches. For example, Marshall and Rossman open their book *Designing Qualitative Research* with the following statements:



Qualitative research methods have become increasingly important modes of inquiry for the social sciences. Long dominated by methods borrowed from the experimental sciences, the social sciences now present a sometimes confusing array of appropriate alternative research methods.  
(Marshall and Rossman, 1989, p9)

Yin begins the preface to his authoritative text on *Case Study Research* with the observation that:

The case study has long been stereotyped as a weak sibling among social science methods. Investigators who do case studies are regarded as having deviated from their academic disciplines, their investigations as having insufficient precision (that is quantification), objectivity, and rigour.  
(Yin, 1994, xiii)

In contrast, it is very rare to see a text on the topic of quantitative research approaches, mentioning the existence of any alternative methods such as qualitative techniques. Hence, it is not surprising that the positivist perspective and its inherent quantitative techniques, is viewed as the dominant paradigm as noted previously.

Having justified the writing of a qualitative book in the introductory section, most authors on this subject then proceed to ignore the existence of quantitative approaches. Bryman has noted that “much of the discussion in the literature on these two traditions has created a somewhat exaggerated picture of their differences.” Furthermore, he concedes that “these discussions reflect a tendency to treat quantitative and qualitative research as though they are mutually antagonistic ideal types of the research process” (1988, p93). For example, Robson describes the qualitative/quantitative debate as “the fundamental dichotomy in social science research - the flags waved by the warring factions of interpretative ethnography and positivistic scientists respectively” (1993, p303). Bryman’s text *Quantity and Quality in Social Research* is one of the rare literature contributions that does not treat

quantitative and qualitative approaches as mutually exclusive and indeed devotes an entire chapter to a discussion of ways of combining the two modes of inquiry. However, whilst recognising that there are areas of similarity between the two approaches and certainly more commonality than typically suggested or acknowledged by most social science methods texts, Bryman argues that there are key dimensions which mark their differences (1988, p94). These areas of divergence are indicated in table 3.3.

**TABLE 3.3: QUANTITATIVE AND QUALITATIVE RESEARCH**

<i>Dimension</i>	<i>Quantitative</i>	<i>Qualitative</i>
Role of qualitative research	preparatory	means to exploration of actors' interpretation
Relationship between researcher and subject	distant	close
Researcher's stance in relation to subject	outsider	insider
Relationship between theory/concepts and research	confirmation	emergent
Research strategy	structured	unstructured
Scope of findings	nomothetic	ideographic
Image of social reality	static and external to actor	processual and socially constructed by actor
Nature of data	hard, reliable	rich, deep

Exploring these dimensions further and considering the role of qualitative research, quantitative protagonists generally consider that its exploratory and unstructured approach make it an ideal mechanism for throwing up hunches and hypotheses which can then be verified using quantitative techniques. In contrast, proponents of qualitative research consider it an end in itself particularly since it exposes research subjects' meanings and interpretations.

However, as Bryman points out “it is possible to detect a degree of unease among qualitative researchers about the extent to which their findings can stand alone” (1988, p95).

The researcher’s contact with the research subjects within quantitative approaches is typically minimal or non-existent (for example, using postal surveys to gather data) and thus their relationship is distant. Within qualitative inquiry, the researcher typically has sustained contact with the subject although the degree of involvement will vary considerably from one study to the next. Characteristically therefore, qualitative research will entail close contact between the researcher and the researched. It is only through prolonged contact that the researcher can ‘access’ the subject’s world. This is why the researcher’s stance in relation to the research topic is generally as an ‘insider’ as opposed to the ‘outside’ perspective which typifies quantitative studies where a detached scientific observer stance is the norm.

The logical structure of the quantitative research process is outlined by Bryman as beginning with theory followed by hypothesis followed by observations/data collection followed by data analysis followed by findings which ultimately feeds back into theory again as the emergent findings lead to confirmation or some modification of the original theory (1988, p20). Therefore, the relationship between theory/concepts and research is one of confirmation. Within qualitative approaches however, the idea of using theory as a precursor to an investigation is often rejected since it may not reflect the subject’s view of what is occurring and what the significant factors are. As Lofland has argued “in order to capture participants ‘in their own terms’ one must learn their categories for rendering explicable and coherent

the flux of raw reality” (1971, p7). The exception to this is where theory is used as a means of providing an initial orientation. As Filstead has observed of qualitative research “it is marked by a concern with the discovery of theory rather than the verification of theory” (1979, p38). Thus theory/concepts emerge from qualitative inquiry.

In quantitative research a structured approach tends to be adopted primarily because of the methods which are used - surveys and experiments for example require that the ‘issues’ be closely focused on from the outset. The quantitative research process defined above is tightly sequential and thus the research structure must be closely defined. Qualitative research tends to be more open primarily because it is not until the research has commenced that it is clear how the subjects perceive their world and what they consider to be the key factors involved in the particular topic being studied. As a result, it is recommended that the tight delineation of a research focus be deferred for as long as is possible (Cohen, 1978). As Bryman observes “consequently, many qualitative researchers refer to a sensation of being overwhelmed during their early days in the field, since everything they observe is potentially ‘data’” (1988, p99). However Whyte has also commented that “you may find so many interesting things to study that you are at a loss to delimit the scope of your project and focus on specific problems” (1984, p225). By adopting an unstructured approach, qualitative research has a much greater capacity to unveil the unexpected and to change direction according to emergent findings but this must be weighed against the potential for drifting or getting swamped with numerous possible research paths to follow.

Within table 3.3, the scope of findings has been described according to a divergent nomothetic/ideographic dimension. A nomothetic approach to research seeks to establish general law-like findings which can be deemed to hold irrespective of time and place. The ideographic approach locates research findings within a specific time period and for specific locales. The argument really reduces to one of the generalizability of research. By virtue of being about testing theories, quantitative research demands that the findings can be generalised - hence the emphasis within quantitative approaches of taking random but representative samples which can thus be inferred to larger subject populations. Bryman argues that "the qualitative researcher frequently conducts research in a specific milieu (a case study) whose representativeness is unknown and probably unknowable so that the generalizability of such findings is also unknown" (1988, p100). Hence, the close association of qualitative research with ideography. However, this is one dimension which Bryman considers to be exaggerated. Quantitative research is rarely conducted with random, representative samples which allow generalizability to be feasible. As Freeman has disclosed of researchers adopting quantitative styles of inquiry "they rarely work with samples that are representative of even the restricted types of organisations they choose to study" (1986, p300). Additionally, the findings of qualitative research would be of little benefit if they were entirely confined to the case study and topic under consideration. Although the findings are not directly transferable in a wider context, qualitative research is about building a very rich and deep picture and understanding about a particular phenomena and some of this will be applicable beyond the immediate boundaries of the research - otherwise no progress would be made using qualitative research. Bryman advocates that

“caution is necessary in treating the two research traditions as being strictly associated with nomothetic and ideographic findings.” (1988, p101).

Quantitative research, by the nature of its purpose and the way it is conducted, conveys a view of social reality that is static. The linkages between the variables under review and the processes which link different factors are rarely considered. The research is about establishing that such links exist not identifying why they exist. Qualitative research, by submerging the researcher within the phenomena under consideration normally reaches the heart of the interconnectivity of variables. A further consequence of this is that unlike qualitative research, quantitative approaches rarely incorporate the impact and role of social change which within the social science world not renowned for its stability, is problematic. Indeed, Cassell and Symon have argued that “only qualitative methods are sensitive enough to allow the detailed analysis of change” (1994, p5).

The final dimension on which Bryman considers that a divergence between quantitative and qualitative research is discernible is the nature of the data produced by each approach. Quantitative studies are often associated with hard, rigorous and reliable data. The systematic procedures used to collect them means that they can readily be checked by another investigator. However, protagonists of qualitative inquiry consider such data to be superficial in nature providing at best, surface information. This contrasts sharply with the rich and vivid detailed portrayal of a small sector of social life which it is argued is produced by qualitative studies.

Some of these divergent facets are similar to differences identified in the context of the positivist/phenomenology discussion and the rhetoric relating to differing types of research. However, they do not reveal very much about what constitutes quantitative and qualitative research. Bryman argues that most authors either separate quantitative and qualitative approaches according to epistemological underpinnings or according to technical consideration.

Filstead has argued that:

Quantitative and qualitative methods are more than just differences between research strategies and data collection procedures. These approaches represent fundamentally different epistemological frameworks for conceptualizing the nature of knowing, social reality, and procedures for comprehending these phenomena.

(Filstead, 1979, p45)

Rist has similarly argued that each of the two research traditions rests on “an interrelated set of assumptions about the social world.” (1977, p62). Such a perspective implies that researchers formulate their views about the proper foundation for the study of social reality and then choose their investigation methods in the light of this decision. As Bryman has observed, “a view that the scientific method provides a poor basis for the study of people, coupled with a commensurate endorsement of a position like phenomenology, will propel an investigator in the direction of a qualitative approach” (1988, p105).

The alternative standpoint arises from the view that quantitative and qualitative research are each appropriate to different kinds of research problem. Consequently, the research issue will determine the research approach. Walker has proposed that “certain questions cannot be answered by quantitative methods, while others cannot be answered by qualitative

ones” (1985, p16) and as Bryman concludes “this view implies that the decision over whether to use a quantitative or qualitative approach should be based on ‘technical’ issues regarding the suitability of a particular method in relation to a particular research problem” (1988, p106).

Within a research setting, the epistemological/technical distinction has most significance when considering combining different methods. The technical perspective provides few impediments to a research strategy which integrates quantitative and qualitative techniques. However, if quantitative and qualitative research represents different epistemological positions, then effectively they represent incompatible views about the way social reality ought to be studied. As Bryman notes “it is not obvious how a marriage of such divergent epistemological positions as positivism and phenomenology can be entertained” (1988, p107). Guba has argued that one “must pledge allegiance to one paradigm or the other” and that the two traditions cannot be reconciled (1985, p80). However, Filstead, who perceives quantitative and qualitative research as alternative epistemological frameworks, considers that “great advantages can be obtained by creatively combining qualitative and quantitative methods” (1979, p42). He does not however address the inconsistency which this proposition throws up and in fact, provides evidence for Bryman’s observation regarding the tendency of some writers to oscillate between epistemological and technical accounts.

**Bryman considers that:**

It is little wonder that confusion ensues when there is a lack of clarity about what quantitative and qualitative research are...Precisely because many qualitative researchers have failed to sort out whether the style of research to which they adhere is an epistemological or a technical position, it is possible for such confusion to reign.  
(Bryman, 1988, p126)



However, arguably if one adopts a technical position and is matching research methods to the immediate problem in hand, the need to discuss, and justify, not accommodating an epistemological account of quantitative and qualitative research, is mitigated. In practice, it is quite uncommon to find social science researchers undertaking studies in accordance with epistemological underpinnings except those who are closely associated with a particular method and are thus justifying its delineation and application such as Guba (1985) or Glaser (1992) with regard to naturalistic inquiry and grounded theory respectively. In practice, the technical adequacy of a particular method or combination of methods in relation to specific research problems appears to be a much more dominant consideration.

In considering what actually constitutes quantitative and qualitative research, then if one adopts an epistemological stance, then effectively they are alternative forms of inquiry which derive from differing philosophical perspectives of the social world and how it should be interpreted. If however, a technical position is taken and it is argued here that the technical adequacy of methods is likely to be of more relevance to researchers in the real world than epistemological concerns, then the quantitative/qualitative debate centres on the actual research methods engaged.

Concentrating on methods, Van Maanen suggests that:

The label qualitative methods has no precise meaning in any of the social sciences. It is at best an umbrella term covering an array of interpretive techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world.  
(Van Maanen, 1979, p520)

Strauss and Corbin employ a more simplistic definition proposing that “by the term *qualitative* research we mean any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification” (1990, p3). Quantitative methods are closely associated with numerical data and statistical analysis. Patton has argued that “quantitative measures are succinct, parsimonious and easily aggregated for analysis” and that “quantitative data are systematic, standardised and easily presented in a short space” (1980, p28). This is in sharp comparison with qualitative measures which he considers to be longer, more detailed and variable; and qualitative data which typically consists of “*detailed description* of situations, events, people, interactions, and observed behaviours; *direct* quotations from people about their experiences, attitudes, beliefs, and thoughts; and excerpts or entire passages from documents, correspondence, records and case histories” (1980, p22). Such data is typically collected as open-ended narrative without attempt to fit it into predetermined response categories. As Cassell and Symon have argued “qualitative methods are often associated with the collection and analysis of written or spoken text or the direct observation of behaviour (1994, p2). Fryer considers that:

Qualitative researchers are characteristically concerned in their research with attempting to accurately describe, decode and interpret the precise meanings to persons or phenomena occurring in their normal social contexts and are typically pre-occupied with complexity, authenticity, contextualisation, shared subjectivity of researcher and researched and minimization of illusion.  
(Fryer, 1991, p3)

Cassell and Symon, in their book *Qualitative Methods in Organisational Research* are fervently promoting the application of qualitative methods particularly in their field of organisational psychology. However, they argue that there is consensus that “we should count the countable - that is to say, count what it makes sense to reduce to quantifiable terms” (1994, p4). Such a

pragmatic advocacy of a qualitative-quantitative mix, based on quantifying that which lends itself to quantification and approaching that which doesn't through qualitative methodology seems both logical and sensible.

In considering the relative merits of quantitative and qualitative methods, the recurring themes have been succinctly summarised by Easterby-Smith and his colleagues:

In the case of quantitative methods and the positivist paradigm, the main strengths are that: they can provide wide coverage of the range of situation; they can be fast and economical; and, particularly when statistics are aggregated from large samples, they can be of considerable relevance to policy decisions. On the debit side, these methods tend to be rather inflexible and artificial; they are not very effective in understanding processes or the significance that people attach to actions; they are not very helpful in generating theories; and because they focus on what is, or what has been recently, they make it hard for the policy-maker to infer what changes and actions should take place in the *future*.  
(Easterby-Smith *et al.*, 1991, p32)

Correspondingly of qualitative methods, they observe that:

They have strengths in their ability to look at change processes over time, to understand people's meanings, to adjust to new issues and ideas as they emerge, and to contribute to the evolution of new theories. They also provide a way of gathering data which is seen as natural rather than artificial. There are, of course, weaknesses. Data collection can take up a great deal of time and resources, and the analysis and interpretation of data may be difficult. Qualitative studies often feel very untidy because it is harder to control their pace, progress and end-points. There is also the problem that many people, especially policy-makers, may give low credibility to studies based on phenomenological approach.  
(Easterby-Smith *et al.*, 1991, p32)

On the latter point it is worthy of note that Easterby-Smith *et al.* were primarily concerned with **Management Research** and as Fetterman has observed "many policy-makers find descriptive accounts more palatable than an avalanche of figures and tables. However, the length of most ethnographic appraisals inhibits the most diligent sponsors and evaluators from even approaching a qualitative report of research findings" (1988, p15). These delineated strengths and weaknesses are reiterated by other authors (for example, see Cassell and Symon, 1994; and Bryman, 1988)

Researchers actually conducting research will in practice be employing quantitative and/or qualitative methods whether for technical or epistemological reasons. However, it is sometimes difficult to reconcile what occurs in practice which essentially seems driven by pragmatism, with the relatively artificial, often exaggerated, discussions about methodological approaches evident in the literature. However, such approaches provide the methodological framework within which actual research occurs and thus must be acknowledged.

### ***3.4 The Research Design***

In practice, researchers normally begin with a research issue or a set of research questions, sometimes clearly delineated, sometime not, and then seek to identify a methodology or combination of techniques which is likely to lead to the questions being adequately addressed subject to the time and resource constraints which they face. As Hakim notes “design deals primarily with aims, purposes, intentions and plans within the practical constraints of location, time, money and availability of staff” (1987, p1). In extending her architect’s analogy mentioned previously, she also considers that research design “is also very much about *style*, the architect’s own preferences and ideas (whether innovative or solidly traditional) and the stylistic preferences of those who pay for the work and have to live with the finished result” (1987, p1). For Robson, “design is concerned with turning research questions into projects” (1993, p38). He considers that in broad terms, research can be classified according to three alternative types of enquiry as shown in table 3.4.

Robson also distinguishes between three traditional research strategies. These are indicated in table 3.5.

**TABLE 3.4 : TYPES OF ENQUIRY**

1. *Exploratory*  
To find out what is happening  
To seek new insights  
To ask questions  
To assess phenomena in a new light  
Usually, but not necessarily, qualitative
2. *Descriptive*  
To portray an accurate profile of persons, events or situations  
Requires extensive previous knowledge of the situations etc. to be researched or described, so that you know appropriate aspects on which to gather information  
May be qualitative and/or quantitative
3. *Explanatory*  
Seeks an explanation of a situation or problem, usually in the form of causal relationships  
may be qualitative and/or quantitative

(Robson, 1993, p42)

**TABLE 3.5 : ROBSON'S ALTERNATIVE RESEARCH STRATEGIES**

1. *Experiment*: measuring the effects of manipulating one variable on another variable.  
  
Typical features: selection of samples of individuals from known populations; allocation of samples to different experimental conditions; introduction of planned change on one or more variables; measurement on small number of variables; control of other variables; usually involves hypothesis testing.
2. *Survey*: collection of information in standardised form from groups of people.  
  
Typical features: selection of samples of individuals from known populations; collection of relatively small amount of data in standardised form from each individual; usually employs questionnaire or structured interview.
3. *Case study*: development of detailed, intensive knowledge about a single 'case', or of a small number of related 'cases.'  
  
Typical features: selection of a single case (or a small number of related cases) of a situation, individual or group of interest or concern; study of the case in its context; collection of information via a range of data collection techniques including observation, interview and documentary analysis,

(Robson, 1993, p40)

He argues that in terms of what actually happens particularly in relation to the past, in considering the purpose of research and alternative research strategies; case studies were typically used for exploratory work, surveys were considered most appropriate for descriptive studies, and that experiments were most frequently used for explanatory studies. However, Robson argues that “this is not a necessary or immutable linkage. *Each strategy can be used for any or all of the three purposes*” (1993, p43).

Robson’s view is shared by Yin who argues that “the most appropriate view of these different strategies is a pluralistic one. Each strategy can be used for all three purposes - exploratory, descriptive or explanatory” (1994, pp3-4). He argues that in fact, **three** conditions determine the appropriateness of alternative research strategies. These are the type of research question to be addressed; the extent of control which an investigator can exercise over actual behavioural events; and the degree of focus on contemporary as opposed to historical events. Yin considers that “the first and most important condition for differentiating among the various research strategies is to identify the type of research question being asked” (1994, p7). Yin relates these three conditions to five major research strategies adding archival analysis and histories to the experiments, surveys and case studies already discussed. The conditions under which these alternative strategies are appropriate as perceived by Yin is summarised in table 3.6.

**TABLE 3.6: YIN'S ALTERNATIVE RESEARCH STRATEGIES**

<i>Research Strategy</i>	<i>Form of research question</i>	<i>Requires control over behavioural events?</i>	<i>Focuses on contemporary events</i>
Experiment	how, why	yes	yes
Survey	who, what, where, how many, how much	no	yes
Archival analysis	who, what, where, how many, how much	no	yes/no
History	how, why	no	no
Case study	how, why	no	yes

(Yin, 1994, p6)

In the context of this thesis, in exploring performance review activity occurring in local authorities, no control can be exercised over behavioural events and the focus is on contemporary events. Thus, according to Yin's classification, the research strategies which can be considered are survey, archival analysis and case study. Since no archives exist in this research area, this must also be excluded as a research strategy. If the research questions identified at the start of this chapter are considered, they comprise a combination of how many and what questions suggesting the survey method as the most appropriate strategy. However, Yin argues that "the boundaries between the strategies - or the occasions when each is to be used - are not always clear and sharp" (1994, p4). Indeed, some of the research questions outlined could have been reworded as 'how' or 'why' questions. For example, "what is the attitude from within the council towards performance review?" might have read "how is performance review perceived from within the council by officers and members?" and "what factors are significant in

operating a performance review system?” could have been asked as “how is performance review operated within your council?” and the final research question relating to authorities not operating performance review might have been asked as “why does your authority not operate performance review?” This suggests that case studies could also be a useful research strategy for this particular piece of research.

Furthermore, there is considerable support for the application of more than one research method in many studies. In the earlier discussion of alternative research types, the application of multi-methods was a recurrent theme for research which was not basic, pure, theoretical or laboratory-based such as that encompassed within this research programme. Denzin has argued that:

Because each method reveals different aspects of empirical reality, multiple methods of observations must be employed. This is termed triangulation. I offer as a final methodological rule the principle that multiple methods should be used in every investigation.  
(Denzin, 1978, p28)

Patton defines *methodological triangulation* as the use of multiple methods to study a single problem or program (1980, p109). Denzin also promotes other forms of triangulation. Primarily, data triangulation (the use of a variety of data sources in a study), investigator triangulation (the use of several different researchers), and theory triangulation (the use of multiple perspectives to interpret a single set of data). Most commentators promote methodological triangulation. Webb *et al.* (1966) have argued that social scientists can have greater confidence in their findings when these are derived from more than one method of investigation and Cassell and Symon have gone further suggesting “the triangulation of data by multi-method approaches is essential to answer many of the most important questions in organizational research” (1994, p4). Bryman considers that:



By and large, researchers have viewed the main message of the idea of triangulation as entailing a need to employ more than one method of investigation and hence more than one type of data. Within this context, quantitative and qualitative research may be perceived as different ways of examining the same research problem. By combining the two, the researcher's claim for the validity of his or her conclusions are enhanced if they can be shown to provide mutual confirmation.  
(Bryman, 1988, p131).

If we recall the specific research questions posed within the context of this thesis, which for convenience are listed in Box 3.1 overleaf, it is difficult to see how they could all adequately be addressed utilising either a survey or a case study approach as a stand alone research strategy. For example, the question 'how many local authorities operate performance review systems?' requires that contact be made with all local authorities falling within the sphere of this study and a postal survey would appear to be an appropriate mechanism for accumulating this information. However, the depth of answer being sought for other questions, could not be gained from a postal survey but would be better tackled using a case study approach. However, a case study would not reveal how many authorities operate review mechanisms nor would it provide the coverage which would make the results of this investigation useful. However, a combination of the two approaches should allow for the generation of satisfactory responses to all the research questions posed. The combination of survey and case study method is also in keeping with Robson's juxtaposition of types of enquiry and research strategies, which considered case studies as being most appropriate for exploratory enquiry and surveys being most relevant for descriptive enquiry. Performance review activity is relatively unknown in this country and thus part of this investigation is about finding out about, or exploring, what is happening. However, this work is also concerned with portraying an accurate picture of performance review operations and thus is describing current activity. By

combining a case study approach with a survey methodology, it is intended to secure both depth and breadth in relation to the research topic and the research questions.

**BOX 3.1: THE RESEARCH QUESTIONS**

- \* how many local authorities operate performance review systems?
- \* what type of systems are in operation?
- \* what is the attitude from within the council towards performance review?
- \* what factors are significant in establishing a performance review system?
- \* what factors are significant in operating a review mechanism once it has been implemented?
- \* what issues need to be considered in sustaining a performance review process?
- \* is there a political dimension to performance review?
- \* what good practice recommendations can be made from the experiences of councils already operating performance review systems? and
- \* for authorities not operating any performance review mechanisms, are any alternative processes utilised and what are the attitudes of officers and members towards performance review?

### **3.5 Summary**

This chapter began by stressing the importance of undertaking background and preliminary research before delineating the specific questions to be addressed in any programme of research and then outlined the methods of induction used within the context of this thesis. Subsequently, a set of research questions was produced for consideration as detailed in box 3.1 above and it was argued that in responding to these questions, the delineation of an appropriate methodology is required but it was recognised that arguments about the relativities of alternative methodological approaches have different dimensions.

In particular, the commonly rehearsed debates concerning positivism versus phenomenology, the type of research being conducted, and quantitative methodologies versus qualitative methodologies, were presented. However, it was concluded that in all these domains that the debates are remote from research conducted in the real world which is typically much more driven by pragmatic concerns rather than for example, epistemological differences. It was proposed that normally a researcher faced with a set of research questions will seek to identify a methodology or a combination of techniques which is likely to lead to the questions being adequately addressed within the time and resource constraints faced.

Within the context of this thesis and in recognising that alternative research strategies are needed to address different types of research question, the process of research design led to the conclusion that a two-pronged methodology would be required comprising a survey of all local authorities to secure the breadth of information needed to fully answer the research questions, and a case study approach to provide the required depth. The actual methodology employed will now be considered.

## *Chapter 4*

### *The Research Methodology*

*4.1 The Research Survey*

*4.2 The Research Case Studies*

## **4.1 The Research Survey**

### **4.1.1 Introduction**

In the last chapter, it was concluded that a two-stemmed methodology comprising a survey and case studies would be required to address the delineated research focus. This chapter describes how these methods were employed in the context of this thesis. In the first part, the survey is considered and in the latter part, the case study methodology is discussed.

The purpose of the survey was to get a breadth of information relating to performance review including gauging the scale of review activity in Great Britain. It therefore seemed inappropriate to consider sampling in this context and it was concluded that contact would have to be made with all local authorities to illicit the relevant data. Whilst surveys can be conducted either by phone or post or indeed through face-to-face interviewing, the number of local authorities in mainland Britain and the range of questions on which information was being sought, suggested that a postal questionnaire was the only viable option. A questionnaire would thus need to be sent to each chief executive but it was felt that since the political dimension of performance review was also being explored, a questionnaire would also have to be forwarded to the council leader of local authorities. The construction of these questionnaires is now considered.

### **4.1.2 The Postal Questionnaire Sent to Chief Executives**

Nachmias and Nachmias argue that “the questionnaire must translate the research objectives into specific questions” (1992, p239). Considering the research questions posed in the context of this thesis, it was intended that the questionnaire sent to chief executives would address:

- \* what is the attitude from within the council towards performance review?
- \* what factors are significant in establishing a performance review system?
- \* what factors are significant in operating a review mechanism once it has been implemented?
- \* what corporate and development issues need to be considered in sustaining a performance review process?
- \* for authorities not operating any performance review mechanisms, are any alternative processes utilised and what are the attitudes of officers and members towards performance review?

Of the other research questions, the scale of review activity would be calculated through identifying the authorities whose chief executives and council leaders reported performance review systems operating/not operating in their authorities and combining these with the case study councils participating in the research programme who all represented authorities with review mechanisms in place. The questionnaire to council leaders would focus on the political dimension of review and the case studies, as well as providing a deeper analysis on most of the research questions, would facilitate identification of the types of systems in operation although it is anticipated that some of these details will also be revealed through consideration of operational details in the postal questionnaire sent to chief executives. It is intended that the good practice recommendations will emerge from a synthesis of the research evidence accumulated in this thesis.

Given that information was being sought from authorities operating and not operating performance review systems, it was decided to split the questionnaire into two parts, part 1 to be completed by authorities which had implemented a review system and part 2 to be completed by those which had not. This would also allow easy identification of the scale of review activity

through comparison of the level of part 1 returns against the level of part 2 responses.

The questionnaire which was sent to chief executives is contained in appendix 4.1. The actual questions asked in both this questionnaire and that sent to council leaders reflects the issues identified as important by those parties with whom preliminary background discussions were undertaken (see page 67) as well as consideration of the approaches to performance review discussed in chapter 2. Both questionnaires were also discussed in considerable detail with two local authorities, one with a review system in place and the other without.

Part 1 of the survey form sent to chief executives was subdivided into 4 sections. The introductory section related to background information and in keeping with advice from commentators (see for example, Robson, 1993 or Newell, 1993) was kept as simple and succinct as possible. The section, which was contained within one page, comprised closed questions which only required either a YES or a NO answer apart from the last, which requested the name and telephone number of a contact person to whom follow-up queries could be forwarded to. Throughout the questionnaire, adequate spacing was left between all questions for respondents to add additional comments where they felt that this was appropriate.

Section B of the chief executives questionnaire was entitled 'Establishing the Performance Review System' and contained questions on the attitude of officers and members to the introduction of the review system as well as those relating to the process of establishing a review mechanism. Most of the

questions were again closed asking respondents to respond either yes or no, or in the case of questions exploring alternative disposition towards performance review, supportive or unsupportive. However, a number of the other questions could not be closed because it would have been impossible to encompass all possible response categories. This is in keeping with the guidance offered by Stacey where he proposes that:

Closed questions should be used where alternative replies are known, are limited in number, and are clear cut. Open-ended questions are used where the issue is complex, where relevant dimensions are not known, and where a process is being explored.  
(Stacey, 1969, p80)

Indeed, until a number of the questions included in the questionnaire had been answered, it was not known what response categories might exist. Open-ended questions were therefore also used. In particular:

How were policy targets set for the performance review system?

Who set the policy targets?

How were performance measures set for the performance review system?

Who set the performance measures?

Where difficulties had been encountered in setting up the system, respondents were asked to elaborate on the nature of the difficulties. Chief executives were asked who had initiated the proposal to introduce performance review and provided with the closed response categories of officers, members and others but in the latter case asked to be specific.

Section C related to the operation of the performance review system and asked a series of factual questions some of which again had to be left open-ended because of the impossibility of identifying all response categories. A



number of the questions contained prompts to illustrate the type of answer anticipated. For example:

Which officers carry out performance review work (for example policy planners, internal audit)?

Section D explored general issues with chief executives and the questions were generally structured as a closed question initially but with an open-ended follow-up. For example:

Have any measures been introduced to ensure officer/member co-operation?

YES/NO

If yes, please describe.

Most of the questions in this section were factual but chief executives were also asked for their opinion on a number of issues. In particular, whether they considered that the review system had contributed towards achieving a corporate management perspective and corporate goals. They were also asked whether overall they considered the review system to have been successful and to identify the most significant future developments resulting from the operation of the system.

Part 2 of the questionnaire to be completed by chief executives was much briefer than part 1 and comprised a series of closed questions requiring Yes/No or supportive/unsupportive answers. However, respondents were also asked to provide details of any mechanism used in their authority for reviewing performance and also where they had indicated that the council had previously had a performance review system, they were asked to explain why it was no longer operational.

The questionnaire sent to chief executives was fairly long with part 1 spanning 8 pages and part 2 taking up a further 2 pages. The text books in this area say little about the optimal length of questionnaires. But there appears to be a general consensus, that if a questionnaire is short, then the shorter the better but if it is long, then actual length is less important (Nachmias and Nachmias, 1992). Given the range of questions to be covered in this questionnaire, it was infeasible that it could be short and thus although the questionnaire could have been made comparatively shorter by exclusion of a few of the less critical questions or by leaving less space for any comments respondents might wish to make, it was considered that such refinements would be unlikely to affect the response rate and could possibly detract from the information generated by the chief executives postal questionnaire.

#### **4.1.3 The Postal Questionnaire Sent to Council Leaders**

The main reason for issuing a questionnaire to council leaders was to access the political dimension of performance review. Thus most of the questions asked of leading members related in some way to politics. However, council leaders were also asked to identify the year in which the system had been introduced and who had initiated the proposal to introduce performance review. This was to allow a comparison of answers with the responses received from chief executives and is further discussed in chapter 7.

Council leaders were also asked whether there had been any difficulties with the operation of the review system and where there had been, to elaborate on the nature of these. They were asked whether they considered performance review to have been successful and what future developments they would

like to see in the performance review system. Part 1 of the questionnaire sent to council leaders was much briefer than that sent to chief executives so no subdivisions were considered necessary.

As with chief executives, there was also a section of the questionnaire to be completed by council leaders representing authorities where no review system was in place. The emphasis was again on politics but leaders were asked to specify what factors were inhibiting the introduction of a review system in their authority and whether they expected to see a review system introduced in the lifetime of their administration. The questionnaire sent to council leaders is contained in appendix 4.2.

For both chief executives and council leaders, one questionnaire was sent comprising a part 1 section at the front with the part 2 section at the back. The accompanying letter to be discussed in the next section, directed respondents to complete part 1 of the survey form if their authority had implemented a review system and to complete part 2, if they had not. However, a number of authorities returned the questionnaire uncompleted saying that their authority did not operate a review system and they were therefore unable to participate in the survey. This suggests that the direction in the letter was insufficient and perhaps it would have been better to have sent two separate questionnaires to chief executives and council leaders, one for authorities with review procedures and one for authorities where no system had been implemented and with the difference in the questionnaires clearly marked at the top of the forms. Unfortunately, this difficulty was not anticipated by those with whom the survey was discussed nor during the pilot stage further discussed below.

#### **4.1.4 The Questionnaire Process**

Nachmias and Nachmias propose that after a questionnaire has been constructed, the next step is to write a covering letter to explain the purpose of the survey to the respondents and to encourage a high response rate (1992, p256). They also suggest that:

A cover letter must succeed in overcoming any resistance or prejudice the respondent may have against the survey. It should (1) identify the sponsoring organization or the persons conducting the study, (2) explain the purpose of the study, (3) tell why it is important that the respondent answer the questionnaire, and (4) ensure the respondent that the information provided will be held in strict confidence.

(Nachmias and Nachmias, 1992, p256)

They also suggest that an altruistic approach tends to generate the best results. The introductory letter which accompanied the postal questionnaires reflects this advice and is enclosed in appendix 4.3. The scale of operations made it infeasible to personalise the letter but each letter was addressed to The Chief Executive or The Leader of the Council followed by the address of the authority. Those to chief executives began 'Dear Sir/Madam' whilst those to council leaders began 'Dear Councillor.' One decision which needed to be made concerning the content of the letter was whether or not to provide guidance on what constitutes a performance review system. The background discussions, particularly those with local authorities, suggested that there were many different types of review system in operation and it was highly improbable that all of these could be accommodated into any guidance. However, it was anticipated that if guidance was given which excluded a particular type of review system operated by a council then they might be less inclined to complete and return the questionnaire. When combined with the suggestion from the local authorities interviewed, that it was highly improbable that chief executives or council leaders would not understand what was meant by the term, it was decided not to provide a definition.

Since two questionnaires were being sent to each council albeit to different people, the possibility existed of sending them in one envelope thereby cutting down on mailing costs. However, this was considered not to be appropriate because if the person opening the envelope was not well disposed towards the subject area or the completion of questionnaires or considered the project unworthy of the time needed to participate, then they might not forward the other questionnaire. By sending them out separately, each chief executive and council leader had the option to complete the survey form. Additionally, having combined them would have meant a heavy envelope landing on someone's desk which may have discouraged some participants. Consequently, the postal questionnaires were separately sent to chief executives and council leaders.

A Freepost address was set up for the return of completed survey forms and an envelope with a Freepost address label attached was sent along with each questionnaire. Respondents were invited to send any documentation relating to their performance review system using the Freepost address both in the covering letter and again at the end of the questionnaire and a number took up this offer.

All the questionnaires had to be coded to allow reminders to be sent and to ease the processing and analysis of questionnaire returns. Each authority was assigned a code beginning with two or three letters denoting the authority type - for example, LB for London Boroughs or NMD for Non-Metropolitan Districts - followed by a council specific number. For the chief executives' questionnaire, the code was suffixed with an A whilst that for council leaders ended with a B. It was anticipated that respondents from

authorities not operating a review system might detach part 2 from the rest of the questionnaire for completion and return and thus for each questionnaire, the code needed to be put on both part 1 and part 2 of the questionnaire. Whilst this doubled the coding work which was already significant because two questionnaires were being sent to each authority, since approximately one-third of respondents who returned a completed part 2 questionnaire, did in fact separate it from part 1; this additional input proved worthwhile.

Given the significance of achieving a good response rate, it was decided to conduct a pilot study and the questionnaire was initially sent to 42 authorities. 18 of these councils were known to me and I had sufficiently good contacts within the authority to request that the respondent comment critically on any difficulties in the interpretation and relevance of questions and the length and general style of the questionnaire. The rest of the pilot authorities were not known to me but were also asked to comment on all aspects of the survey form. The pilot postal survey resulted in only very modest refinements in the questionnaire particularly the addition of the request for identification of a contact person, increased spacing between questions and the supply of an A4 rather than an A5 return envelope.

The timetable for issuing the postal questionnaire is indicated in table 4.1.

**TABLE 4.1: POSTAL QUESTIONNAIRE TIMETABLE**

1.	27th January 1992	Pilot questionnaire issued
2.	18th March 1992	Modified questionnaire issued to all authorities not included in pilot stage
3.	23rd April 1992	Reminders issued to non-respondents from pilot authorities
4.	7th September 1992	Reminders issued to non-respondents from the main mailing

The reason for delaying reminder letters for the main mailing until the 7th September was that to have issued them any earlier was to risk them arriving at councils during the holiday period. This could have resulted in them either being lost amongst a pile of holiday mail and being given a low priority (or the bin) when the relevant person returned from vacation; or the questionnaire being completed by an alternative member of staff perhaps not as familiar with the nuances of the authority's system. Thus, although it was felt that five months was a relatively long period to wait before issuing reminders, it was considered the best course of action. The reminder letter sent to non-respondents is reproduced in appendix 4.4.

Due to a mistake by the photocopying department in the university, the questionnaire used for the main mailing had been photocopied single-sided rather than double-sided as requested and thus looked on the long-side. When the reminder letters were sent out in September, a replacement questionnaire, now double-sided as originally intended, was also sent out. Since the participation rate did not rise significantly following the reminder, the mistake which led to what looked like a long questionnaire being issued, appears not to have been a deterrent to its completion.

Of the total 262 questionnaire responses received from chief executives, 237 (90.5%) of these were generated by the initial mailing and only 25 (9.5%) were the result of reminders. The reminders appear to have had more impact on council leaders - the initial mailing resulted in 139 (74.3%) responses being received whilst the reminder accounted for a further 48 (25.7%) survey forms being returned. It may have been the case that a further set of reminders, perhaps in mid November, would have been useful. However, it was

probable that this would have resulted in few additional questionnaires being returned - authorities wishing to make a contribution to this research programme would have been likely to do so in the first questionnaire round or at the reminder stage. It would also in my opinion, have been verging on pestering councils. Additionally, the response rate after one set of reminders was sufficiently high to suggest that further responses were not imperative to the validity of any conclusions drawn from the postal survey.

In addition to those returning completed questionnaires, a number of authorities were in contact either by phone or letter indicating that :

- \* they had systems, but insufficient time and/or staff to complete the questionnaire;
- \* they did not have a performance review system and therefore could not fill in the questionnaire (they had not properly read the covering letter which directed such authorities to complete part 2);
- \* their authority was in the very early stages of establishing a system and therefore did not feel it appropriate to complete either part 1 or 2;
- \* it was the council's policy not to complete questionnaires other than those required by statute;
- \* the Citizen's Charter had dispensed with the need for performance review in their authority and thus there was little point in this research; and
- \* they did not have time to complete the questionnaire but if there was an option to be interviewed, then they would be willing to contribute in this way.

29 chief executives and 10 council leaders responded in one of these ways.

Table 4.2 indicates participation rates for the postal questionnaire according to types of authority. In calculating participation rates, the 22 authorities contributing to the case study stage of the wider ESRC research programme from which this thesis emerged, were excluded since it was felt inappropriate to also expect them to complete a questionnaire. Therefore, 492 questionnaires were issued to chief executives and council leaders.



**TABLE 4.2: PARTICIPATION IN THE POSTAL QUESTIONNAIRE**

	<b>Number of Authorities</b>	<b>Number Participating in Personal Interviews</b>	<b>Number of Postal Questionnaires Issued</b>	<b>Number of Responses Received from Chief Executives (%)</b>	<b>Number of Responses Received from Council Leaders (%)</b>
London Boroughs	33	3	30	21 (70.0)	16 (53.5)
Scottish Regions	12	2	10	8 (80.0)	4 (40.0)
Scottish Districts	53	3	50	31 (62.0)	19 (38.0)
Welsh Counties	8	0	8	5 (62.5)	4 (50.0)
Welsh Districts	37	0	37	14 (37.8)	9 (24.3)
County Councils	39	4	35	22 (62.8)	15 (42.9)
Metropolitan Districts	36	2	34	14 (41.2)	11 (32.4)
Non-Metropolitan Districts	296	8	288	147 (51.0)	109 (38.0)
<b>TOTAL</b>	<b>514</b>	<b>22</b>	<b>492</b>	<b>262 (53.3)</b>	<b>187 (38.0)</b>

262 chief executives completed either part 1 or part 2 of the postal questionnaire giving a participation rate of 53.3% for chief executives. The corresponding figures for council leaders are 187 and 38.0%. Overall, this participation rate is relatively high for a postal questionnaire where experience both from my own research and knowledge of others' research, suggests a general response rate of around 30% to 35% for postal surveys. Nachmias and Nachmias (1992) suggest a typical participation rate of between 20% and 40% and Newell reports that "many postal surveys do not achieve more than a 50% rate of return" (1993, p96).

Amongst chief executives, participation rates varied according to authority type and were highest in Scottish Regions (80.0%), London Boroughs (70.0%), County Councils (62.8%), Welsh Counties (62.5%) and Scottish Districts (62.0). The poorest response rate was achieved from Welsh Districts (37.8%) and Metropolitan Districts (41.2%).

For council leaders, the highest response levels were from London Boroughs (53.5%), Welsh Counties (50.0%) and County Councils (40.0%). Lowest participation rates were again evident for Welsh Districts (24.3%) and Metropolitan Districts (32.4%). Across all authority types, the participation rate of council leaders was lower than that achieved for chief executives. One could speculate on many possible reasons for this. However, two explanations were apparent from feedback which was received as a direct response to the postal questionnaire :

- some council leaders on receiving a questionnaire relating to performance review, took it to the officer with responsibility for performance review. The officer often having already completed the questionnaire sent to the chief executive, concluded either that this was a further copy of the same questionnaire and thus did not require completion; or that they had already made a contribution on behalf of their council to this research and that there was nothing further to add;
- no chief executives questioned the value of the research with all feedback received being supportive. However, a number of council leaders including two who made returns, communicated the opinion that the Citizen's Charter would dispense with the need for internal performance review mechanisms and that thus, research into this area was untimely and of little consequence.

More generally, chief executives rarely completed the questionnaire personally but normally asked the officer with performance review responsibilities to do so. Since many of the questions related to organisational and operational details, this was not an unreasonable course of action. Although some council leaders also took their questionnaires to the performance review officer for completion, it is a less obvious course of action and if they had read it prior to delegating its completion, they realised that since it contained questions about political attitudes to performance review, it did actually require a politician's perspective. If chief executives had been asked to individually complete their survey forms, it could reasonably be speculated that their response rate would probably have been much lower. Correspondingly, in my opinion, a contributory factor to the comparatively low response rate achieved with council leaders, is the implied requirement for them to complete the questionnaire themselves.

With a postal questionnaire response rate of 53.3% and 38.0% from chief executives and council leaders respectively, there is sufficient representation of local authority practice to be confident that conclusions drawn are likely to be generally applicable but with perhaps some caution being exercised in the case of things surmised from the council leader returns.

#### **4.1.5 The Questionnaire Data**

With 262 questionnaires being received from chief executives and 187 from council leaders, a huge volume of questionnaire data was generated which had to be handled in a way which facilitated its use for analysis at a later stage. After due consideration and some experimentation, a two stage approach was set up to reflect the fact that the questionnaires contained both closed and open-ended questions. For each authority type, two spreadsheets were set up, one for the chief executives' data and one for the responses received from council leaders. Given the number of responses received from Non-Metropolitan Districts (147 for chief executives and 109 for council leaders), the questionnaires for this type of authority were divided into five groups for ease of handling and spreadsheets created for each group. Across the top of these spreadsheets, the questions contained in the questionnaire were listed in order, with summary identification codes used. Running from top to bottom, the authorities were listed along with their codes. For closed questions, the questionnaires were then processed by entering the answer to each question in the appropriate column for each authority where a return had been made.

In addition to these spreadsheets, for each authority type, two word processing files were also created - again, one for the questionnaire responses from chief executives and the other for the returns from council leaders. For open-ended questions, the code 'wp' was entered onto the spreadsheet and the full response reproduced on the word processing file along with the name of the authority and its identification code, with the word-processing file organised according to questions. Thus, within the word-processing file generated for the returns made by London Borough chief executives, all the

open-ended responses given by the London authorities to the question 'How were policy targets set for the performance review system?' were grouped together. This procedure was also used where additional comments or non-standard responses had been given to closed responses. Once these two stages had been completed it was possible to access information on any of the questions contained in the questionnaires with comparative ease. The spreadsheet approach also allowed side-by-side comparison to be made of the responses given by chief executives and council leaders from the same authority and cross-referencing became feasible, for example, comparing the respondents reporting performance review as unsuccessful in their authority with those indicating operational difficulties and/or officers unsupportive of the introduction of performance review.

In summarising the responses received from chief executives and council leaders, it proved more useful to group the answers to the same question together by authority type and such summaries appear in the appendices supporting chapters 6 and 7 which respectively detail the results of the postal questionnaire sent to chief executives and council leaders.

## ***4.2 The Research Case Studies***

### **4.2.1 Introduction**

The second strand of the research strategy used in the context of this thesis was that of case studies. Hartley defines this approach as:

Case study research consists of a detailed investigation, often with data collected over a period of time, of one or more organisations, or groups within organisations, with a view to providing an analysis of the context and processes involved in the phenomenon under study.  
(Hartley, 1994, p208)

One of the most well-documented problems in utilising a case study approach relates to generalizability - the ideographic dimension discussed in chapter 3.

As Bryman has observed:

For many people, reliance on a single case poses a problem of how far it is possible to generalize the results of such research....Many display an unease about the extent to which their findings are capable of generalization beyond the confines of the particular case.

(Bryman, 1988, p88)

Bryman proposes a number of potential solutions to the problem of case study results being dismissed as idiosyncratic: the first is that more than one case is studied; the second is "the examination of a number of cases by more than one researcher" - what Denzin termed investigator triangulation; and the third is where cases which are typical of certain clusters of characteristics are studied on the assumption that the results are at least generalizable to cases which have the same set of characteristics.

In the latter case, local authorities are all very different with their "characteristics" reflecting their political complexion, a blend of socio-economic, geographic and circumstantial factors, their management structure which is often determined by historical accident, the personalities of key management and council players, and a raft of other known and unknown determinants. Thus, in undertaking a case study of one Labour-controlled inner-London Borough's performance review system for example, one could not generalise about the performance review systems of all, or even most, Labour-controlled inner-London Boroughs. As mentioned in the preface to this thesis, this research formed part of a wider research programme which did involve another researcher undertaking some case study investigations. The results of these are not directly incorporated into this thesis for reasons of

originality. However, this form of triangulation was part of the overall research programme. Thus in the context of this immediate piece of research, in order to enhance the generalizability of the research, the solution rested in adopting a multiple case-study approach.

Of the total 22 case studies, only 10 were conducted by myself and therefore eligible for inclusion within this thesis. In 4 of these, the review systems were either fairly early on in their development or relatively unrevealing and in a further case, there were difficulties in undertaking the interviews, one of the key sources of information within the case studies, because the officer in charge of performance review matters within that particular authority insisted on being present in all discussions which severely limited their openness. Thus 5 case studies are included within this thesis and as is further discussed in chapter 8, these represented a reasonable cross-section of types of authority, population and political control.

#### **4.2.2 The Case Study Information**

In undertaking case studies, a range of techniques can be used to gather information. Yin identifies six major sources of evidence and highlights what he perceives to be their strengths and weaknesses as reproduced in table 4.3.

In the context of this piece of work, physical artefacts and archival records did not exist and therefore had to be excluded as a source of evidence. The nature of review systems and indeed local government, meant that observation, both direct and participant, was highly infeasible, particularly for resource reasons. Consequently, documentation and interviews were used to gather information in the case study authorities.

**TABLE 4.1: CASE STUDY SOURCES OF EVIDENCE**

SOURCE OF EVIDENCE	STRENGTHS	WEAKNESSES
Documentation	<ul style="list-style-type: none"> <li>* stable - can be reviewed repeatedly</li> <li>* unobtrusive - not created as a result of the case study</li> <li>* exact - contains exact names, references, and details of an event</li> <li>* broad coverage - long span of time, many events, and many settings</li> </ul>	<ul style="list-style-type: none"> <li>* retrievability - can be low</li> <li>* biased selectability, if collection is incomplete</li> <li>* reporting bias - reflects (unknown) bias of author</li> <li>* access - may be deliberately blocked</li> </ul>
Archival Records	<ul style="list-style-type: none"> <li>* <i>(same as for documentation)</i></li> <li>* precise and quantitative</li> </ul>	<ul style="list-style-type: none"> <li>* <i>(same as for documentation)</i></li> <li>* accessibility due to privacy reasons</li> </ul>
Interviews	<ul style="list-style-type: none"> <li>* targeted - focused directly on case study topic</li> <li>* insightful - provides perceived causal inferences</li> </ul>	<ul style="list-style-type: none"> <li>* bias due to poorly constructed questions</li> <li>* response bias</li> <li>* inaccuracies due to poor recall</li> <li>* reflexivity - interviewee gives what interviewer wants to hear</li> </ul>
Direct Observations	<ul style="list-style-type: none"> <li>* reality - covers events in real time</li> <li>* contextual - covers context of event</li> </ul>	<ul style="list-style-type: none"> <li>* time consuming</li> <li>* selectivity - unless broad coverage</li> <li>* reflexivity - event may proceed differently because it is being observed</li> <li>* cost - hours needed by human observers</li> </ul>
Participant Observation	<ul style="list-style-type: none"> <li>* <i>(same as for direct observation)</i></li> <li>* insightful into interpersonal behaviour and motives</li> </ul>	<ul style="list-style-type: none"> <li>* <i>(same as for direct observation)</i></li> <li>* bias due to investigator's manipulation of events</li> </ul>
Physical Artifacts	<ul style="list-style-type: none"> <li>* insightful into cultural features</li> <li>* insightful into technical operations</li> </ul>	<ul style="list-style-type: none"> <li>* selectivity</li> <li>* availability</li> </ul>

(Yin, 1994, p80)



### **4.2.3 The Case Study Interviews**

Within this context, documentation was comparatively easy to accumulate with case study authorities asked to provide documentation relating to their performance review system, although as will be discussed in chapter 8, in some instances, the content of these was limited. However, in using interviews, a decision had to be made about who to request an interview with. Since chief executives and council leaders from other authorities had received the postal questionnaire and would inevitably play some role in the process, it was felt that they would have to be interviewed. However, where review systems had been operational, many of the chief executives' postal questionnaires had been completed by the officer with responsibility for performance review and it was anticipated that such an officer would be able to provide invaluable depth and insight into the operation of the review system and thus an interview was sought with this key player. In the background discussions to this piece of research, it was indicated that to get a comprehensive picture about the operation of performance review, discussions would need to take place with the managers of departments incorporated into the review process and thus an interview was requested with a departmental director. In accessing the political dimension of performance review, it was considered appropriate to also discuss performance review with a member of the opposition as well as the ruling administration.

The initial approach letter to potential case study authorities which is reproduced in appendix 4.5, acknowledged that these key people may not all be available (or amenable) to interview and that flexibility did exist to modify the interviewees. The approach letters were all personalised and wherever

possible, contact had already been made with the review officer prior to a formal approach to participate being made. Most of the case studies were identified as authorities who had made progress in the performance review field normally through the Policy and Performance Review Network but one of the ones included in this thesis, Hertfordshire County Council, was not highlighted in this way and was routinely sent the postal questionnaires. On receiving the survey form, they got in contact intimating that they had a particularly innovative type of review system and after some discussion they agreed to become a case study authority. Only a small number of councils who were approached to participate as case studies declined, normally on the grounds of the time involved or because they considered their review system to be unworthy of the attention.

Having determined that interviews were to be a key source of evidence in the case studies and decided which organisational figures would ideally be interviewed within each case study, the next decision was how much structure to impose on the interviews. Fielding proposes that interviews can be differentiated as follows:

In the **standardised** or **structured** interview the wording of questions and the order in which they are asked is the same from one interview to another....It is most familiar from market research; most of us have been stopped in the street or visited at home by an interviewer bearing a schedule to be completed by ticks in the answer boxes corresponding to our answers. The next type of interview is **semi-structured**; here the interviewer asks certain, major questions the same way each time, but is free to alter their sequence and to probe for more information. The interviewer is thus able to adapt the research instrument to the level of comprehension and articulacy of the respondent, and to handle the fact that in responding to a question, people often also provide answers to questions which were going to be asked later. The endpoint of this typology is the **non-standardized** interview. This is also called an **unstructured** or **focused** interview. Here interviewers simply have a list of topics which they want to talk about, but are free to phase the questions as they wish, ask them in any order that seems sensible at the time, and even join in the conversation by discussing what they think of the topic themselves.  
(Fielding, 1993, pp135-136)

In developing these distinctions, Patton summarises the strengths and weaknesses of alternative types of interviews as indicated in table 4.4 overleaf.

The last option in the table is really a survey comprising closed questions conducted on a face-to-face basis and would not have provided the depth required in this project and was ruled out. Similarly with the standardised open-ended interviews, it was anticipated that the lack of flexibility and opportunity for probing would limit the depth of the interview and would prevent questions specific to just one case study authority or indeed emerging as the case study proceeded, from being incorporated into the interview. It was felt that most local authorities would be comparatively unreceptive to the informal conversation type of interview which is inevitably extremely time-intensive and liable to yield a very variable quality of data being particularly dependent on a good rapport being generated with the interviewee who may or may not be well-disposed to the research project. Whilst I had had some interview experience prior to undertaking the case studies, I would not have felt sufficiently confident at securing the required depth of information on a broad range of topics in what is effectively a conversation. This particular type of interview is recommended when the researcher is sensitising him/herself to a particular research topic rather than trying to assimilate evidence of a particular issue. Thus for a number of reasons, it was not felt appropriate to use here.

By a process elimination, the interview guide approach seems the most suitable type of interview to employ within the case study phase of this research. Patton proposes that:

**TABLE 4.4: ALTERNATIVE TYPES OF INTERVIEWS**

<i>Type of Interview</i>	<i>Characteristics</i>	<i>Strengths</i>	<i>Weaknesses</i>
1. Informal conversational interview	Questions emerge from the immediate context are asked in the natural course of things; there is no predetermination of question topics or wording.	Increases the salience and relevance of questions; interviews are built on and emerge from observations; the interview can be matched to individuals and circumstances.	Different information collected from different people with different questions. Less systematic and comprehensive if certain questions don't arise "naturally." Data organization and analysis can be quite difficult.
2. Interview guide approach	Topics and issues to be covered are specified in advance, in outline form, interviewer decides sequence and wording of questions in the course of the interview.	The outline increases the comprehensiveness of the data and makes data collection somewhat systematic for each respondent. Logical gaps in data can be anticipated and closed. Interviews remain fairly conversational and situational.	Important and salient topics may be inadvertently omitted. Interviewer flexibility in sequencing and wording of questions can result in substantially different responses thus reducing their comparability.
3. Standardised open-ended interview	The exact wording and sequence of questions are determined in advance. All interviewees are asked the same basic question in the same order.	Respondents answer the same questions, thus increasing comparability of responses; data are complete for each person on the topics addressed in the interview. Reduces interviewer effects and bias when several interviewers are used. Facilitates organization and analysis of the data.	Little flexibility in relating the interview to particular individuals and circumstances; standardized wording of questions may constrain and limit naturalness and relevance of questions and answers.
4. Closed quantitative interviews	Questions and response categories are determined in advance. Responses are fixed: respondents choose from among these fixed responses.	Data analysis is simple: responses can be directly compared and easily aggregated; many questions can be asked in a short time.	Respondents must fit their experiences and feelings into the researcher's categories; may be perceived as impersonal, irrelevant and mechanistic. Can distort what respondents really mean by so completely limiting their response choices.

(Patton, 1980, p206)

An interview guide is a list of questions or issues that are to be explored in the course of an interview. An interview guide is prepared in order to make sure that basically the same information is obtained from a number of people by covering the same material. The interview guide provides topics or subject areas within which the interviewer is free to explore, probe and ask questions that will elucidate and illuminate that particular subject. Thus, the interviewer remains free to build a conversation within a particular subject area, to word questions spontaneously, and to establish a conversational style - but with the focus on a particular subject that has been predetermined.  
(Patton, 1980, p200)

Patton's perception thus differs from Fielding's in that he contends that questions can be worded as the interviewer considers appropriate. Within Patton's approach, the interview guide appears to be a prop to the interviewer whilst in Fielding's semi-standardised interview, it is more of a prompt. Flexibility in the phrasing of questions was desired but not as much as is implied by Patton or indeed other commentators on this subject (see for example Jones, 1985 or King, 1994). It was therefore decided that an interview guide/questionnaire would be prepared for the interviews to be conducted with each organisational figure and that this would be used as the basis of the interview but with flexibility retained in the sequencing of questions and their particular wording. This is reproduced in appendix 4.5 and its contents again reflect the issues identified as significant in the background research discussions and consideration of the approaches to performance review which have been proposed.

Before committing themselves to participation, a number of authorities wanted to know what sort of areas would be covered in discussions and the questionnaires were forwarded whilst stressing that this was only a guide to the types of questions and areas which would be covered. In other authorities, once they had agreed to take part as a case study, the set of

questionnaires was also sent with the same proviso since it was anticipated that this would put interviewees at relative ease.

When it came to actually conducting the interviews, it was felt that given the large volume of issues to be covered, that it would be much easier if the interviews could be taped. At each interview, participants were asked whether they minded the discussion being taped prior to the machine being produced and advised that they could turn the machine off at any time during the interview. Only one participant denied the use of the tape recorder but three other participants, all councillors, had the machine paused during the course of discussions. The interview questionnaire was also used to check that the relevant issues were all covered and also to take some notes during the meeting. It often proved useful for pacing the interview. If a respondent had gone on significantly about one particular point or indeed had meandered from the point, I found that looking at the interview guide proved a useful mechanism for bringing them back to the topic in hand or moving onto the next question.

Once the interviews were completed, the comments made by interviewees to each questions were filled out in the questionnaire. Where they had repeated themselves, which they often did, or had paused or faltered during the response, this was smoothed out of the answer when it was written up. Additionally, when respondents went off on a tangent which really was of no relevance to the topic under discussion, this was also excluded.

The report on each case study is presented in chapter 8 and comprises a discussion about the documentation supplied by the authority which related

to their performance review system; a description of the review system in operation; an analysis of each interview undertaken highlighting the salient points made by interviewees; and a brief critique of performance review as operated by the case study authority. As will be observed, some of the material is quite sensitive and a decision had to be made whether or not to conceal the identity of participating authorities. In the initial approach letter, anonymity was offered if the council so desired but none of the authorities made this a requirement of their participation nor was it mentioned during the case study visit. It was thus concluded that given the generally low level of public interest in postgraduate work and the minimal circulation of theses, it was not necessary to change the names of those involved but given the disparaging nature of some of the case study information, it was felt appropriate to add a footnote to the chapter requesting that any reader intending to reproduce any of its contents should refer to the author.

# *Chapter 5*

## *The Scale of Review*

*5.1 Introduction*

*5.2 Calculating the Incidence of Performance Review*

*5.3 The Scale of Review*

*5.4 Analysis of Characteristics of Local Authorities*

*5.5 Summary*



## **5.1 Introduction**

One of the research questions identified for consideration in the context of this thesis was 'how many local authorities operate performance review systems?' This chapter is focused on delineating the scale of review in Great Britain. Some of the characteristics of local authorities are also considered to explore whether there is any identifiable pattern distinguishing authorities which operate performance review systems from those which do not. Whilst many factors could have been considered in this context, time and space only permitted deliberation of two key facets. In particular, the services which authorities are responsible for delivering (or enabling the delivery of) and the population base of councils. In the former case, one could reasonably argue that the benefits to be accrued from introducing a performance review system are likely to be of particular significance to authorities delivering services such as education and social services partly because of the scale and diversity of operations involved but also because they are typically politically high-profile. Consequently, a mechanism which can facilitate monitoring progress in terms of policy objectives and ensure that performance is given high priority in these service areas, is likely to be particularly welcome. In the case of population, this is a proxy measure for the size of the authority and it may be the case that authorities which are larger, find it more feasible to introduce and operate a review system because they have a more substantial resource base from which to draw. Again, because the scale of operations is increased, review may prove to be a particularly useful tool.

Consequently, analysis will be undertaken to establish whether there is any discernible pattern to the incidence of performance review in terms of the functions of local authorities and their populations. The other obvious

characteristic which could have an impact on whether a review system is introduced in a council or not, is political control. Since the Conservatives have provided sustained backing for the value for money initiative and done much to place performance high on the local government agenda, it could be anticipated that performance review systems will be prevalent in Conservative-controlled councils. However, this is considered within chapter 7 which considers the political dimension of performance review from the perspective of council leaders.

## ***5.2 Calculating the Incidence of Review***

The primary source of information used in investigating the incidence of review practice was the postal questionnaire. This survey was intended principally as a census of performance review activity and until completed, it was unknown what proportion of authorities would have any involvement in review practices. Given its use for investigating the scale of review activity, of fundamental importance is the level of participation in the postal survey. It was established in the previous chapter that at 53.3% for chief executives and 38.0% for council leaders, the level of returns was satisfactory and higher than that often experienced in social science surveys.

In calculating the incidence of performance review, those councils (22 in total) who participated in the personal interview stage of the wider research project from which this thesis originated, have been included since clearly they have performance review systems and to exclude them would give an unrepresentatively low figure for the incidence of performance review. Since it was intended to get as accurate a picture as possible of the scale of review in Great Britain, for the purposes of this table only, those authorities which

communicated whether or not they had a performance review system in place, but did not return a postal questionnaire, have also been included.

There was no question in the survey which asked directly whether an authority operated a performance review system. However, in general, all authorities which had completed part 1 of the postal questionnaire were deemed to be operating a performance review system whilst those completing part 2 were considered not to have any formalised performance review system operating in their authority. This may sound unnecessarily simplistic but there were a number of confusing responses. In four instances, respondents completed both part 1 and 2 of the survey. In two of these cases, a covering letter explained that the council had previously had a system but that it had lapsed and they had therefore completed part 1 in relation to the system that had been in place and part 2 in relation to their position at the time of completing the questionnaire. These were categorised as part 2 respondents. In one of the other cases, close examination of the responses indicated that since the answer given to the vast majority of questions was "not applicable," it was highly probable that no system was in operation and that they were in fact part 2 respondents. In the other case, no rational explanation was found and the response was discounted. In three other cases, the respondent had completed part 1 of the questionnaire but with the majority of responses indicating that no system was in fact operating. Follow-up calls were made to ascertain for the purposes of calculating the scale of review, whether a system was in fact in place and then the response was discounted. In two cases the reverse happened, where the respondent had completed part 2 but the answers indicated the likelihood of a highly-developed system. Follow-up

calls were again used and in one instance, the authority was persuaded to resubmit its questionnaire with part 1 completed.

Since the response rate to the questionnaire was highest amongst chief executives, the incidence of performance review was principally based on the chief executives' responses. However, one of the distinct advantages of putting the postal questionnaire results onto a spreadsheet was that it allowed side-by-side comparisons of chief executive and council leader responses to be made with relative ease. In calculating the scale of review, it was possible to pick up a significant number of council leaders (60 in total) who had responded to the survey from authorities where no response was received from the chief executive and thus to ascertain whether or not that authority had implemented a performance review system. This process also revealed two instances where the chief executive had completed part 1 of the questionnaire thereby indicating a review mechanism in place but the council leader had completed part 2 suggesting the opposite. In one case, a follow-up call to both parties revealed that a system was definitely in place but that since it did not involve councillors, the leader was unaware of its existence! In the other case, the leader argued that the procedures followed in his organisation constituted a performance review system whilst the chief executive considered that it fell short of amounting to a review mechanism. The returns from this particular authority had to be excluded.

### ***5.3 The Scale of Review***

Table 5.1 indicates the incidence of performance review in British local authorities. 225 (43.8%) councils in this country are known to operate a performance review mechanisms and 128 (24.9%) have no formal review

process in place. The incidence of performance review is highest amongst County Councils, London Boroughs and Scottish Regions where 74.4%, 72.7% and 50.0% respectively of authorities reported review mechanisms operating. Excluding Welsh Districts where evidence of performance mechanisms operating is particularly low at 21.6%, review practice within other authority-types ranges from 35.8% in Scottish Districts to 47.2% in Metropolitan Districts. A published summary of this research (Ball and Monaghan, 1996-forthcoming) contains moderately different figures for the incidence of review but these were based only on part 1 and part 2 returns received from chief executives and council leaders.

The proportion of authorities responding to the postal questionnaire who did not have review systems in place, was particularly high in Scottish Districts where 39.6% of authorities do not have review procedures in operation. 33.3% and 32.4% are the corresponding figures for Scottish Regions, and Welsh Districts respectively. In the case of the Scottish authorities, this comparatively high incidence of not operating performance review systems could reflect the fact that the Accounts Commission was not given a value-for-money remit until 1988 as compared to 1982 for the Audit Commission for England and Wales. Consequently, the performance agenda in Scotland is somewhat lagging behind that for the rest of Britain.

Only 7.7% of County Councils, 12.1% of London Boroughs and 16.7% of Metropolitan Districts are known not to have established review mechanisms.

**TABLE 5.1 : THE INCIDENCE OF PERFORMANCE REVIEW IN GREAT BRITAIN\***

	<b>Number Operating Review Procedures</b>	<b>% of Total Authorities</b>	<b>% of Responding Authorities</b>	<b>Number not Operating Review Procedures</b>	<b>% of Total Authorities</b>	<b>% of Responding Authorities</b>
London Boroughs	24	72.7	85.7	4	12.1	14.3
Scottish Regions	6	50.0	60.0	4	33.3	40.0
Scottish Districts	19	35.8	47.5	21	39.6	52.5
Welsh Counties	3	37.5	60.0	2	25.0	40.0
Welsh Districts	8	21.6	40.0	12	32.4	60.0
County Councils	29	74.4	90.6	3	7.7	9.4
Metropolitan Districts	17	47.2	73.9	6	16.7	26.1
Non-Metropolitan Districts	119	40.2	61.0	76	25.7	39.0
<b>TOTAL</b>	<b>225</b>	<b>43.8</b>	<b>63.7</b>	<b>128</b>	<b>24.9</b>	<b>36.3</b>

\* includes authorities who did not complete the questionnaire but who communicated whether not they had operated a formalised review system

These figures relate to authorities who participated in the research. By averaging the responses received against the number of responding authorities (rather than the total number of authorities), the data can be extended to include authorities who did not participate in this study. This suggests that up to 63.7% of authorities could have review mechanisms in place whilst 36.3% may not yet have implemented a performance process. In terms of authority type, performance review is most likely to be occurring in County Councils (90.6%), the London Boroughs (85.7%) and Metropolitan Districts (73.9%). It is less likely in Welsh Districts and Scottish Districts where 60.0% and 52.5% of responding authorities reported that no review process was operating in their authority.

Intuitively however, there may be a higher probability of a council which is operating some form of performance review process completing the questionnaire than one which is not and this was clearly evidenced in the returns made by council leaders where the level of part 2 returns was minimal. There were insufficient data points to test for this statistically but in the follow-up calls made to authorities where their questionnaire return gave rise to some confusion as to whether or not the authority operated performance review, some councils were in fact reticent to admit that they did not operate a review system. This attitude was supported by other general observations made in the course of conducting this research. Consequently, the above figures are only illustrative of the potential scale of review activities being undertaken and are likely to be slightly on the high side in evaluating the proportion of total councils who could be operating review processes and on the low side in calculating the number of councils potentially not operating a review system.

## 5.4 *Analysis of Characteristics of Local Authorities*

In considering the characteristics of local authorities operating and not operating performance review, given the scale of information to be handled, a summary is given for each local authority type. The population data was that returned to the Registrar General and the Registrar General, Scotland by local authorities for 1992 since this was the year in which the questionnaires were completed.

### 5.4.1 London Boroughs

The London Boroughs are responsible for the following local authority functions:

- Education (including The Careers Service)
- Housing
- Social Services
- Highways
- Libraries
- Museums and Art Galleries
- Strategic Planning
- Local Planning, Development Control
- Economic Development
- Recreation, Parks, Pools and Sports Centre
- Refuse Collection, Street Cleansing
- Refuse Disposal
- Consumer Protection
- Cemeteries and Crematoria
- Licensing
- Council Tax and Rate Collection

Indeed, the only areas for which they are not responsible are police; the fire service and civil defence; and traffic and transportation. They can thus be classified as **most-purpose** authorities. Wilson and Game have compared their creation to 'a complex web' (1994, p58) and Hebbert and Travers similarly argue that:

The one sure conclusion about London government since the abolition of the GLC is that its arrangements are complicated. In every service with the possible exception of housing, administration structures have become more intricate and political responsibility harder to attribute. Nothing is straightforward about local government in London today.  
(Hebbert and Travers, 1988, p188)



To recall from table 5.1, the incidence of performance review amongst the 33 London Boroughs is particularly high with 24 (72.7%) of them known to have review systems in place with only 4 (12.1%) reporting no performance processes operating and one of these being the exceptional City of London Corporation which only has a population of 3,900. Table 5.2 indicates the London Boroughs communicating whether or not review systems were in operation along with their populations.

**TABLE 5.2: LONDON BOROUGHS AND THE INCIDENCE OF PERFORMANCE REVIEW**

REVIEW SYSTEMS IN PLACE		REVIEW SYSTEMS NOT IN PLACE	
Bexley	219,500	City of London Corporation	3,900
Brent	247,000	Greenwich	215,000
Bromley	293,400	Harrow	204,900
Camden	180,800	Wandsworth	265,900
Croyden	320,700		
Ealing	283,700		
Enfield	262,600		
Hackney	189,600		
Hammersmith & Fulham	156,100		
Havering	231,300		
Hillingdon	237,600		
Hounslow	206,800		
Kensington and Chelsea	146,900		
Kingston upon Thames	137,800		
Lambeth	258,800		
Lewisham	240,000		
Merton	172,800		
Newham	223,700		
Richmond upon Thames	165,000		
Southwark	227,400		
Sutton	172,000		
Tower Hamlets	168,500		
Waltham Forest	218,300		
Westminster	188,600		

The authorities operating performance review have populations ranging in size from 320,000 in Croydon to 137,800 in Kingston upon Thames with an average population of 214,500. Excluding the City of London Corporation, the population attached to those authorities not having established a review mechanism at the time of completing the postal questionnaire varied from

204,900 in Harrow to 265,900 in Wandsworth with an average size of 228,600.

Although the London Boroughs overall have a high incidence of performance review, there is no evidence of a population effect with the smaller authorities being just as likely as the larger ones to be operating review processes. There is also no discernible pattern of review activity in terms of inner and outer London Boroughs

#### **5.4.2 Scottish Regions**

The Scottish Regions were created by the 1973 Local Government (Scotland)

Act. There are 9 such councils and they are responsible for:

- Education (including the Careers Service)
- Social Services
- Police
- Fire Service and Civil Defence
- Traffic and Transportation
- Highways
- Water
- Museums and Art Galleries
- Strategic Planning
- Economic Development
- Consumer Protection
- Council Tax and Rate Collection

In addition, there are three Island authorities - Orkney, Shetland and the Western Isles - normally classified as regions, which also have responsibility for the services delivered by the Scottish Districts (see below in section 5.3.3) and act effectively as **all-purpose** authorities. Table 5.1 revealed that the incidence of performance review was also fairly high for this authority grouping with 6 (50.0%) councils known to operate a review mechanism and 4 (33.3%) indicating no performance system in place. Table 5.3 indicates which authorities fall into which category.

**TABLE 5.3: SCOTTISH REGIONS AND THE INCIDENCE OF PERFORMANCE REVIEW**

REVIEW SYSTEMS IN PLACE		REVIEW SYSTEMS NOT IN PLACE	
Borders	104,800	Central	272,700
Fife	349,900	Highland	205,900
Grampian	522,400	Orkney	19,710
Strathclyde	2,290,700	Shetland	22,640
Tayside	394,600		
Western Isles	29,350		

The population of authorities operating performance review ranges from 104,800 in the Borders to 2,290,700 in Strathclyde with an average of 615,300. The 4 authorities which indicated that they did not have a review system in place comprised Orkney and Shetland both unitary Island Councils with respective populations of 19,710 and 22,640; and Central and Highland Regions with populations of 272,700 and 205,900. Although their average population at 130,250 tends to suggest a population effect when compared with the average for Scottish Regions operating review procedures, the mean figures are skewed by the presence of the small Islands authorities and Strathclyde Region, which is exceptionally large.

### 5.4.3 Scottish Districts

The Scottish Districts of which there are 53 in total, were also created by the 1973 Local Government (Scotland) Act and their functions are complimentary to those of the Scottish Regions. They are responsible for:

- Housing
- Libraries
- Museums and Art Galleries
- Local Planning and Development Control
- Economic Development
- Recreation, Parks, Pools and Sports Centres
- Refuse Collection and Street Cleansing
- Refuse Disposal
- Consumer Protection
- Cemeteries & Crematoria
- Licensing

Table 5.4 identifies the Scottish Districts which indicated in the context of this thesis, whether or not performance review featured in their authority. Their associated populations are also given.

<b>REVIEW SYSTEMS IN PLACE</b>		<b>REVIEW SYSTEMS NOT IN PLACE</b>	
Aberdeen	216,520	Argyll and Bute	63,350
Angus	96,500	Berwickshire	19,390
Annandale	37,220	Caithness	26,650
Banff and Buchan	86,940	Cunninghame	138,880
Clackmannan	48,460	Dundee	171,520
Clydesdale	58,190	Inverclyde	90,990
Dunfermline	129,840	Inverness	63,280
East Kilbride	84,750	Kincardine	54,990
East Lothian	85,140	Kyle and Carrick	113,640
Ettrick and Lauderdale	34,740	Midlothian	79,840
Falkirk	142,800	Nairn	10,760
Glasgow	684,260	Nithsdale	57,050
Hamilton	107,130	North East Fife	71,610
Kirkcaldy	148,450	Perth and Kinross	126,580
Lochaber	19,350	Ross and Cromarty	49,710
Monklands	103,480	Skye and Lochalsh	11,840
Motherwell	144,270	Stewartry	23,660
Renfrew	200,750	Sutherland	13,090
Strathkelvin	85,950	Tweeddale	15,380
		West Lothian	145,740
		Bearsden and Milngavie	41,000

Table 5.1 revealed that 19 Scottish Districts had indicated that they had performance review systems in operation. These ranged in size from 19,350 in Lochaber to 684,260 in Glasgow District with an average of 132,350 people. Excluding Glasgow from the calculation on the grounds that it is 3.16 times larger than Aberdeen, the district with the next biggest population, the average falls to 101,700. The population range for the 21 districts indicating no review system established in their authority varied between 171,520 in Dundee to 10,760 in Nairn with an average population of 66,140. Comparing the mean population figures for the Scottish Districts operating performance review with that for the authorities known not to have any review mechanism suggests that there may be a population effect.

To explore this further, Scottish districts participating in this research were ranked in descending population order as indicated in table 5.5 and a 'Y' or 'N' tagged to each population denoting whether a performance review system had been implemented (Y) or not (N). The data series was then separated into quartiles allowing comparisons between the proportion operating and not operating performance review in each to be drawn,

QUARTILE 1		QUARTILE 2		QUARTILE 3		QUARTILE 4	
684,260	Y	126,580	N	79,840	N	37,220	Y
216,520	Y	113,640	N	71,610	N	34,740	Y
200,750	Y	107,130	Y	63,350	N	26,650	N
171,520	N	103,480	Y	63,280	N	23,669	N
148,450	Y	96,500	Y	58,190	Y	19,390	N
145,740	N	90,990	N	57,050	N	19,350	Y
144,270	Y	86,940	Y	54,990	N	15,380	N
142,800	Y	85,950	Y	49,710	N	13,090	N
138,880	N	85,140	Y	48,460	Y	11,840	N
129,840	Y	84,750	Y	41,000	N	10,760	N

7 of the 10 authorities allocated to the upper quartile indicated that they were operating a performance review procedure and all 3 with populations above 200,000 had a review mechanism in place. Only 3 had no review system in place and this was also the case in quartile 2. However, in quartile 3 a very different pattern is in evidence with only 2 of the 10 authorities indicating that a review process had been established. In quartile 4 a similar distribution is in evidence with 3 councils indicating the implementation of performance review and 7 reporting no process having been established.

On the basis of this, it would appear that whilst the incidence of performance review is relatively low amongst Scottish Districts with fewer councils reporting systems implemented than indicated no performance procedures in operation (19 as compared with 21), performance review is more prevalent

amongst the district authorities with the larger populations perhaps reflecting the increased scale of operations and also their larger resource base making the introduction of a review system feasible. However, whilst there is evidence of a population effect amongst the Scottish Districts, there are also a few small councils which have gone down the review route and a number of the larger authorities had not introduced performance review at the time of completing the postal questionnaire.

One of the factors distinguishing the Scottish Districts from the other authority groupings, is the enormous variation in population size with Glasgow the participating authority with the largest population being 63.6 times greater than Nairn, the smallest council. Although Glasgow is particularly big, there are authorities with populations spanning right across these extremes. This makes the population effect more transparent. There was also a relatively high participation rate in the research with 75.5% of Scottish Districts indicating whether or not they had implemented a review system.

#### **5.4.4 Welsh Counties**

The Welsh Counties were created by the 1972 Local Government Act which became effective from April 1974. They have responsibility for the following functions:

Education (including the Careers Service)	Refuse Disposal
Social Services	Consumer Protection
Police	
Fire Service and Civil Defence	
Traffic and Transportation	
Highways	
Libraries	
Museums and Art Galleries	
Strategic Planning	
Economic Development	

In total, there are only 8 Welsh Counties and of the 5 who participated in this research, 3 indicated that they had a review mechanism in place whilst 2 reported no performance procedures established. Table 5.6 indicates the Welsh Counties operating and not operating performance review and their populations. There were too few data points to test for any population effect but none is apparent.

**TABLE 5.6: WELSH COUNTIES AND THE INCIDENCE OF PERFORMANCE REVIEW**

REVIEW SYSTEMS IN PLACE		REVIEW SYSTEMS NOT IN PLACE	
Clwyd	414,600	Gwent	449,300
Gwynedd	239,800	West Glamorgan	371,200
Mid Glamorgan	542,800		

#### 5.4.5 Welsh Districts

The Welsh Districts offer the complimentary set of services to the Welsh Counties having responsibility for:

- Housing
- Museums and Art Galleries
- Local Planning and Development Control
- Economic Development
- Recreation, Parks, Pools and Sports Centres
- Refuse Collection and Street Cleansing
- Cemeteries and Crematoria
- Licensing
- Council Tax and Rate Collection

Like the Scottish Districts, more Welsh Districts are known not to operate performance review than are known to have established performance procedures - 12 as compared with 8. However, the Welsh Districts recorded the poorest participation rate of all the authority groupings with only 20 of the 37 (54.1%) authorities in this grouping submitting a questionnaire return. Table 5.7 indicates which of the Welsh Districts have review systems and which have not, along with the associated populations of each council.

**TABLE 5.7: WELSH DISTRICTS AND THE INCIDENCE OF PERFORMANCE REVIEW**

REVIEW SYSTEMS IN PLACE		REVIEW SYSTEMS NOT IN PLACE	
Blaenau Gwent	76,900	Alyn and Deeside	74,500
Cardiff	295,600	Brecknock	41,500
Lliw Valley	64,200	Colwyn	56,400
Monmouth	76,700	Cynon Valley	65,600
Ogwr	134,200	Islwyn	67,200
Port Talbot	51,100	Presli Pembrokeshire	71,200
South Pembrokeshire	42,700	Rhondda	79,300
Yns Mon	69,300	Rhuddlan	55,000
		Rhymney Valley	104,000
		Swansea City	189,400
		Torfaen	91,300
		Vale of Glamorgan	114,800

The population of authorities which have implemented performance review procedures ranges from 295,600 in Cardiff to 42,700 in South Pembrokeshire with an average of 101,300. For those with no performance review system, population varies from 189,400 in Swansea City to 41,500 in Brecknock with an average of 84,200. Whilst a crude comparison of the averages suggests the possibility of a population effect amongst the Welsh Districts, the fact that there are 3 councils with populations in excess of 100,000 not operating performance review and a number of the smallest Welsh Districts are operating performance review suggests that a population effect is unlikely. To further explore this, the data was divided into quartiles as before and as indicated in table 5.8.

**TABLE 5.8: WELSH DISTRICT POPULATION QUARTILES**

QUARTILE 1	QUARTILE 2	QUARTILE 3	QUARTILE 4
295,600 Y	91,300 N	71,200 N	56,400 N
189,400 N	79,300 N	69,300 Y	55,000 N
134,200 Y	76,900 Y	67,200 N	51,100 Y
114,800 N	76,700 Y	65,600 N	42,700 Y
104,000 N	74,500 N	64,200 Y	41,500 N

The quartile data reveals no evidence of a population effect with the authorities operating performance review being evenly distributed across the



whole spectrum of population size. Indeed, in every quartile, 2 Welsh Districts are known have established a review mechanism whilst 3 have indicated no process in place.

#### **5.4.6 County Councils**

County Councils are the authority type known to have the highest level of performance review activity with 29 indicating a review system in place and only 3 known not to be operating a review mechanism. These respectively represented 74.4% and 7.7% of all County Councils. County Councils are responsible for the same set of services as the Welsh Counties, namely:

- Education (including the Careers Service)
- Social Services
- Police
- Fire Service and Civil Defence
- Traffic and Transportation
- Highways
- Libraries
- Museums and Art Galleries
- Strategic Planning
- Economic Development
- Refuse Disposal
- Consumer Protection

Table 5.9 indicates which councils were operating performance review at the time of completing the questionnaire and which were not and their populations.

The population of authorities operating performance review ranges from 1,587,500 in Hampshire to 125,600 in the Isle of Wight with an average of 779,500. For those few county councils indicating an absence of a performance review process, the population ranges from 1,051,900 in Staffordshire to 690,400 in Hereford and Worcester with an average of 835,100.

**TABLE 5.9: COUNTY COUNCILS AND THE INCIDENCE OF PERFORMANCE REVIEW**

REVIEW SYSTEMS IN PLACE		REVIEW SYSTEMS NOT IN PLACE	
Avon	968,400	Hereford and Worcester	690,400
Bedfordshire	536,500	Norfolk	763,000
Buckinghamshire	645,700	Staffordshire	1,051,900
Cambridgeshire	677,700		
Cheshire	966,900		
Cornwall	473,400		
Cumbria	490,200		
Derbyshire	947,400		
Devon	1,045,100		
Dorset	664,300		
Durham	607,000		
East Sussex	720,600		
Essex	1,555,800		
Gloucestershire	541,400		
Hampshire	1,587,500		
Hertfordshire	994,200		
Humberside	881,400		
Isle of Wight	125,600		
Kent	1,538,300		
Lincolnshire	596,800		
North Yorkshire	723,000		
Nottinghamshire	1,025,200		
Oxfordshire	587,100		
Shropshire	412,800		
Somerset	472,400		
Surrey	1,036,700		
Warwickshire	492,000		
West Sussex	712,600		
Wiltshire	579,300		

### 5.4.7 Metropolitan Districts

The Metropolitan Districts, like the London Boroughs, are most-purpose authorities and are responsible for the following functions:

Education (including The Careers Service)      Council Tax and Rate Collection  
Housing  
Social Services  
Highways  
Libraries  
Museums and Art Galleries  
Strategic Planning  
Local Planning, Development Control  
Economic Development  
Recreation, Parks, Pools and Sports Centre  
Refuse Collection, Street Cleansing  
Refuse Disposal  
Consumer Protection  
Cemeteries and Crematoria  
Licensing

From table 5.1, 17 Metropolitan Districts, 47.2% of councils in this grouping, are known to operate performance review. 6 indicated that performance review did not feature in their authority and this accounted for 16.7% of Metropolitan Districts. Table 5.10 indicates which councils fall into which category and what their populations are.

<b>REVIEW SYSTEMS IN PLACE</b>		<b>REVIEW SYSTEMS NOT IN PLACE</b>	
Barnsley	224,800	Calderdale	193,900
Bradford	477,500	Manchester	434,600
Doncaster	293,500	Oldham	220,300
Dudley	311,000	Rotherham	255,100
Knowesley	155,500	Sheffield	531,000
Newcastle upon Tyne	281,700	Wirral	335,300
North Tyneside	195,200		
Rochdale	205,700		
Salford	230,300		
Sandwell	294,000		
Stockport	288,900		
Tameside	221,000		
Trafford	216,000		
Wakefield	317,100		
Walsall	263,500		
Wigan	312,500		
Wolverhampton	247,500		

The population of authorities having established performance review ranges from 477,500 in Bradford to 155,500 In Knowesley with a mean population of 266,800. For those known not to have implemented review procedures, population varies from 531,000 in Sheffield to 193,900 in Calderdale with an average of 328,400. No population effect is in evidence.

#### **5.4.8 Non-Metropolitan Districts**

Non-Metropolitan Districts are the district counterparts of the County Councils and are responsible for the provision of:

Housing  
Museums and Art Galleries  
Local Planning and Development Control  
Economic Development  
Recreation, Parks, Pools and Sports Centres  
Refuse Collection and Street Cleansing  
Cemeteries and Crematoria  
Licensing  
Council Tax and Rate Collection

In total, there are 296 Non-Metropolitan Districts in England. 119 (40.2%) reported review procedures operating whilst 76 (25.7%) indicated no review system in place. Due to the scale of councils involved in this grouping, identification of those councils operating and not operating performance review and their populations is contained in appendix 5.1.

The population of authorities having established performance review systems ranges from 396,600 in Bristol to 43,800 in Purbeck with a mean population of 112,200. The distribution of authorities which are not operating a review mechanism ranges from 227,100 in Derby to 24,400 in Teesdale with an average of 97,650.

To test for a population effect, the non-metropolitan districts were listed in descending order of population and then divided into five groups as indicated in table 5.11.

If a population effect is operating and thus there is a higher level of performance review activity amongst larger councils and less incidence of review in smaller authorities, this would manifest itself in a disproportionate number of 'Ys' in the upper quintiles and 'Ns' in the lower quintiles. Given the large volume of data contained in table 5.11, summary statistics are presented in table 5.12.

**TABLE 5.11: POPULATION QUINTILES FOR NON-METROPOLITAN DISTRICTS**

QUINTILE 1		QUINTILE 2		QUINTILE 3		QUINTILE 4		QUINTILE 5	
396,600	Y	128,400	Y	106,500	Y	92,500	N	75,900	Y
285,400	Y	128,200	Y	106,100	Y	92,400	N	75,800	Y
282,500	Y	127,700	Y	105,400	Y	92,100	N	75,500	Y
268,500	Y	127,200	N	105,400	N	91,700	N	74,900	N
257,600	Y	126,900	N	104,500	Y	91,500	Y	72,900	N
227,100	N	124,500	N	104,200	N	89,000	N	71,800	Y
208,200	Y	123,300	Y	103,900	Y	88,900	Y	71,800	Y
189,500	N	120,600	Y	103,900	Y	88,500	N	71,100	Y
186,000	N	119,800	N	103,800	Y	88,400	N	70,100	Y
183,700	N	119,100	Y	103,400	Y	87,900	N	69,300	Y
180,500	N	118,600	Y	103,300	Y	87,300	Y	68,700	N
176,200	Y	118,500	N	102,900	Y	87,200	Y	68,700	N
173,600	Y	118,300	N	102,700	Y	86,700	Y	68,600	Y
162,400	Y	118,200	N	102,200	Y	86,700	N	66,600	N
161,800	Y	116,800	Y	102,100	Y	86,000	Y	66,000	N
161,100	N	116,000	Y	102,000	Y	85,700	Y	64,800	N
159,300	N	115,300	Y	101,800	Y	85,600	Y	63,600	N
156,200	Y	115,300	N	100,600	Y	85,600	N	63,300	Y
152,000	Y	114,800	Y	100,300	Y	84,300	Y	63,000	Y
150,300	N	113,600	N	100,300	Y	83,900	Y	62,400	Y
149,200	N	113,000	Y	100,100	N	83,900	Y	62,000	Y
148,600	Y	113,000	Y	99,500	Y	83,500	N	61,300	Y
147,600	Y	112,300	Y	99,400	N	82,500	Y	58,100	Y
146,400	Y	111,800	Y	99,100	N	81,900	Y	57,300	Y
146,000	N	111,400	Y	98,200	Y	81,600	Y	54,100	N
145,600	Y	111,200	N	98,200	N	81,300	Y	53,300	N
145,000	Y	110,100	Y	98,000	Y	81,200	N	53,200	N
142,500	Y	109,900	Y	98,000	N	80,800	Y	52,900	Y
142,200	Y	109,800	Y	96,900	N	80,500	Y	52,900	N
138,000	Y	109,800	Y	96,900	N	80,300	Y	51,800	N
137,100	Y	109,600	N	96,200	N	80,000	N	51,500	N
136,300	N	109,700	Y	95,900	Y	78,900	Y	51,000	N
135,500	Y	109,200	Y	95,100	Y	78,700	Y	50,100	Y
134,500	Y	108,500	N	94,600	Y	78,200	Y	46,500	N
132,200	Y	108,400	Y	93,600	N	78,000	N	46,400	N
131,500	Y	108,100	N	93,500	Y	77,800	N	43,800	Y
131,500	N	107,700	Y	92,800	Y	77,100	N	39,400	N
131,200	Y	107,400	Y	92,700	N	77,000	N	31,700	N
130,600	Y	107,400	Y	92,600	N	76,200	N	24,400	N

**TABLE 5.12: SUMMARY STATISTICS FOR NON-METROPOLITAN QUINTILES**

	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	Total
Upper Point	396,600	128,400	106,500	92,500	75,900	396,600
Lower Point	130,600	107,400	92,600	76,200	24,400	24,400
Average	173,600	115,400	99,100	84,100	59,700	106,500
Nos of Ys	27	26	26	21	19	119
% of Ys	69.2	66.7	66.7	53.8	48.7	61.0
Mean Pop of Ys	176,600	114,600	100,900	83,600	64,400	112,200
Nos of Ns	12	13	13	18	20	76
% of Ns	30.8	33.3	33.3	46.2	51.3	39.0
Mean Pop of Ns	166,700	116,900	98,000	84,800	55,100	97,650

For the non-metropolitan districts, evidence of a population effect is less distinctive than was the case for Scottish Districts. 61% of non-metropolitan respondents reported performance review systems operationalised in their council but 69.2% of councils located in the upper data group had established systems but only 48.7% of those located in the lower quintile had a review system. In total, 39% of non-metropolitan districts communicated the absence of a review system in their authority but in the upper data category, only 30.8% of councils were not operating a review mechanism with this proportionate figure rising to 51.3% in the lower quintile. Additionally, within the data groups, with the exception of quintile 4, the average population of councils operating performance review systems is greater than that for the authorities where no system has been implemented. Overall, this summary data suggests that a population effect is operating but on a much less dramatic scale than that evident for Scottish Districts.

## **5.5 Summary**

In considering the research question 'how many local authorities operate performance review systems?' there is direct evidence of 43.8% of all local authorities having review processes in place but in extrapolating the results to incorporate those not participating in this research, potentially as many as 63.7% of local authorities could have review mechanisms in place. Correspondingly, 24.9% of all authorities in Britain were known not to have review systems in place at the time the postal questionnaire was issued to chief executives and council leaders but by compensating for those not participating in this research, this proportion could be as much as 36.3%. This suggests that Kerley is right in describing as 'overstated,' the Audit Commission's assertion that most local authorities already operate some sort of review system (1990, p16).

In looking at the characteristics of councils operating and not operating performance review, London Boroughs, Scottish Regions, Welsh Counties, County Councils and Metropolitan Districts can be grouped together as authority types with responsibility for similar service areas and particularly services which are complex, politically-sensitive and requiring a high level of strategic management. Aggregating the incidence of performance review mechanisms amongst these groupings reveals that 79 (61.7% of all authorities in these groups) operate a performance review system whilst 19 (14.8%) do not. Correspondingly, grouping together Scottish, Welsh and Non-Metropolitan Districts, 146 (37.8%) have established a review process whilst 109 (28.2%) have not. This lends support to the view that there is a higher likelihood of authorities with the more strategic functions having implemented performance review systems than councils which do not. Amongst the

districts, particularly in Scotland, there is evidence of a population effect with the larger authorities being more likely to operate performance review than those with smaller populations.



## *Chapter 6*

### *Performance Review: The Chief Executives' Perspective*

*6.1 Introduction*

*6.2 Internal Council Attitudes Towards Performance Review*

*6.3 Establishing a Performance Review System*

*6.4 Operating a Performance Review System*

*6.5 Corporate and Developmental Issues*

*6.6 Responses from Chief Executives Representing Authorities not Operating Performance Review Systems*

*6.7 Summary*

## **6.1 Introduction**

This chapter examines performance review from the perspective of chief executives utilising information drawn from the postal questionnaire results generated by the responses received from chief executives. Part 1 of the questionnaire focused predominately on operational and organisational matters relating to performance review, in contrast to that sent to council leaders which concentrated much more on the political dimension of review systems. To recall from chapter 4, part 1 of the questionnaire sent to chief executives was subdivided into 4 sections. Section A explored the background to establishing a system and the disposition of the chief executive towards performance review. Section B focused on the process of establishing the review system with section C concentrating on operational details. Section D explored corporate and developmental issues arising from the operation of a performance review system. The structure of this chapter broadly reflects these subdivisions with separate sections devoted to a discussion of internal council attitudes towards performance review, the establishment of a review system, the operation of review processes, and corporate and developmental issues arising from the operation of review systems. There is also a section discussing the part 2 responses received from chief executives of local authorities which had not introduced performance review systems at the time of completing the questionnaire, and finally there is a summary section.

Fundamental to the relevance of subsequent discussions and underpinning the validity of observations made and conclusions drawn from the postal data, is the level of part 1 responses received from chief executives (part 2 response levels are considered in section 6.6). To recall from chapter 4, overall 53.3%

of chief executives participated in the postal questionnaire. However, this figure includes those chief executives who completed part 2 of the survey form. Table 6.1 indicates the number of part 1 returns for chief executives according to authority type.

	<b>Part 1 returns</b>	<b>% of chief executive returns</b>	<b>% of issued questionnaires</b>	<b>% of all authorities</b>
London Boroughs	18	85.7	60.0	54.5
Scottish Regions	4	50.0	40.0	33.3
Scottish Districts	13	41.9	26.0	24.5
Welsh Counties	3	60.0	37.5	37.5
Welsh Districts*	6*	42.9	16.2	16.2
County Councils	19	86.4	54.3	48.7
Metropolitan Districts	8	57.1	23.5	22.2
Non-Met Districts	82	55.7	28.5	27.7
<b>Total</b>	<b>153</b>	<b>58.4</b>	<b>31.1</b>	<b>29.8</b>
* Includes a part 1 return from the chief executive of an authority where the performance review system was temporarily suspended at the time of completing the questionnaire .				

In total, 153 chief executives completed part 1 of the survey form. This represents 58.4% of the total number of questionnaires completed by chief executives and 31.1% of the number of postal questionnaires issued to chief executives. It incorporates 29.8% of all local authorities including those who participated as case study authorities.

Part 1 returns as a percentage of completed questionnaires indicates the proportion of chief executives responding to this survey who are from authorities operating performance review systems. As table 6.1 shows, the highest proportion of part 1 returns came from County Councils (86.4%) and

London Boroughs (85.7%). In contrast, only 41.9% of chief executives from Scottish Districts who returned survey forms, were from authorities operating performance review mechanisms. Comparatively low figures were also recorded for Welsh Districts (42.9%) and Scottish Regions (50.0%). These figures broadly reflect those contained in table 5.1, (page 136) which indicated the incidence of performance review by type of authority with discrepancies indicating authorities whose council leaders had submitted a return but whose chief executive had not.

Part 1 returns as a percentage of postal questionnaires issued is again highest amongst London Boroughs (60.0%) and County Councils (54.3%). The proportion is lowest for Welsh Districts at 16.2%; but Metropolitan Districts, Scottish Districts and Non-Metropolitan Districts also all recorded relatively low percentages (23.5%, 26.0% and 28.5% respectively). Part 1 returns as a proportion of all local authorities including those participating in the case study stage of the project, follow a similar trend with comparatively high figures being recorded for London Boroughs (54.5%) and County Councils (48.7%); and relatively low percentages being noted for Welsh Districts (16.2%) and Metropolitan Districts (22.2%).

There are no guidelines as to what level of representation is adequate to validate findings emerging from postal questionnaires. Indeed, given the diverse usage and format of questionnaires, any attempt at delineating indicative figures could be considered inappropriate. In this survey, 30% of local authorities in Great Britain are represented by part 1 returns made by chief executives and this is arguably sufficient to imply that observations made and conclusions drawn from the data are likely to be of general

applicability. Table 6.1 however, reveals significant diversity in part 1 participation according to authority type and in authority groupings where representation is particularly low, notably the Welsh and Metropolitan Districts, caution needs to be exercised before generalising from the data.

## ***6.2: Internal Council Attitudes Towards Performance Review***

Intuitively and on the basis of evidence gathered through the case studies incorporated into this research, the successful implementation and subsequent sustainability of a performance review system is dependent on support from officers and members alike, both to the principle and practice of reviewing performance. One of the research questions thus identified for consideration was “what is the attitude from within the council towards performance review?”

On the officer side, commitment from the chief executive is fundamental to the success of performance review. However, a number of the chief executives completing this questionnaire, were not in post at the time the performance review system had been established but rather had inherited the process on taking up appointment. Of the 153 chief executives completing part 1 of the questionnaire, 32 (20.9%) had not been in post at the time the performance review system was implemented. As indicated in Table 6.2 overleaf, the highest proportion of these were in the London Boroughs where one-third of chief executives participating in this postal questionnaire had moved into authorities which had review mechanisms already in place. In both Scottish Regions and Welsh Counties, at the time this postal questionnaire was conducted, there had been no change in chief executive personnel following the establishment of the council's performance review system.

**TABLE 6.2: CHIEF EXECUTIVES NOT IN POST WHEN THE PERFORMANCE REVIEW SYSTEM WAS ESTABLISHED.**

	<b>Number</b>	<b>Percentage of Part 1 returns</b>
London Boroughs	6	33.3
Scottish Regions	0	-
Scottish Districts	1	7.7
Welsh Counties	0	-
Welsh Districts	1	16.7
County Councils	3	15.8
Metropolitan Districts	2	25.0
Non-Met Districts	19	23.2
<b>Total</b>	<b>32</b>	<b>20.9</b>

All 32 of the chief executives who had moved into authorities already operating a performance review systems, intimated that if they had been in post at the time the system was being established, then they would have been supportive of its introduction.

Of the 121 chief executives in post when the performance review system was being established, only 5 had been unsupportive of its introduction; 1 in a Scottish District, and 4 in Non-Metropolitan Districts. One chief executive in a Welsh district had had some reservations but in all these cases, the introduction of the performance review system had been predominately driven by members and in two of the Non-Metropolitan Districts, the system was operated only through council committees excluding direct officer involvement.

This demonstrably high level of support from chief executives in authorities operating performance review is not surprising. Introducing performance

review is a complex task and inevitably creates additional work for some officers and in an era of increasing demands from a range of different directions, this further burden is unlikely to be relished. Whilst the chief executive does not need to be actively involved in the development and operation of the system, and indeed as will be discussed later in this chapter, these tasks are frequently delegated to assistant chief executive level or to a performance review officer/team; his/her endorsement is required to give the process impetus and to ensure that as far as possible, chief officers take performance review seriously and give it sufficient priority. Without a supportive chief executive, it is a considerably more onerous task to get a performance review system implemented and it would have thus been surprising to see many part 1 returns from chief executives unsupportive of the introduction of performance review.

The evidence gathered during the personal interview stage of this research suggested that there are few authorities where chief officers have unanimously and overwhelmingly embraced performance review. Resistance from a few senior managers is commonplace. They resent the additional burden it will place on their already overworked departments regarding it as an add-on and some are suspicious of the motivation behind establishing a performance review system regarding it as a move from the centre to monitor individual departments' activities. However, most resistance arises through lack of knowledge about what is involved and can be overcome by communicating the benefits of operating performance review and the processes and procedures involved. Table 6.3 indicates the attitude of officers to the introduction of performance review according to the chief executives who returned part 1 of the postal questionnaire. The figures in italics show

their attitude towards performance review at the time the questionnaire was completed.

	<b>Supportive</b>		<b>Mixed</b>		<b>Unsupportive</b>		<i>Too soon to say</i>
London Boroughs	15	16	3	1	0	1	
Scottish Regions	2	3	1	1	1	0	
Scottish Districts	11	11	1	1	1	1	
Welsh Counties	3	3	0	0	0	0	
Welsh Districts	5	2	1	1	0	2	1
County Councils	18	18	1	1	0	0	
Metropolitan Districts	8	7	0	1	0	0	
Non-Metropolitan Districts	61	64	16	17	5	1	
<b>Total</b>	<b>123</b>	<b>124</b>	<b>23</b>	<b>23</b>	<b>7</b>	<b>5</b>	<b>1</b>
<b>Percentage</b>	<b>80.4</b>	<b>81.4</b>	<b>15.0</b>	<b>15.0</b>	<b>4.6</b>	<b>3.3</b>	<b>0.7</b>

In total, 123 (80.4%) chief executives considered their officers to be supportive of the introduction of performance review, 23 (15.0%) reported mixed support and 7 (4.6%) said that their officers were unsupportive of the establishment of a performance system. In only Welsh Counties and Metropolitan Districts, did all chief executive returns exclusively record supportive officers. 5 of the 7 chief executives recording unsupportive officers were from Non-Metropolitan Districts and the other two were from a Scottish Region and a Scottish District.

Following implementation, the disposition of officers towards performance review is broadly similar with 124 (81.4%) chief executives indicating supportive officers, 23 (15.0%) recording mixed support and 5 (3.3%) reporting unsupportive officers. 1 chief executive of a Welsh District felt that



it was too soon after the implementation of his system to respond to this question. Although the overall figures are similar, there were some shifts of support within authority groupings. For example, in the London Boroughs, of the three councils reporting mixed support from officers prior to implementation, the officers in one had become supportive, the officers in another had become unsupportive, and the officers in the other, still had some reservations.

Overall, this data suggests that there is a minority of authorities in which the attitude to performance review from officers within the council is problematic. Most officers have been supportive of the introduction of review mechanisms and support has continued following implementation. What the postal questionnaire did not explore was what were the reasons for support lacking in some authorities. Some explanations for this were detected in the responses detailing the problems encountered in establishing a performance review system but it would have been interesting to explore this issue further. There was also no measure of the strength of support or otherwise and with hindsight, the use of some sort of scale might have proved more revealing in this question.

In the case studies, a number of authorities which regard performance review as primarily a management tool were identified and the issue of commitment from members to the system was sometimes underplayed or even ignored. The precise reasons for reviewing performance vary considerably amongst authorities but as discussed in chapter 2 there is a general consensus that it is to improve performance normally by assessing whether current actions are having the desired and expected effect and consequently what action is

required to achieve policies in the future. Since members should be the policy-makers or should at least be involved in the policy process, they are by definition involved in performance review and their commitment is thus required. Table 6.4 indicates the level of member support for the introduction of performance review as perceived by chief executives and also their disposition towards the systems following operationalisation (the figures shown in italics).

	<b>Supportive</b>		<b>Mixed</b>		<b>Unsupportive</b>		<b>Indifferent</b>	
London Boroughs	18	<i>16</i>	0	<i>1</i>	0	<i>1</i>	0	<i>0</i>
Scottish Regions	4	<i>4</i>	0	<i>0</i>	0	<i>0</i>	0	<i>0</i>
Scottish Districts	12	<i>11</i>	0	<i>1</i>	1	<i>1</i>	0	<i>0</i>
Welsh Counties	3	<i>3</i>	0	<i>0</i>	0	<i>0</i>	0	<i>0</i>
Welsh Districts	5	<i>3</i>	0	<i>0</i>	0	<i>2</i>	1	<i>1</i>
County Councils	16	<i>16</i>	1	<i>3</i>	0	<i>0</i>	2	<i>0</i>
Metropolitan Districts	8	<i>7</i>	0	<i>1</i>	0	<i>0</i>	0	<i>0</i>
Non-Metropolitan Districts	74	<i>73</i>	8	<i>8</i>	0	<i>0</i>	0	<i>1</i>
Total	140	<i>133</i>	9	<i>14</i>	1	<i>4</i>	3	<i>2</i>
Percentage	91.5	<i>86.3</i>	5.9	<i>9.2</i>	0.7	<i>2.6</i>	2.0	<i>1.3</i>

Overall, 140 (91.5%) chief executives reported that their members had been supportive of the introduction of a performance review system. 9 (5.9%) noted mixed support from their members and only 1 (0.7%), from a Scottish District, intimated that councillors had been unsupportive. 3 (2.0%) chief executives communicated that their members were indifferent to the introduction of a review mechanism and from other questionnaire responses it was possible to discern that these all represented councils where members had minimal involvement in the review mechanism and thus had no interest in it.

In some other councils, members were not directly involved in the process but still were clearly either favourably disposed towards it or not. Following implementation, the broad trend of support is similar with 133 (86.3%) chief executives reporting continued support from members, 14 (9.2%) noting mixed support, 4 (3.3%) intimating an unsupportive disposition on the part of their members, and 2 communicating indifference to performance. However, there are some shifts in attitudes of members within authority types as indicated in the italics in table 6.4. For example, amongst metropolitan district chief executives, one reported a shift to mixed support from supportiveness and 1 non-metropolitan district noted a shift from supportiveness to indifference.

In comparing the disposition of officers and members towards performance review both prior to implementation and following the establishment of the system, in general, supportiveness seems to have modestly grown amongst officers following implementation but been slightly reduced amongst members. A number of councils added comments to this question which indicated that there had been a level of suspicion from officers about the introduction of the system but following the event, these had been allayed. However, on the member side, two chief executives reported that the operation of the review process had revealed unwelcome details of weak performance and this had led to a reduction in their support for performance review. Two chief executives also said that they had had a great deal of difficulty in sustaining the interest of members towards performance review once the decision to introduce a system and the design of the review process, had gone through the committee stage.

Changes in attitudes following implementation as revealed by this postal survey, tend to suggest that there has been some misunderstanding on the part of officers and members about what operating a performance review system will entail. Following operationalisation, in some cases the experience has been better than anticipated and in a few cases, operating a system has been worse than expected and has precipitated a lessening of support. This suggests that perhaps more should be done to communicate what is involved although this does run the risk of generating more unsupportiveness at an early stage in the process and ultimately might result in the system never getting established.

More generally, it is not surprising to observe a high level of general support from both officers and members towards performance review since with few exceptions, the decision to establish a performance review system has principally been internal. Table 6.5 overleaf indicates where the initial idea of introducing performance review came from. In 58% of cases, the decision has been principally officer-led (including chief executive and chief officer responses); in 13% of cases it has been member-led; and in 26% of cases, the proposal was jointly initiated by officers and members. Little difference in pattern was discernible according to authority type except that in 3 non-metropolitan districts, the proposal to introduce performance review came from consultants and in one further case, from the district auditor.

A number of authorities have also introduced measures intended to enhance officer/member co-operation in relation to the performance review system and its operation and so maintain a positive attitude towards performance review. Table 6.6 indicates the breakdown of responses according to authority-type.

**TABLE 6.5 : WHO INITIATED THE PROPOSAL TO INTRODUCE PERFORMANCE REVIEW?**

	LB	SR	SD	WC	WD	CC	MD	NMD	TOTAL	(%)
Officers	7	1	4	3	1	9	3	37	65	42.5
Officers & members	3	1	2		2	6	1	19	34	22.2
Members	6		3			1	2	7	19	12.4
Chief executive	1	2	2		3	2	1	8	19	12.4
Chief executive and leader	1		1					2	4	2.6
Chief officers						1	1	1	3	2.0
Consultants								3	3	2.0
Chief executive & member								1	1	0.7
Leader								1	1	0.7
Previous chief executive								1	1	0.7
District Auditor								1	1	0.7
Nil response			1					1	2	1.3

In total, 72 (47.1%) chief executives reported that specific measures had been introduced to facilitate co-operation from officers and members in relation to the performance review system. A further 2 (1.3%) said that such a development was on-going. 66 (43.1%) reported no specific measures in place and there were 13 nil responses to this question - which was particularly high and may be accounted for by the fact that the question appeared near the end of the survey form.

With the exception of Scottish Regions, the proportion of those introducing/not introducing co-operation measures, approximately holds across all authority types with one chief executive from a London Borough and one from a Scottish District reporting the introduction of such measures as on-going. In the relatively small sample of Scottish Regions, all respondents reported co-operation measures in place.

	<b>Yes</b>	<b>No</b>	<b>On-Going</b>	<b>Nil Response</b>
London Boroughs	7	9	1	1
Scottish Regions	4	0	0	0
Scottish Districts	5	7	1	0
Welsh Counties	1	1	0	1
Welsh Districts	3	2	0	1
County Councils	9	8	0	2
Metropolitan Districts	5	3	0	0
Non-Metropolitan Districts	38	36	0	8
<b>Total</b>	<b>72</b>	<b>66</b>	<b>2</b>	<b>13</b>
<b>Percentage</b>	<b>47.1</b>	<b>43.1</b>	<b>1.3</b>	<b>8.5</b>

Where authorities had introduced specific measures to enhance co-operation, they were asked to describe these. Appendix 6.1 contains the full breakdown of responses but box 6.1 contains a sub-set of the most pertinent, revealing and frequently recurring answers. The majority of measures focus on keeping members and officers informed and/or involved; or on facilitating their collaborative working; or on giving them a platform from which to voice their concerns and debate emerging issues. The case studies undertaken for this thesis revealed however, that sometimes such initiatives can go stale very quickly after the performance review system is fully implemented. There was also some doubt about their effectiveness - having a formalised mechanism in place to enhance officer/member co-operation does not guarantee improved levels of co-operation. Indeed, such measures have often been introduced where problems with co-operation from officers and members have been anticipated, and creating an officer-member working group for example, is not always sufficient to overcome these difficulties. Consequently, it is likely that

councils which have not instigated any measures to enhance co-operation, may experience at least the same levels of co-operation from their officers and members, as those which have.

**BOX 6.1 : MEASURES INTRODUCED TO ENHANCE OFFICER/MEMBER  
CO-OPERATION**

Regular chief executive/leader meetings and extended use of informal member/officer groups.

Members are kept informed of targets and the review process and would be informed by the chief executive of any drastic departure from targets.

The system is being developed through the consent and support of officers and members. There has been joint awareness training and a newly established group of chief officers and members will be involved in its development.

Joint officer/member informal seminars on policy formulation and strategic direction but this is wider than service by service performance review.

Through the interface created by meetings of the Audit Panel.

Chief officers and members are working together on agreeing a Corporate Plan and a Statement in relation to what this county council does.

An officer performance review group chaired by the chief executive's policy assistant feeds into the main Performance Review Committee.

Full debate with members as appropriate at Committees. Also an informal arena has been created for chief officers and all members to discuss policy and performance issues.

At the start, middle and end of the performance review, the corporate management team consult the 2 members designated to assist with the review.

Rolling programme of review and discussion sessions.

Service Plan Panel Meetings - informal meetings to discuss individual services whereby members have an opportunity to review performance, discuss any issues and agree targets.

Small working groups have been established to focus on the area of performance review that members are principally interested in.

The case studies also revealed that one method used for ensuring that the performance review system remains high on the officer agenda is linking the process to performance appraisal and/or performance-related pay and this could have a significant bearing on the attitude of officers towards

link with performance-related pay and indeed strong opposition to performance-related pay was evident. Unfortunately the importance of the distinction was not revealed during the pilot stage of the postal questionnaire and thus the two were taken together in the postal survey.

There is significant variation in the proportion of chief executives reporting a link between performance review and performance appraisal/performance-related pay according to authority type. In the Welsh Counties and Scottish Districts, no such links were recorded and only one Metropolitan chief executive reported a link in place. Contrastingly, 76.5% (13) of London Borough chief executives reported that a link had been made between the review mechanism and performance appraisal and/or performance-related pay. In the County Councils and Non-Metropolitan Districts, the proportion of authorities reporting a link, is higher than those reporting that no link had been established (57.9% against 42.1%; and 53.8% against 46.2% respectively). The balance is even within the Scottish Regions, and for the Welsh Districts, one-third of authorities have review systems linked to performance appraisal/performance-related pay. Information from the wider ESRC project suggested that it is the type of performance review system established and the reasons why it was implemented which often determines whether the review system feeds into performance appraisal and/or performance-related pay. One of the other key determinants is whether a performance appraisal system and/or performance-related pay scheme was in place prior to the establishment of the system. Where these have been present, it makes little sense to devise a review process which does not build on these existing schemes.



performance review. Table 6.7 shows the breakdown of authorities who have made such a link.

	<b>Yes</b>	<b>No</b>	<b>Nil response</b>
London Boroughs	13	4	1
Scottish Regions	2	2	0
Scottish Districts	0	13	0
Welsh Counties	0	3	0
Welsh Districts	2	4	0
County Councils	11	8	0
Metropolitan Districts	1	7	0
Non-Metropolitan Districts	43	37	2
<b>Total</b>	<b>72</b>	<b>78</b>	<b>3</b>
<b>Percentage</b>	<b>47.1</b>	<b>51.0</b>	<b>2.0</b>

In total, 72 (47.1%) of the chief executives completing part 1 of the questionnaire reported that the performance review system operating in their authority had been linked to performance appraisal and/or performance-related pay. 78 (51.0%) indicated that such a link had not been made and there were 3 nil responses to this question. The precise question asked was "Is the performance review system linked to performance appraisal and/or performance related pay?" In retrospect, it would have been better to separate these two issues and to have had different questions about the system being linked to performance appraisal and performance-related pay. Although this particular question only required a yes/no answer, a number of the chief executives added comments to the effect that they felt strongly that it was appropriate to link performance review with performance appraisal and that such a link had been made or that such a modification was intended in their authority some time in the future but that there should definitely not be a

A positive disposition towards performance review is less imperative below senior officer level but clearly still desirable - supportiveness at all levels of the organisation could ultimately impinge on the overall effectiveness of the performance review system. A number of authorities have thus instigated mechanisms for communicating knowledge of targets and performance to junior management and operative grade staff. Table 6.8 indicates the breakdown of authorities who have put such mechanisms in place.

**TABLE 6.8: IS THERE ANY MECHANISMS FOR COMMUNICATING KNOWLEDGE TO JUNIOR MANAGEMENT?**

	Yes	No	On-going	Nil response
London Boroughs	13	4	0	1
Scottish Regions	1	3	0	0
Scottish Districts	10	2	1	0
Welsh Counties	1	1	1	0
Welsh Districts	4	1	0	1
County Councils	12	6	1	0
Metropolitan Districts	4	4	0	0
Non-Met Districts	59	19	0	4
Total	104	40	3	6
Percentage	68.0	26.1	2.0	3.9

Overall, 104 (68.0%) chief executives reported some mechanism in place for communicating information from the performance review system to junior management and operative grade staff. A further 3 (2.0%) reported that such a mechanism was currently being developed. 40 (26.1%) said that no formal communication channel had been established and there were 6 nil responses to this question. Within the total figures, some variation is apparent. Only in Scottish Regions had fewer authorities not introduced communication mechanisms as compared with those who had. In Welsh Counties and in Metropolitan Districts, the balance is the same although one additional Welsh

County reported that such a link was currently being developed. In the other authority groupings, the proportion of chief executives responding to this question, who reported that a mechanism was in place for communicating knowledge downwards, ranged from 63.1% in County Councils to 80% in Welsh Districts.

Respondents were not asked to elaborate on the specific nature of the mechanism utilised but a number of chief executives indicated how knowledge was communicated and the mechanisms included an authority-wide performance newsletter, departmental performance information bulletins, performance appraisal schemes, and departmental team and individual "prizes" for performance.

On the basis of the evidence accumulated in the postal questionnaire completed by chief executives, in the majority of cases it appears that internal council attitudes towards performance review are positive and non problematic.

### ***6.3 : Establishing a Performance Review System***

One of the key areas explored in the postal questionnaire relates to the research question 'what factors are significant in establishing a performance review system?' This section explores the introduction of review processes as described by chief executives. The case study stage of the ESRC project revealed that some performance review systems in existence are revisions or modifications of mechanisms that have been in place for some time. Often the review process is revised over time, in line with both external and internal changes affecting its operation and the council more generally. Table 6.9

indicates whether an alternative performance review system had been in place prior to the introduction of the current system and where this was so, whether the new system was a modified version of the previous mechanism. 87 (56.9%) chief executives reported no previous performance review system operating whilst 66 (43.1%) indicated that a system had been in place prior to the introduction of the current process.

**TABLE 6.9 : PREVIOUS PERFORMANCE REVIEW SYSTEMS**

	Nos of authorities not previously operating a review mechanism (%)		Nos of authorities previously operating a review mechanism (%)		Nos of these which are modified versions of old system (%)	
London Boroughs	13	(72.2)	5	(27.8)	4	(80.0)
Scottish Regions	2	(50.0)	2	(50.0)	0	(0.0)
Scottish Districts	10	(76.9)	3	(23.1)	1	(33.3)
Welsh Counties	3	(100.0)	0	(0.0)	-	-
Welsh Districts	2	(33.3)	4	(66.7)	2	(50.0)
County Councils	6	(31.6)	13	(68.4)	3	(23.1)
Metropolitan Districts	4	(50.0)	4	(50.0)	2	(50.0)
Non-Met Districts	47	(57.3)	35	(42.7)	18	(51.4)
<b>Total</b>	<b>87</b>	<b>(56.9)</b>	<b>66</b>	<b>(43.1)</b>	<b>30</b>	<b>(45.5)</b>

Of the 66 authorities reporting systems in operation prior to the introduction of the existing system, 30 (45.5%) indicated that the current system was a modification or enhancement of the previous mechanism. The proportion of existing systems which are revisions on earlier processes is highest in the London Boroughs (80.0%) and Non-Metropolitan Districts (51.4%) and lowest in County Councils (23.1%) and Scottish Regions where all the existing systems are new. Additional comments to this question revealed that in general, in authorities which already had a performance review system in operation, completely new systems were implemented where a major change

such as a fundamental restructuring had been undertaken. Modified systems or enhancements to existing processes were generally the result of a more limited review of practice or reflected a change in key personnel.

Many authorities are known to have continuously refined their performance review system in the light of changing needs, circumstances and recognised good practice; with the result that the existing system bears little relation to that which was initially set up. However, since this does not constitute the introduction of a new system, it will not be reflected in the figures above. Similarly, in some councils that consider a new system to have been introduced, close scrutiny might suggest that the old system has only been tinkered with rather than modified or replaced. Intuitively, the longer a system has been in place, the more likely it is to have been replaced rather than refined. Further insight can be gained by looking at the year in which the existing system was established and this information is contained in table 6.10.

The peak period reported by chief executives for establishing existing performance review systems is 1990-1992 during which 61.5% of the mechanisms currently in operation, were implemented. 5.9% were set up prior to the first Thatcher administration (1974-1978). Only one chief executive, from a Non-Metropolitan District, reported a system being established during the 1979 -1983 period. 11 (7.2%) systems were operationalised between 1984 and 1987; 8 (5.2%) during 1988; and 13 (8.5%) during 1989. 14 (9.2%) chief executives completing part 1 of the postal questionnaire reported that the introduction of performance review was on-going. Since the survey forms were completed in 1992, these could reasonably be re-classified as 1992 respondents bringing the proportion of systems introduced during the 1990-

1992 period to 70.7%. This is not surprising since as discussed in chapter 4, 1988 marked the height of the Audit Commission's campaign for the introduction of performance review to local authorities. With increasing pressure from this quarter and with value for money issues looking set to assume continued prominence on all public sector agendas, it is not surprising to see a substantially increasing trend of introducing review mechanism following some short time after this.

**TABLE 6.10: WHEN WAS THE PERFORMANCE REVIEW SYSTEM ESTABLISHED?**

	LB	SR	SD	WC	WD	CC	MD	NMD	TOTAL	(%)
1974-1978	0	0	0	0	3	1	1	4	9	5.9
1979-1983	0	0	0	0	0	0	0	1	1	0.7
1984-1987	3	0	0	1	0	3	0	4	11	7.2
1988	2	1	2	0	0	0	1	2	8	5.2
1989	1	0	2	0	0	4	0	6	13	8.5
1990	6	2	2	0	0	6	2	13	31	20.3
1991	2	1	4	0	2	4	1	28	42	27.5
1992	2	0	1	2	0	0	2	14	21	13.7
On-going	1	0	2	0	1	1	1	8	14	9.2
Nil response	1	0	0	0	0	0	0	2	3	2.0

3 (50.0%) Welsh District chief executives reported systems introduced during the 1974-1978 period. However, 1 of these had recently been suspended pending review at the time the questionnaire was completed. 4 Non-Metropolitan chief executives and 1 each from a County Council and from a Metropolitan District also record mechanisms dating back to this comparatively early period. Given the depth and scope of change which has confronted local government since the late 1970's, it is surprising, if not alarming, to see any systems conceived and implemented in the mid-1970s, still in existence today. However, in addition to the process suspended within

the Welsh Districts, close inspection and follow-up calls revealed that 6 of the remaining 7 authorities had, as described above, continuously revised their systems to accommodate the changing local government environment but without ever formally introducing a "new" system. One Non-Metropolitan District still operated basically the same system as that established in 1974. Within this process, chief officers and committee chairs agree service levels for each service area, information on which is then reported back to committee at annual intervals. Although the level of service had changed, and sometimes the committee to which information was reported for certain services, and indeed sometimes the services delivered and thus reported on, the basic framework utilised for reviewing performance was still the same and still considered appropriate by this authority.

Comparing the number of chief executives reporting a previous review process in place prior to the existing one, with the year in which current systems were established; the majority of authorities reporting previous review mechanisms, also report current systems being set up since 1989 (58 out of 66). Correspondingly, only 2 of the authorities reporting systems established prior to 1988, also reported a previous performance review process in place.

Once a council has taken the decision to introduce some form of performance review mechanism, the next stage is to design a process which matches the organisation and then establish it within the authority. As discussed in earlier chapters, it was anticipated that the uniqueness and diversity of local councils would result in wide variation in the scope of review systems which have been implemented in this country. It was therefore felt that the "design" of

performance review systems could not accurately be picked up through a postal questionnaire and that this issue was best explored through the case studies and consequently, is discussed in chapter 8. However, in establishing a performance review system most councils have to consider a number of similar issues and these will now be considered.

Regardless of the nature and specific type of performance review system introduced, the process of reviewing performance implies that an organisation has some knowledge of what level of performance is desirable and how it is going to measure whether this level is being achieved. Most organisations consequently have goals and targets addressing this and these exist both at an organisational and a departmental level. However, many organisations not operating performance review mechanisms also have specific goals and targets because these often form part of the budgetary, policy planning and service delivery processes. Table 6.11 indicates whether goals and targets had been formally set prior to the introduction of the performance review system as reported by chief executives.

	<b>Yes</b>		<b>No</b>		<b>Partially</b>	
		<b>%</b>		<b>%</b>		<b>%</b>
London Boroughs	4	22.2	14	77.7	0	0.0
Scottish Regions	3	75.0	1	25.0	0	0.0
Scottish Districts	3	23.1	10	76.9	0	0.0
Welsh Counties	0	0.0	3	100	0	0.0
Welsh Districts	2	33.3	4	66.7	0	0.0
County Councils	11	57.9	8	42.1	0	0.0
Metropolitan Districts	2	25.0	6	75.0	0	0.0
Non-Metropolitan Districts	33	40.2	44	53.7	5	6.1
Total	58	37.9	90	58.8	5	3.3



58 (37.9%) chief executives reported that goals and targets had been formally set prior to the introduction of the performance review system. 90 (58.8%) said that they had not been in place and 5 (3.3%) reported that they had been partially in place normally in some departments or service areas, but not in others. Within authority types, the proportion of chief executives reporting goals and targets set is highest for Scottish Regions (75.0%) and County Councils (57.9%) and lowest for Welsh Counties where no authorities had pre-set goals and targets, and London Boroughs (22.2%), Scottish Districts (23.1%) and Metropolitan Districts (25.0%). All 5 chief executives reporting partially set goals and targets represented Non-Metropolitan Districts.

Authorities which already have goals and targets set before introducing performance review are likely to have been conscious of performance issues for some time prior to establishing a system and in particular have already identified what the council is trying to achieve (goals) and what level can reasonably be expected to be achieved (targets) and will presumably have some mechanism in place for measuring progress towards achieving these. In such cases, it is quite likely that the performance review system is a formalisation or extension of an existing internal process. In contrast, in authorities, where no goals and targets have previously been set, the introduction of a performance review system is likely to be a more substantial step since the council has not yet addressed the issues outlined above. Intuitively, authorities which have only recently introduced performance review would be more likely to have goals and targets formally set since the recent trend in local government has been towards focusing on the purposes of services and indeed of councils themselves. The postal questionnaire data supported this with 52 of the 58 chief executives reporting goals and targets

set prior to the introduction of the review system, also reporting systems established during or after 1990.

For authorities embarking on performance review who already have goals and targets set, either these need to be incorporated into the performance review system, or new goals and targets have to be set which are more appropriate for the review process. For those councils not having pre-set goals and targets, these normally require to be established before the review mechanism can be implemented into the authority, although there are a few performance review systems in operation which do not rely on goals and targets being in place. The range of methods used in setting policy targets for the performance review system as reported by chief executives completing part 1 of the postal questionnaire was extremely broad and appendix 6.2 contains the full set of responses given to the question "How were the policy targets set for the PR system?" However box 6.2 contains a pertinent sample.

In most cases, policy targets emerge from the strategic and operational plans of the authorities including strategy statements, business plans, and corporate and developmental objectives. However, in a few instances, more elaborate processes are in evidence including consultation with the public about the level of service delivery that they desired, prior to the setting of policy targets.

**Box 6.2 : HOW WERE POLICY TARGETS SET FOR THE PERFORMANCE REVIEW SYSTEM?**

Strategy statements.

Annual Business Plans.

Policy targets are set in accordance with corporate/departmental objectives.

Originated in departments, discussed in management team and noted by councils.

The council published its corporate strategy and the strategic objectives within the corporate strategy have been expressed in terms of policy work targets for the council and form the corporate work programme.

Policy targets are not formally set. Members identify areas for review. If officers were to suggest that policy targets should be introduced, this would be seen as officer domination/interference.

Client teams in departments draft annual service plans, including policy targets which go to service committees for approval.

Public consultation through magazine and exhibition; member policy workshops and through discussion with chief officers management team.

Combination of political manifesto and departmental objectives

Targets set by each service manager in consultation with staff based on past practice, and objectives and priorities for the forthcoming year.

The starting point was current standards of performance many of which had previously been set by service committees.

By discussion between chief officers and committee chairmen of draft targets and then endorsed by committees.

The postal questionnaire also asked respondents who had set policy targets for the performance review system. The full set of responses is contained in appendix 6.3. However, it was possible to group responses as summarised in table 6.12. In total, 45 (29.4%) chief executives reported that policy targets had been jointly set by officers and members - this category also included responses such as chief executive and leader; and chief officers and service committee chairs. A further 30 (19.6%) chief executives reported that the targets had predominately been set by officers. This grouping of responses included instances where officers had set the targets which had then been

endorsed by committees since clearly there was not member input in the actual setting of the targets.

	LB	SR	SD	WC	WD	CC	MD	NMD	Total (%)
Jointly set	5	2	5	1	0	5	1	26	45 (29.4)
Members	5	0	2	0	1	3	1	19	31 (20.3)
Officers	2	1	2	0	2	2	1	20	30 (19.6)
Committees	3	0	1	1	1	5	2	10	23 (15.0)
Other	2	1	1	0	0	2	0	1	7 (4.6)
Not set/agreed	0	0	1	0	1	1	1	1	5 (3.3)
On-going	0	0	0	1	1	0	1	1	4 (2.6)
Chief executive	1	0	1	0	0	1	0	1	4 (2.6)
Nil response	0	0	0	0	0	0	1	3	4 (2.6)

31 (20.3%) chief executives noted that policy targets had been set by members and an additional 23 (15.0%) recorded targets as being set by Committees. Consequently, members were exclusively involved in target setting in 54 (35.3%) responding authorities and including the authorities where they were jointly set, they had some level of input in 99 (64.7%) councils. This level of involvement from councillors is not surprising. Members are the politicians and in theory, officers are there to inform and implement the policies determined by councillors. If this theory is to turn into practice, then members have to set the policy targets being striven for. However, it is not surprising to note some officer involvement in this process since they have valuable knowledge for example, on the costs of delivering services. The postal questionnaire issued to chief executives did not ask respondents about the political balance of their council but this was identified in the questionnaire issued to council leaders. Of the 30 chief executives

reporting that officers were predominately involved in setting policy targets, responses were received from 23 corresponding council leaders and 16 (69.6%) of these represented councils where either no political control was exercised or where there was a minority ruling group. In such councils, clear policy direction is not always forthcoming from the council and therefore officers often have to feature more dominantly in the process of setting policy agendas including policy targets for the organisation.

In 4 (2.6%) authorities, the policy targets were set by the chief executive although one might reasonably speculate that this response means that the chief executive had ultimate responsibility for their setting and that they are likely to have been set by chief officers or service managers for his endorsement or approval only. In 4 (2.6%) councils, the setting of policy targets was an on-going development at the time the questionnaire was completed; 5 (3.3%) chief executives intimated that policy targets had yet to be set and/or agreed in their organisation; and there were 4 nil responses to this question. Within these total figures, no discernible pattern is evident for alternative authority groupings.

Not surprisingly, these responses are in keeping with the responses given to the question "How were policy targets set for the PR system?" For example, authorities which indicated that policy targets were set through the Members' Strategic Policy Statements or equivalent-type documents, have responded that it was members that set the policy targets. Similarly, organisations communicating that policy targets originated in departments, have intimated that targets were set by officers. Recalling tables 6.3 and 6.4 which reported

whether officers and members were supportive or not of the introduction of performance review, in most cases where officers were unsupportive or where mixed support was recorded, the policy targets have been set by members. Similarly, in councils where members were unsupportive, displayed mixed support or were indifferent to the introduction of performance review, the policy targets have been set either predominately by officers or the chief executive or have not yet been agreed.

In setting policy targets in the context of performance review, some means of monitoring the degree to which these targets are being attained or not, is required and generally performance measures and indicators are utilised. Chief executives completing part 1 of the postal questionnaire were asked to indicate "How were performance measures set for the PR system?" As with policy targets, a wide range of responses was received and these are contained in full in appendix 6.4. However, box 6.3 contains a sub-set of the most revealing of these.

The responses were rather surprising. It might reasonably have been anticipated that performance measures for the performance review process would be determined in a similar manner to the policy targets. Since one of the purposes of the performance measures is to ascertain whether policy targets are being achieved, it is not unreasonable to expect these to be set at the same time as the targets are established. However, the responses to the question of how performance measures were established, often seem unrelated to the mechanisms employed for setting targets and indeed, there was one chief executive who had indicated policy targets set through the committee process but also reported no performance measures in place. Many

of the responses to the performance measures question suggest that the measures used are extremely operational in nature if not in fact, management statistics, for example, those councils indicating that they rely on the Audit Commission's suggested statistics. To explore this further, an analysis was undertaken on who had set the performance measures. The full set of responses is contained in appendix 6.5 but table 6.13 overleaf summarises the data.

**BOX 6.3: HOW WERE PERFORMANCE MEASURES SET FOR THE PERFORMANCE REVIEW SYSTEM?**

Customer-service driven

Defined by heads of service in business plans.

Consideration of key service areas by management team.

Consultative mechanism starting with the Audit Commissions statistics. These are still being refined.

These were developed by managers in liaison with the Policy Unit.

Via the "Quality Assurance" Panel of members

Initially they were set by the Management Services Unit staff and modified by departmental managers. They were based on Audit Commission information and research information elsewhere.

Reference to the approach adopted in other authorities but with emphasis on quality-based performance indicators.

Based on a formula provided by consultants.

Largely by reference to Audit Commission suggestions. This has evolved since performance review has been embarked upon and the business planning process is helping to focus minds.

Not used in this authority.

Based upon measured customer/client expectations. Agreed targets set between staff and directors.

Mainly the achievement of key tasks within timetables. Certain measures relate to norms.

**TABLE 6.13 : WHO SET THE PERFORMANCE MEASURES?**

	LB	SR	SD	WC	WD	CC	MD	NMD	Total (%)
Officers	4	2	6	0	2	6	5	46	71 (46.4)
Jointly set	9	1	2	1	1	6	0	16	36 (23.5)
Committees	2	1	0	0	1	4	1	11	20 (13.1)
Members	1	0	0	0	0	1	0	5	7 (4.6)
Other	2	0	1	1	0	1	1	1	7 (4.6)
On-going	0	0	1	1	0	0	0	1	3 (2.0)
Not set/agreed	0	0	1	0	0	0	0	0	1 (0.7)
Nil response or N/A	0	0	2	0	2	1	1	2	8 (5.2)

Overall, 71 (46.4%) chief executives reported that officers had set the performance measures with a further 36 (23.5%) intimating that performance measures had been jointly set by officers and members. 20 (13.1%) respondents communicated that measures were set by committees and a further 7 said that members had been responsible for their establishment. Thus members had exclusive involvement in only 27 (17.6%) cases and including those jointly set with officers, members were involved in the setting of performance measures in 63 (41.2%) authorities.

In comparison with the figures contained in table 6.11, member involvement in establishing policy targets is more substantial than their input in determining performance measures. It may be the case that this question was misinterpreted by chief executives and that the responses received related to general performance monitoring within local authorities rather than performance measuring in the context of policy targets, an idea supported by responses of the type "service departments, the policy co-ordination unit, accountants, client teams and cost centre managers." Or it may in fact be the



case that performance measures have not been developed in relation to policy targets and the responses relate to operational performance monitoring, because that is all that is occurring. It was not possible from the postal questionnaire to ascertain which explanation, if either, is more likely and there is no obvious reason why the question might have been misinterpreted. However, the personal interviews did provide support for the argument that policy targets were not always supported by relevant performance measures.

A comparison was made between those respondents giving answers which indicated that performance measures were not of direct relevance to policy targets and the year in which the performance review system had been introduced and in the majority of cases, the systems were relatively new at the time of completing the questionnaire and it may be the case that more relevant measures will emerge in time. However, there was little evidence to suggest that chief executives considered the development of performance indicators to be an on-going matter lending only partial support to this explanation.

In addition to those responses detailed in table 6.13, there were 7 responses categorised as "other" and these included such diverse answers as 'Quality Assurance Panel' to 'partly the Audit Commission.' 1 chief executive reported that performance measures had not yet been set in his authority and there were 8 nil or not applicable responses to the question which includes those who in response to the question of how performance measures were set had communicated that they were not used in their authority. No difference in the balance of responses was apparent according to authority type.

Chief executives were asked whether the performance measures developed distinguished between economy, efficiency and effectiveness. Table 6.14 gives the breakdown of responses.

**TABLE 6.14: DO THE PERFORMANCE MEASURES DISTINGUISH BETWEEN THE 3Es?**

	Yes	No	Not Comprehensively	On-Going	Nil Response
London Boroughs	5	11	1	0	1
Scottish Regions	2	1		1	
Scottish Districts	4	9			
Welsh Counties		2			1
Welsh Districts	3	3			
County Councils	8	11			
Metropolitan Districts	4	4			
Non-Met Districts	32	42	4	1	3
<b>Total</b>	<b>58</b>	<b>83</b>	<b>5</b>	<b>2</b>	<b>5</b>
<b>Percentage</b>	<b>37.9</b>	<b>54.2</b>	<b>3.3</b>	<b>1.3</b>	<b>3.3</b>

In 58 (37.9%) authorities, a distinction was made within the performance measures between economy, efficiency and effectiveness. In a further 5 (3.3%) authorities such a distinction exists but not comprehensively and in 3 (1.3%) authorities the development of performance measures which make such a distinction is on-going. In 83 (54.2%) councils, no such distinction exists. This broad pattern of response holds across all authority types. This suggests that the majority of authorities are designing performance measures in keeping with their own requirements rather than tailoring them around the concept of value for money.

For those authorities making a distinction within their performance measures, they were asked to give examples. The full set of responses is given in Appendix 6.6 but a subset is contained within Box 6.4.

**BOX 6.4 : DETAILS OF HOW PERFORMANCE MEASURES DISTINGUISH BETWEEN ECONOMY, EFFICIENCY AND EFFECTIVENESS**

Measures are still straightforward financial ratios but information is provided for example on success rate in planning appeals, HSE notices etc.

Indicators are presented/identified using the following headings: Input/Budget (Economy); Demand, Productivity and Output (Efficiency); and Outcome/Quality and Customer Service Standards (Effectiveness).

**Economy** - focus on costs e.g. inputs; **efficiency** - doing things right e.g. on time, turn around within target, general focus on outputs; **effectiveness** - doing the right thing e.g. customer satisfaction surveys, general focus on outcomes.

We have been trying to concentrate on output indicators; VFM is addressed by individual policy reviews on a 5-year cycle; the Audit Commission profiles are used as a first stage comparator.

Unit cost information and some information on effectiveness are included in PI reports.

Indicators are identified in relation to: cost of the service; amount of service available; amount of service used; quality and efficiency of the service; and value for money.

Implicitly if not explicitly. Whenever targets are set, they must if possible be quantifiable in some way - otherwise they cannot be measured.

Measures are set to develop and direct services by examining unit costs, inputs and outputs and using basic zero based budgeting.

Performance measures are linked to the strategic and operational objectives of the services concerned. Strategic objectives are concerned with effectiveness; operational objectives with economy and efficiency.

Utilise Audit Commission definitions.

The responses lacked any consistent or common theme and rather appeared to be an assortment of attempts at answering a question to which respondents felt they should be able to provide an answer to. Only a very small number of authorities appear to have adopted the Commissions' definitions of economy, efficiency and effectiveness and tried to match performance measures around these.

Given the emphasis on quality, particularly as a substitute for effectiveness evident in the approach to performance review promulgated by the Audit Commission, chief executives were also asked whether any measures of

quality were incorporated into the performance review system and table 6.15 gives the full breakdown of responses to this question.

**TABLE 6.15 : ARE MEASURES OF QUALITY INCORPORATED INTO THE PERFORMANCE REVIEW SYSTEM?**

	<b>Yes</b>	<b>No</b>	<b>Not Systematically</b>	<b>On-Going</b>	<b>Nil Response</b>
London Boroughs	11	6			1
Scottish Regions	3	1			
Scottish Districts	6	4	1	1	1
Welsh Counties	2	1			
Welsh Districts	3	2			1
County Councils	11	6	1	1	
Metropolitan Districts	5	3			
Non-Met Districts	50	23	2	5	2
<b>Total</b>	<b>91</b>	<b>46</b>	<b>4</b>	<b>7</b>	<b>5</b>
<b>Percentage</b>	<b>59.5</b>	<b>30.1</b>	<b>2.6</b>	<b>4.6</b>	<b>3.3</b>

91 (59.5%) chief executives reported that quality measures had been incorporated into the performance review system whilst 7 (4.6%) reported that such a development was on-going. 46 (30.1%) authorities indicated that quality measures had not been integrated whilst a further 4 (2.6%) indicated that quality measures existed but were not systematically or comprehensively part of the performance review system. Given the emerging prominence of quality issues in local government and particular the launch of Charter Mark and the number of authorities pursuing BS 5750 in some service areas, this is likely to be an area which has changed since the postal survey was conducted and it is probable that an increasing proportion of authorities now have quality measures in evidence although the extent to which these are integrated into the performance review system is more questionable.

Chief executives were asked to give examples of the quality measures which had been incorporated into the performance review system. As before, the full set of responses is given in Appendix 6.7 but a selection is given in Box 6.5.

**BOX 6.5: EXAMPLES OF MEASURES OF QUALITY UTILISED IN PR SYSTEM**

Standards of housing repairs and maintenance; standards of refuse collection and street cleaning; and standards in education particularly schools and exam results.

Service standards; market research and the Citizen's Charter.

Quality Assurance Standards.

The objective of the system is all about quality. We are defining in advance what our customers need and expect, doing it and then asking them to review our performance.

Annual user satisfaction surveys in urban improvement areas (Planning).

Audit Commission's Quality Exchange Exercise.

Examination results and pupils staying on rates; satisfaction surveys; successful prosecution rates on trading standards; ratio of planning appeals lost to total appeals; class days lost due to closure of buildings from failure of fabric or service. The above are just a selection of performance indicators which are more clearly measures (or indicators) of quality. The continuing challenge is to produce more indicators which measure quality of output/outcome rather than quality and quantity of inputs.

"Quality" is understood as the aggregation of efficiency, effectiveness and economy which will ultimately be measured by separate indicators for each service.

Customers assess the quality of service via questionnaires.

Quality Assurance and BSI accreditation being sought.

The majority of the responses stress the importance of the customers' assessment of the service in any measure of quality. It is immaterial how good members and officers perceive a service to be, if the end-users do not consider it to be up to standard. Consequently, in addition to asking whether quality measures were included, chief executives were asked whether consumer measures had been included within the performance review system. The full breakdown of responses is given in table 6.16 overleaf.

**TABLE 6.16 : ARE CONSUMER MEASURES INCORPORATED INTO THE PR SYSTEM?**

	Yes	No	Not Systematically	On-Going	Nil Response
London Boroughs	10	6	1		1
Scottish Regions	2			2	
Scottish Districts	8	4		1	
Welsh Counties	2	1			
Welsh Districts	3	2			1
County Councils	12	5	1	1	
Metropolitan Districts	4	4			
Non-Met Districts	52	20	3	4	3
<b>Total</b>	<b>93</b>	<b>42</b>	<b>5</b>	<b>8</b>	<b>5</b>
<b>Percentage</b>	<b>60.8</b>	<b>27.5</b>	<b>3.3</b>	<b>5.2</b>	<b>3.3</b>

In total, 93 (60.8%) chief executives reported that consumer measures were part of the system; 8 (5.3%) indicated that such a development was on-going; 5 (3.3%) intimated that consumer measures were not a comprehensive part of the performance review system; and 42 (27.4%) indicated that their council did not have consumer measures. This pattern is similar to that in evidence for quality measures both in aggregate and by authority type. For those authorities which had encompassed consumer views, chief executives were asked whether the views of consumers had been sought prior to the system being drawn up. Only 33 chief executives indicated that such consultation had occurred (35.5% of the 93 authorities operating performance review systems which contain consumer measures). This is surprising and disappointing since one might expect that if consumer measures are to be included then these should reflect consumers' expectations as was the case with quality measures. The questionnaire did not ask for examples of the consumer measures incorporated into the performance review system but with hindsight, examples would have been worth having, not least to allow comparisons to be drawn between consumer measures established by

authorities consulting their consumers and those established by councils not undertaking any consultation.

Chief executives were asked whether the process of establishing a performance review system had caused the authority to focus on the objectives of their service.

**TABLE 6.17 : DID SETTING UP THE PERFORMANCE REVIEW SYSTEM LEAD TO A FOCUS ON THE OBJECTIVES OF SERVICE?**

	Yes	No	Partially	Too Soon
London Boroughs	15	1	1	1
Scottish Regions	4			
Scottish Districts	10	3		
Welsh Counties	2	1		
Welsh Districts	3	3		
County Councils	14	4	1	
Metropolitan Districts	8			
Non-Met Districts	67	10	1	4
<b>Total</b>	<b>123</b>	<b>22</b>	<b>3</b>	<b>7</b>
<b>Percentage</b>	<b>80.4</b>	<b>14.4</b>	<b>2.0</b>	<b>4.6</b>

As can be seen from table 6.17, 123 (80.4%) chief executives intimated that this was the case, 3 (2.0%) intimated that it had partially done so, 5 (3.3%) chief executives felt that it was too soon to judge; and 22 (14.4%) felt that setting up the performance review system had not caused the authority to focus on the objectives of service. Such a response is reassuring since the purpose of performance review in most cases is to review performance relative to objectives and thus the process of establishing a review mechanism should lead to a focus on the objectives of service. However, within authorities where a focus on service objectives has not occurred in response to

establishing a performance review system, it may be the case that a focus on the objectives of service had previously taken place prior to establishing the system - it does not necessarily imply that the review system is unrelated to service objectives.

For those authorities intimating that establishing a performance review system had precipitated a focus on the objectives of service, chief executives were asked to indicate whether this had led to a reappraisal of the service and/or a redefinition of the customer since this would suggest that a thorough review had been undertaken. Tables 6.18 and 6.19 give the full breakdown of responses.

**TABLE 6.18 : DID THE FOCUS ON SERVICE OBJECTIVES LEAD TO A REAPPRAISAL OF THE SERVICE?**

	Yes	No	Partially	Too soon	Not Applicable	Nil Response
London Boroughs	8	3	4	1	2	
Scottish Regions	2	1		1		
Scottish Districts	7	2		1	3	
Welsh Counties	1				1	1
Welsh Districts	2			1	3	
County Councils	11	4	1		3	
Metropolitan Districts	7	1				
Non-Met Districts	46	14	2	7	12	1
<b>Total</b>	<b>84</b>	<b>25</b>	<b>7</b>	<b>11</b>	<b>24</b>	<b>2</b>
<b>Percentage</b>	<b>68.3</b>	<b>16.3</b>	<b>4.6</b>	<b>7.2</b>	<b>15.7</b>	<b>1.3</b>

In total 84 ( 68.3%) of the 123 chief executives reporting a focus on objectives, intimated that a reappraisal of service had taken place and 77 (62.6%) indicated that a redefinition of the customer had occurred. 32 of the 33 chief executives reporting that consultation had been undertaken with



their consumers in the drawing up of consumer measures for the performance review system also reported that a redefinition of the customer had emerged from refocusing on the objectives of service. This in itself suggests that consumer consultation could reveal some worthwhile information to almost all local authorities.

**TABLE 6.19 : DID THE FOCUS ON SERVICE OBJECTIVES LEAD TO A REDEFINITION OF THE CUSTOMER?**

	Yes	No	Partially	Too soon	Not Applicable	Nil Response
London Boroughs	10	3	3	1	1	
Scottish Regions	2	1		1		
Scottish Districts	6	3		1	3	
Welsh Counties	1				1	1
Welsh Districts	1	1		1	3	
County Councils	8	6	1	1	3	
Metropolitan Districts	6	2				
Non-Met Districts	43	17	2	7	12	1
<b>Total</b>	<b>77</b>	<b>33</b>	<b>6</b>	<b>12</b>	<b>23</b>	<b>2</b>
<b>Percentage</b>	<b>50.3</b>	<b>21.6</b>	<b>3.9</b>	<b>7.8</b>	<b>15.0</b>	<b>1.3</b>

Of critical importance in the establishment of a performance review system, is the nature and extent of difficulties encountered during the set-up process. Within the postal survey, chief executives were firstly asked whether any major difficulties had occurred in setting up the system and the responses are given in table 6.20. 81 (52.9%) chief executives reported that major difficulties had been encountered whilst a further 5 (3.3%) felt that it was too soon to pass judgement. 65 (42.5%) councils did not experience major problems. The proportion of authorities experiencing difficulties was highest amongst Scottish Regions and Metropolitan Districts (75.0%), and London Boroughs (72.2%) and lowest in Scottish Districts (30.8%) and Non-

Metropolitan Districts (46.3%). This could infer that larger authorities which are responsible for more areas of service provision are more likely to experience difficulties when establishing a performance review system than the smaller, less complex authorities. Within a smaller authority, it is comparatively easy to identify what you are trying to achieve both in terms of your service objectives and by adopting a performance review system, and it may be easier to secure support, co-operation and participation than in a larger, more complex, and often politically charged council.

**TABLE 6.20 : WERE MAJOR DIFFICULTIES ENCOUNTERED IN SETTING UP THE PR SYSTEM?**

	<b>Yes</b>	<b>No</b>	<b>Too soon</b>	<b>Nil Response</b>
London Boroughs	13	5		
Scottish Regions	3	1		
Scottish Districts	4	7	1	1
Welsh Counties	2	1		
Welsh Districts	3	3		
County Councils	12	7		
Metropolitan Districts	6	2		
Non-Met Districts	38	39	4	1
<b>Total</b>	<b>81</b>	<b>65</b>	<b>5</b>	<b>2</b>
<b>Percentage</b>	<b>52.9</b>	<b>42.5</b>	<b>3.3</b>	<b>1.3</b>

To explore this further, for those authorities experiencing difficulties, the chief executives was asked to elaborate on the nature of these. Appendix 6.8 contains the full set of responses to this request but a sample are included in Box 6.6.

### **Box 6.6: Difficulties Encountered in Setting up the Performance Review System**

Reluctance of some chief officers to introduce targeting; lack of interest of some members; culture not supportive of performance measurement; continual budget reductions; difficulty in defining sensitive performance indicators.

Attitudes of some managers; the overheads of monitoring certain indicators; and the paperwork presented at Committee.

It was a top down process introduced by members and imposed corporately. The main problem was that of getting ownership of the process by managers at all levels of the organisation particularly at first-line management level.

Ambiguous accountabilities; lack of management information; centralised control; and lack of customer-orientation.

Members understanding of the concept; seen as method of 'sorting out' the officers; following initial period (to 1976) when the Council has majority rule, the Council became hung and PR was used as a tool for inter-party debate and differences.

Whilst not a major problem, both officers and members were concerned about the setting of explicit targets because of the risk of failing to meet them and this being treated negatively by opposition groups on the Council or by the public.

Finding worthwhile PIs; keeping scrutiny at the right level (e.g. avoiding detailed review of operational matters and focusing on overall performance of policies).

Some reluctance to change traditional ways of thinking, that is to make the cultural change required in order to focus more on outputs and outcomes rather than simply inputs.

All change is feared, particularly when it exposes individual performance. The education process has a distance to go still.

Low level of awareness of full potential of performance review among the members and so officers, caused limited degree of support. This was compounded by some services being dealt with at too operational a level for members interests. Process is still being developed to address these and in particular to develop the role of members.

Sustaining momentum.

Senior staff could not see the advantages; staff felt threatened; and performance indicators have been difficult to agree.

The most common theme emerging from these responses is that of lack of ownership and/or commitment from either officers or members. This is at odds with the earlier finding that only a minority of chief executives reported that their officers and/or members had been unsupportive (4.6% for officers and 0.7% for members) of the introduction of performance review or had displayed mixed support (15.0% for officers and 5.9% for members). On

reading the responses in box 6.6, one might reasonably have expected a much higher proportion of chief executives reporting mixed support or unsupportive officers and members. This may reflect a general level of support for the principle of performance review from key personnel which deteriorates when the operational implications of running a system become apparent or it may reflect a reluctance on the part of chief executives to admit that their officers were not overwhelmingly supportive of the introduction of a review mechanism. Whatever the explanation, it is clear from the responses in appendix 6.8 and box 6.7, that ownership has been a frequently recurring problem. There is also evidence of technical problems particularly the definition of adequate and acceptable performance indicators. These issues are further considered in the case study analysis and within the critique of performance review (chapter 9).

It is clear from the foregoing section, that establishing a performance review system is not straightforward and the ease with which a mechanism can be implemented will depend on a diverse set of factors. Clearly the more ownership and commitment exhibited from officers and members towards performance review, then the less likely that major problems will be encountered during the set up process. However, technical hurdles also have to be overcome; policy targets have to be defined and performance measures set, and there is evidence of these processes giving rise to difficulties. There is preliminary evidence to suggest that consultation with 'customers' could yield beneficial information. All these factors lend support to the view that a 'text book' approach to performance review does not exist.

## 6.4 Operating a Performance Review System

Once a performance review system has been established, the next major area to be considered is how the process operates within the context of a local authority. Chief executives were asked to describe how the performance review system fitted into the corporate management structure since this will be a major determinant of the operational impact of the processes. A wide array of answers was forthcoming and the full set of responses is contained in appendix 6.9. However, most of the answers could be grouped together under a number of headings and these are given below in table 6.21 according to authority types. Those answers which could not comfortably be slotted into one of these categories is listed under 'other' in the table and detailed in box 6.7 overleaf.

**TABLE 6.21: HOW DOES THE PR SYSTEM FIT INTO THE CORPORATE MANAGEMENT STRUCTURE?**

	LB	SR	SD	WC	WD	CC	MD	NMD	Total (%)
1.	4	2	5	2	3	2	4	32	54 (35.5)
2.	2		1			7		9	19 (12.4)
3.	2		2			2	1	8	15 ( 9.8)
4.			1		2		1	6	10 (6.5)
5.	2					2		5	9 (5.9)
6.	1		1			3		2	7 (4.6)
7.	4	1	1	1	1	2		13	23 (15.0)
8.	3	1	2			1	2	7	16 (10.5)

1. Through the Council's Management Team/Board
2. Through the Chief Executive
3. Through Chief Officers
4. Through all Managers
5. PR system is fully integrated
6. Through the Policy Unit
7. Other (see box 6.7)
8. Nil response

**Box 6.7: HOW DOES THE PERFORMANCE REVIEW SYSTEM FIT INTO THE CORPORATE MANAGEMENT STRUCTURE?**

**London Boroughs**

Service Contract Process.

Review reports to members.

Each departmental management team has responsibility for their service plan and reviewing performance.

A Review Team in the managing directors office runs the corporate process, but individual departments retain responsibility.

**Scottish Regions**

It is viewed as an integral part of the cyclical planning system - even though this is just underway. Outcome of the PR work feeds into next planning and budgetary cycle. The management team will be discussing a series of related papers produced by the Principal Corporate Adviser.

**Scottish Districts**

Audit System Section.

**Welsh Counties**

PR is carried out through the co-ordinating role of the Chief Executive and the Management Team is the officer reference group.

**Welsh Districts**

It doesn't.

**County Council**

Overall review responsibility is with the Policy and Resources Committee but it is firmly with Service Committees for operational key tasks.

Built into Committee structure - each Committee considers a performance indicator report at its quarterly meetings with an annual review by Policy and Resources Committee.

**Non-Metropolitan Districts**

Regular reviews of progress and co-ordination of action.

Key objective.

Items if report are considered prior to committee meetings.

Not fully integrated yet.

Issues regularly feature on agendas.

Cascade effect.

Business plans are a fundamental part of the corporate plan and performance indicators are fundamental to business plans.

Still to be determined.

Part of service plan/service review process.

Via strategic/business planning process.

Management Services located within the Chief Executive's Department.

Assistant Chief Executive ensures process runs smoothly.

Head of Consultancy Services reports to Corporate Strategy and Planning Group.

54 (35.5%) chief executives reported that the Council's Management Team effectively operated as the interface between the performance review system and the corporate management structure. 19 (12.4%) reported that the review process was integrated directly through the chief executive and a further 15 (9.8%) indicated that the process was operated through chief officers. Thus

performance review fits into the corporate management structure through senior management in 88 (57.5%) local authorities. This suggests that performance review is given high priority in a significant number of councils although the possibility exists that senior managers do not have enough time to deal with performance review matters and that such issues will fade into the background in the presence of more pressing issues. 7 (4.6%) chief executives indicated that Policy Units act as the link with the performance review system and corporate management. There is a higher likelihood that where Policy Units operate as the interface, sufficient time will consistently be devoted to performance review issues. 9 responses indicated that the review mechanism was fully integrated into the management structure whilst 10 (6.5%) reported that all managers were responsible for review issues in their area of responsibility. Whilst both of these responses can be interpreted as review having become fully embedded into the council, they could also mean that no one does very much about performance review. No significant variation was evident between authority types except that 7 (36.8%) County Council chief executives indicated that the performance review system was operated through themselves and that a further 3 (15.8%) indicated that the council's Policy Unit was the interface.

Box 6.7 reveals that in some instances performance review is but one stage of other council processes most notably business planning. It also indicates that performance review in some councils is perceived more as feeding into the committee programme and providing member information than being interfaced with the corporate management structure. Such a wide range of responses serves to illustrate the diversity of approaches to performance review within local authorities.

Chief executives were also asked to indicate whether or not the performance review process operated across the whole authority since clearly this will impact on the operation of the system. Only 11 (7.2%) chief executives reported that the system in operation in their authority was not all encompassing. A further 2 indicated that authority-wide performance review was an on-going development. Chief executives were asked how areas were selected for inclusion in the performance review system if the process did not operate across the whole council. Table 6.22 gives a breakdown of the responses with no particular theme or pattern evident. Only one chief executive reported that it was not his intention to achieve full authority-wide coverage in the future.

**TABLE 6.22: HOW WERE DEPARTMENTS SELECTED FOR INCLUSION IN THE PERFORMANCE REVIEW SYSTEM?**

CCT and SLA areas only (2 responses)  
Non-CCT services first  
By CCT  
Front-line services  
DSOs excluded  
Self-selection  
Willingness to participate  
Trial participation  
Political decision  
Three departments selected each year by Policy Committee on advice of Management Team

The next operational area considered was the designate of the officer with performance review responsibilities. Not surprisingly, the answers follow a similar pattern to the responses given to the question "How does performance review fit into the corporate management structure?" For example, where the response to the latter question was 'through the chief executive' the answer to the former was 'the chief executive.' Appendix 6.10 contains the full set of responses concerning the designate of the officer with performance review responsibilities but the answers have been aggregated into groups and are



listed below in table 6.23 since no particular pattern was evident according to authority type. Box 6.8 lists the 27 answers categorised as 'other' in the table.

**TABLE 6.23: THE DESIGNATE OFFICER WITH PERFORMANCE REVIEW RESPONSIBILITY**

		%
Chief Executive	29	19.0
Chief Officers	19	12.4
Corporate Staff	16	10.5
Assistant Chief Executive	15	9.8
Policy Staff	11	7.2
Performance Review Staff	8	5.2
Service Managers	6	3.9
Management Services Staff	6	3.9
No specific responsibility assigned	6	3.9
All Senior Managers	4	2.6
All Staff	3	2.0
Other	27	17.6
Nil response	3	2.0

29 (19.0%) chief executives reported that they were the officer within the authority with responsibility for performance review. 19 (12.4%) reported that all chief officers had such responsibilities and in a further 15 (9.8%) cases, the assistant chief executive was responsible. In a significant number of cases, responsibility fell upon a particular type of officer. In 16 (10.5%) councils, corporate staff were responsible, and policy planners, performance review officers and management service officers were responsible in 11 (7.2%), 8 (5.2%) and 6 (3.9%) local authorities respectively. 6 (3.9%) chief executives reported that all service managers had responsibility for performance review. A further 4 indicated that all senior managers were the responsible officers and

3 chief executives indicated that responsibility rested with all council staff. In 6 councils, responsibility had not been specifically assigned to any officer. The only pattern evident according to authority grouping was that more of the 'non-typical' answers listed in box 6.8 originated from the non-metropolitan districts (18 as opposed to 9 from other council types).

**BOX 6.8: DESIGNATE OF OFFICER WITH PERFORMANCE REVIEW RESPONSIBILITY**

Head of Policy and Performance Review  
Head of Strategic and Policy and Performance  
Central Services Director  
Principal Management Systems Officer  
Research and development staff  
Management Development Unit  
Personnel Officer  
Secondment so varies  
Designate as yet undecided  
Democratic Services Manager  
Local Government Review Co-ordinator  
Head of Personnel and Administrative Services  
Research Officer  
Assistant Director of Audit  
Senior Strategy Management Officer  
Strategy Co-ordinator  
Head of Manpower Services  
Interdepartmental team of 2nd tier officers  
Chief Policy and Administration Officer  
Head of Consultancy Services  
2nd tier managers  
Head of Audit and Review  
Organisational and Development Manager  
Personnel Office  
Training and Personnel Officer  
Audit and Review Manager  
Principal Executive Officer

Chief executives were asked how many staff are specifically involved in performance review. The responses generated were too diverse to aggregate sensibly into tabular form. The full set of answers is contained in appendix 6.11 but a verbal summary for each type of local authority incorporated into the postal questionnaire is presented below.

In London Boroughs, 3 chief executives reported that no staff were **specifically** involved in performance review presumably because all or most staff input into the system, 2 responses reported that all senior managers were involved and 1 chief executive indicated that all chief officers participated whilst another indicated that all staff were involved. In 1 London borough, a combination of central (3) and departmental (5) staff were involved in the performance review system and in a further 2 London authorities, only central staff were identified as having an input. 3 chief executives reported actual numbers of involved staff ranging from 0.5 FTE to 5 FTE. 2 London boroughs were used in the pilot stage of the questionnaire and this particular question was not asked in the pilot survey form. There were 3 nil responses from London chief executives.

Of the 4 chief executives from Scottish Regions completing part 1 of the postal questionnaire, 1 reported that no **specific** staff were involved whilst another reported that all accountable managers participated. 1 reported that 20 staff at the centre were involved which seems a questionably high figure particularly since there was nothing else in that particular questionnaire to explain such a high level of central involvement. The other chief executive reported that 2 staff at the centre were involved as well as all chief officers.

Amongst Scottish Districts, one chief executive reported 2 staff as well as all chief officers and the chief executive involved in the review mechanism. 2 chief executives indicated no specific staff involvement whilst 1 reported that the number of staff involved varied. All chief officers, all managers and all staff were each given as a response from one Scottish District. Of the 5

councils responding with numbers, the level of staff involved varies from 1 FTE to 5 FTE.

The 3 chief executives from Welsh Counties reported: no specific staff involvement; all chief officers inputting into the review mechanism; and 8 FTE staff participating in the system. Amongst Welsh Districts, 4 chief executives reported that no staff were specifically involved in performance review, and 1 each indicated 5 staff involved and 3 staff involved on a part-time basis.

Box 6.9 contains the responses given for County Councils since these were the most varied and proved difficult to adequately summarise. In essence, the responses indicate a diverse range of approaches to performance review from involving an enormous number of staff (in one case, 400 teams) to having a very small number of staff involved. In most County Councils however, a significant number of council staff seem to be involved in the process.

**BOX 6.9: COUNTY COUNCIL STAFF INVOLVED IN PERFORMANCE REVIEW**

All staff - 3 responses  
All senior managers - 2 responses  
1 FTE  
3 FTE  
8 FTE  
Line management and chief officers  
6 at the centre but many in departments  
5 lead officers but many others for specific reviews  
Chief executive and policy review officer  
None whole time  
2 corporate but many other service-based staff  
Many staff throughout the authority  
None specifically  
2 centrally plus service treasury input  
So far approximately 400 teams (that is, one manager and team members) have been introduced to performance monitoring and are starting to get into Performance Review. Some teams are undertaking PR on a three-monthly basis, some on a six-monthly basis, the minimum recommended is annually.  
Pilot (question not asked)

1 chief executive from a metropolitan district reported that all senior staff were involved in performance review whilst a further respondent reported that all staff input into the system. The other 6 reported actual numbers of involved staff ranging from 2 to 9 although in the latter case not on a full time basis.

14 chief executives from non-metropolitan districts indicated no specific staff involvement in performance review whilst 8 indicated that all senior managers had an involvement. 4 chief executives reported the involvement of all their service managers, 3 the input of all their managers, and 2 each, the participation of all line managers and all chief officers. 1 chief executive reported that 3 full-time staff and all committee officers input into the performance review system. Another reported that one officer at the centre plus an officer working group participated in the process whilst another chief executive reported that 1 central staff member plus a range of in-service staff input. 3 chief executives indicated that the number varied whilst another 2 indicated that the number of staff involved varied from department to department or according to the particular review being undertaken. Of those chief executives indicating the actual number of staff involved, these range from 1 part-time staff member to 60 staff with no explanatory statement indicating why so many in the latter case.

Since the number of staff involved in performance review in a council will depend on the type of system being operated, it is little surprise to see such great variety in evidence.

Chief executives were asked to indicate which officers actually carry out performance review work. Considerably disparity was again apparent in

the responses which could not usefully be aggregated. Most of the responses followed a similar pattern as those for the designate of the officer with performance review responsibilities and since no additional useful information could be gleaned from the responses, they are contained in appendix 6.12 for information only.

Chief executives were asked whether training had been required in relation to operating the system. The more staff actually involved in undertaking review work will necessitate more people to be trained if the particular system in operation demands that staff be trained, thereby increasing the resource costs associated with the review system. Table 6.24 aggregates the responses received from chief executives.

	<b>Yes</b>	<b>No</b>	<b>Too early</b>	<b>Nil response</b>
London Boroughs	15	2		1
Scottish Regions	2	1		1
Scottish Districts	9	4		
Welsh Counties	3			
Welsh Districts	2	3	1	
County Councils	12	7		
Metropolitan Districts	5	2	1	
Non-Met Districts	49	19	9	5
<b>Total</b>	<b>97</b>	<b>38</b>	<b>11</b>	<b>7</b>
<b>Percentage</b>	<b>63.4</b>	<b>24.8</b>	<b>7.2</b>	<b>4.6</b>

Overall, 97 (63.4%) chief executives reported that training needs had been identified in relation to the performance review system. 11 indicated that they were at too early a stage following introduction and/or operation to give a response. 38 (24.8%) respondents indicated that no training needs were

associated with the operation of the review process. Disparity was evident according to authority type with the highest proportion of chief executives reporting training needs in Welsh Counties (100%) and London Boroughs (83%) and the lowest proportion being noted for Welsh Districts (33%) and Scottish Regions (50%).

Chief executives were also asked whether any training needs had been identified as a consequence of the operation of the performance review system and table 6.25 summarises the responses.

	<b>Yes</b>	<b>No</b>	<b>Too early</b>	<b>Nil Response</b>
London Boroughs	14	3		1
Scottish Regions	3			1
Scottish Districts	10	3		
Welsh Counties	1	1		1
Welsh Districts	2	3	1	
County Councils	12	7		
Metropolitan Districts	4	2	1	1
Non-Met Districts	46	17	13	6
<b>Total</b>	<b>92</b>	<b>36</b>	<b>15</b>	<b>10</b>
<b>Percentage</b>	<b>60.1</b>	<b>23.5</b>	<b>9.8</b>	<b>6.5</b>

92 (60.1%) chief executives reported the operation of the review system had identified training needs. A further 15 (9.85) indicated that it was too early in the operational cycle to reach a conclusion on this matter and 36 (23.5%) responded that recognition of training needs had not emerged from the operation of the review process. Disparity in the balance of responses was again apparent according to authority groupings with 77% of London Boroughs and 75% of Scottish Regions reporting training needs identified as compared with 33% of Welsh Counties and Welsh Districts. The type of

review system in place in an authority will have a significant bearing on whether training is required to operate the review system and whether the operation of the review mechanism will identify training needs should there be a training gap. It is therefore not surprising to see differences in the pattern of responses by authority type.

The next operational area considered is the committee with performance review responsibilities. A considerable spectrum of answers was forthcoming and is contained in appendix 6.13. However, an aggregation of the responses is contained below in table 6.26 with box 6.10 detailing the answers listed as 'other' in the table.

	Number	%
All Committees	34	22.2
Policy and Resources	23	15.0
Performance Review	23	15.0
All Service Committees	12	7.8
Policy	11	7.2
Policy & Resources and service committees	6	3.9
None specifically	4	2.6
Performance Review and service committees	3	2.0
Quality Service Sub-Committee	2	1.3
Policy and Review	2	1.3
A Finance Sub-Committee	2	1.3
Policy, Resources and Performance Review	2	1.3
Other	26	17.0
Nil response	3	2.0

34 (22.2%) chief executives reported that performance review was the responsibility of all committees. A further 12 (7.8%) indicated that all service committees had responsibility and 6 (3.9%) and 3 (2.0%) chief executives respectively reported that responsibility lay with all service committees in addition to the Policy and Resources Committee and the Performance Review



Committee. 23 (15.0%) respondents indicated that Policy and Resources was the principal committee for performance review matters whilst the same number indicated that a specific Performance Review Committee dealt with performance issues although in a number of cases, this was a sub-committee of Policy and Resources. In a further 11 (7.2%) cases, the Policy Committee was responsible.

**Box 6.10: WHICH COMMITTEE IS RESPONSIBLE FOR PERFORMANCE REVIEW?**

Budget and Performance Review  
Policy and all Management Committees  
Service and Policy and Resources  
Resources and General Purposes  
All members involved  
Quality Assurance Panel to Policy Committee  
Resources Co-ordination Corporate Policy Advisory Committee  
Effectiveness and Efficiency Committee  
Quality and Performance Review  
Management Review Sub-Committee  
Performance Review and Audit  
Performance Management  
Finance and Policy and Resources  
Organisation and Review  
Performance Review/Information Technology Group  
Corporate Planning and Service Review  
Resources  
Principal Committee for its respective 3 year service plan  
Personnel and Performance Review  
Policy and Management  
Strategy Committee  
Performance Review and Programme  
Corporate Review reporting to Policy and Resources  
Establishment

4 chief executives reported that no committees were responsible for performance review which may indicate either a system which entails minimal member involvement or that performance review is the responsibility of all committees so that none is specifically singled out. 2 chief executives indicated that performance review was the responsibility of a Quality Service Sub-Committee whilst a further council reported that the council's Quality and Performance Review Committee dealt with review matters and another

indicated that a Quality Assurance Panel to the Policy Committee was responsible for performance review. In 2 authorities, performance review is the responsibility of a Finance Sub-Committee.

One of the major factors affecting the operation of performance review is how it interacts with other major council processes particularly the policy and budgetary processes. Chief executives were thus asked to indicate whether the performance review system was linked to the policy planning/strategic planning process and whether it was linked to the budgetary process. They were then asked to describe the nature of the link if one existed. Tables 6.27 and 6.28 respectively detail the number and proportion of links existing between performance review and the policy and budgetary processes according to types of authority.

114 (74.5%) chief executives affirmed that their performance review system was linked to the policy process. A further 11 (7.2%) indicated that it was either an on-going or a planned development. 24 (15.7%) reported that the performance review system operated in their authority was not linked to the policy process. This pattern broadly holds across authority types with London Boroughs reporting the highest proportion of linked processes (16 out of 18) and Welsh Districts having the lowest (3 out of 6). Given the dominance of Policy and Policy-associated committees being responsible for performance review matters, it is of little surprise to observe such a high level of association between review and policy and strategic planning systems.

**TABLE 6.27: IS PERFORMANCE REVIEW LINKED TO THE POLICY PLANNING/ STRATEGIC PLANNING PROCESS?**

	Yes	No	On-going	Nil response
London Boroughs	16	1		1
Scottish Regions	3		1	
Scottish Districts	8	3	2	
Welsh Counties	2	1		
Welsh Districts	3	2		1
County Councils	15	2	2	
Metropolitan Districts	6	1	1	
Non-Met Districts	61	14	5	2
Total	114	24	11	4
Percentage	74.5	15.7	7.2	2.6

**TABLE 6.28: IS PERFORMANCE REVIEW LINKED TO THE BUDGETARY PROCESS?**

	Yes	No	On-going	Nil response
London Boroughs	10	7		1
Scottish Regions	4			
Scottish Districts	7	6		
Welsh Counties	1	2		
Welsh Districts	3	1	2	
County Councils	11	5	3	
Metropolitan Districts	3	3	2	
Non-Met Districts	55	23	2	2
Total	94	47	9	3
Percentage	61.4	30.7	5.9	2.0

94 (61.4%) chief executives reported that their review system was linked to the budgetary process. A further 9 (5.9%) indicated that such a link was either an on-going or planned development. 47 (30.7%) reported that no link had been made between the review process and the budget. More variety in responses is evident according to authority type than was the case for linkages with the policy processes. All 4 chief executives of Scottish Region who completed part 1 of this postal questionnaire indicated that in their authorities, the performance review system was linked into the budgetary

process. However, only 1 of 3 Welsh County chief executives and only 3 of 8 chief executives from Metropolitan Districts indicated that such a linkage existed. Indeed in all authority types apart from Scottish Regions, fewer authorities reported linkages to the budgetary process than reported a connection with the policy process.

Where linkages existed between the performance review system and the policy and budgetary processes, chief executives were asked to indicate the nature of the link. Appendices 6.14 and 6.15 contain the full set of responses but a selection of the most revealing and frequently recurring responses is contained in boxes 6.11 and 6.12.

Many of the linkages with the policy planning process are through Service Plans or equivalent documents and through committees setting targets. However, if we recall from earlier in this chapter about the way in which policy targets and performance indicators are set, often council members are involved in target setting but setting the indicators to assess progress towards achieving the targets is left to officers. Some of the processes appear quite dynamic with findings emerging from the performance review system feeding into policy formulation and determining what needs to be the subject of close scrutiny in future years. Some of performance review systems operate at a departmental level giving scope for variation in the way the system works within a particular council as well as the way in which performance review and policy planning interact. The responses do give rise to the question of what happens in councils in which performance review and policy planning are not linked. If the results of performance review do not feed into the

process of redefining policy or at least demonstrating progress in relation to policy targets, then might question its purpose.

**Box 6.11: HOW IS THE PERFORMANCE REVIEW SYSTEM LINKED TO THE POLICY/STRATEGIC PLANNING PROCESS?**

Through committee agreement of targets for services and each committees Three Year Plan details strategic developments which translate into targets for services.

Key tasks and review are part of the strategic plan for this authority.

Our system is a three stage cyclical process whereby review feeds into policy formulation which feeds into policy budgets which feeds back into review.

By virtue of monitoring and intuition by the corporate management team.

The planning process outlines the direction in which the county council is going and all Key Result Areas and Performance Standards need to be linked to this.

The policy planning/strategic planning process forms the basis of the performance review system.

Three year Committee Service Plans are produced annually, containing targets and indicators where possible. Quarterly performance indicator reports are produced for each Committee - these refer inter alia to the plan targets.

Key priorities are sub-divided into objectives/targets for development which forms the basis of measurable performance review system.

Each service will have a working group which will be comprised of members and officers. The group will look at service provision and then feed these ideas into the corporate planning process.

Through Service Plans.

Performance Review Sub-Committee looks at policy review. Policies/policy objectives are identified and effectiveness reviewed. Policy objectives will be fed into the strategic/business planning process which will be subject to performance review.

Provides information for Forward Planning Cycle.

Each department examines the strategic objectives, through their business plans through to their own performance indicators.

**Box 6.12: HOW IS THE PERFORMANCE REVIEW SYSTEM LINKED TO THE BUDGETARY PROCESS?**

The policy budget process will increasingly encourage past performance to be taken into account in resource allocation decisions.

Service plans are expected to demonstrate how proposals will progress the Council's strategic objectives which are then taken into account in budget allocations. The process is still fairly embryonic and requires considerable refinement.

The PR system is linked to the budgetary process but not driven by it. There is a vast amount of work to be done before getting to the stage where policy decisions determine all spending priorities.

We are aiming to make the budget process more service and policy objective led but this will take time - it is like trying to change the direction of an ocean liner.

A review of performance takes place each Autumn prior to the budget setting process and the results are fed into the process.

Intention is that performance indicators will be included in the Budget Book showing change over time.

Policy/strategic planning cannot be separated from budgetary planning.

Service Plans are the first stage of the budget cycle each year.

Budgets (capital and revenue) are determined within a corporate cost-benefit framework based on overall objectives. The performance standards for each service reflect what is achievable within the level of resources allocated to a service via this process.

The whole budget/corporate planning/review systems are interlinked, although major reviews of performance are often undertaken for political reasons also.

Used to find options for change to meet capping level.

Financial performance is part of the process.

In considering the way in which performance review is linked into the budgetary process, it is clear that in the majority of councils, this is at a far earlier stage than the linkages with the policy process. A number of the responses stressed that the linkage was currently being developed and that a lot still had to be done but that it could only be done gradually. The case study evidence to be discussed in chapter 8 indicated that committee chairs and chief officers were supportive of performance review and its implementation until it affected the budget allocated to their particular service area and it is of little surprise to see less progress, and indeed clarity, within

this set of responses. With the huge volume of financial changes which have confronted local government generally and all those managing service budgets particularly, when taken in conjunction with the long tradition of incremental budgeting which has characterised British local government, inevitably there will be a defensiveness over cash received by the departments of an authority and thus this particular area is likely to take much longer to see progress than others. However, ultimately to link the policy and budgetary processes meaningfully together and move away from budget-led policy decisions to policy-led budget decisions requires that performance review has a significant role to play. One respondent indicated that performance review was used to find options for change to meet the council's capping level - or in other words identify areas where cuts can be made. This creates a very negative image for performance review which should be more about assessing progress.

One problem which many local authorities have to confront is the existence of conflicting and multiple council objectives. To have a fully comprehensive set of objectives and related policies often involves having policies which are not complimentary to one another. Chief executives were therefore asked how their performance review system coped with conflicting and multiple objectives. Not surprisingly, a wide array of responses was generated which proved impossible to usefully aggregate. The full set of answers is therefore contained in appendix 6.16 with a sub-set of indicative responses detailed in box 6.13.

**Box 6.13: HOW DOES THE PERFORMANCE REVIEW SYSTEM COPE WITH CONFLICTING AND MULTIPLE OBJECTIVES?**

With difficulty.

The PR system exposes conflicting objectives in a way that helps clarity; it provides a supportive approach to managing multiple objectives.

Through corporate resolution and attempts to improve strategic planning across different directorates and committees.

The system provides raw material for decisions. Members can use PR and other information to reach decisions.

It is too early to be categorically sure how it will cope but a key purpose of the PR process is to expose and reconcile conflict at a corporate level.

Multiple Performance Review Panels prevent this being a problem.

We try to make sure that there are not too many objectives in each area and that they represent the authority's overall philosophy.

As far as possible 'conflicting' objectives are resolved in debate within the Chief Officers Management team. 'Multiple' objectives are encouraged by the system: a recognition that services are capable of delivering against a range of strategic goals.

In general, since the Council Strategy sets out the council's objectives, conflicting objectives are minimised. Since each Forward Business Plan is approved by Committee, multiple and conflicting objectives are dealt with in the committee approval process.

Too soon to say but it will certainly help to identify them and thereby demand a questioning resolution of the situation.

There are no conflicting objectives - these are ironed out in the stages leading to the adoption of the Policy Plan. Multiple objectives have multiple performance criteria.

These responses go across the spectrum. Some chief executives report that conflicting and multiple objectives are not a problem in their authority whilst others indicate that they are a problem and something which the performance review system cannot deal with. Others indicate that performance review has facilitated recognising and solving conflicting and multiple objectives primarily by making their existence explicit, bringing them out into the open, and thereby forcing a solution to be found. Other respondents report that conflicting and multiple objectives have been dealt with outwith the performance review system.



One area of potential difficulty in the operation of a performance review system is whether there is any change in performance in relation to tasks which are not incorporated into the performance review system. Most performance review systems cannot feasibly cover all areas of activity within a council and therefore it is likely that only certain key areas will be assessed within the performance review process perhaps even in rotation leaving others 'unmonitored.' One of the concerns voiced early in the performance debate, was that reviewing performance in certain areas will lead to a deterioration in activity in other areas. Chief executives completing part 1 of the questionnaire were therefore asked to indicate whether any provision had been made for monitoring and appraising tasks which were not incorporated into the performance review system and where they had been, to specify how this had been achieved. Table 6.29 indicates the breakdown of responses to the former question according to authority grouping.

	<b>Yes</b>	<b>No</b>	<b>On-going</b>	<b>Nil response</b>
London Boroughs	10	8		
Scottish Regions	2	2		
Scottish Districts	5	6	1	1
Welsh Counties	2			1
Welsh Districts	2	3		1
County Councils	17	1	1	
Metropolitan Districts	2	6		
Non-Met Districts	41	33	3	5
<b>Total</b>	<b>81</b>	<b>59</b>	<b>5</b>	<b>8</b>
<b>Percentage</b>	<b>52.9</b>	<b>38.6</b>	<b>3.3</b>	<b>5.2</b>

81 (52.95) chief executives reported that provision had been made for monitoring and appraising tasks not incorporated into the performance review process. A further 5 (3.3%) indicated that this was a planned development and 59 (38.6%) recorded that no such provision was made. Disparity was evident according to authority grouping with 17 of the 19 (89.5%) County Council chief executives indicating that provision had been made but only 2 of the 8 (25%) Metropolitan Districts noting any mechanism in place. Appendix 6.17 contains the full set of responses indicating the nature of the provisions made but a selection are contained in Box 6.14 below.

**BOX 6.14: WHAT PROVISION IS MADE FOR MONITORING AND APPRAISING TASKS NOT INCORPORATED INTO THE PERFORMANCE REVIEW SYSTEM?**

Via chief officers and other appraisal processes - the performance review system operates primarily at the strategic level of whole services.

By the use of staff appraisals and departmental working plans.

Additional reviews.

Quarterly reports will include any unforeseen developments.

The County Council Departments are continually reviewing and revising their services in the light of changes in needs, legislation and to meet targets. DSOs have their own statutory targets to meet and review their progress towards meeting these. The County Treasurer continuously monitors the financial performance of Departments and the County.

Performance appraisal, general departmental monitoring and supervisory procedures.

Performance measurement and monitoring is only part of performance review. A small group of senior members and officers consider and stimulate the review of any activity. Internal audit carries out wide-ranging reviews as do individual chief officers.

Performance appraisal.

Appraisal covers both completion of targets and overall job performance.

The relevant committees can request specific reports covering areas of concern with the agreement of the Policy Committee.

Basic management responsibility.

Exceptional reporting to committee and performance appraisal

Different services have their own ad hoc/informal measures for tasks which, whilst important to a section and its work programme would not be sufficiently high profile to be formally included in the corporate review system.

Many of these responses highlight that performance appraisal and departmental monitoring and ad hoc additional review can be used in addition to the council's performance review system. Staff appraisals will generally look at across the board job performance rather than in relation to a few key areas so that the problem of tasks not being covered is minimised.

This section has reviewed some of the operational details of performance review systems but inevitably these details overlap with the type of systems being introduced and therefore many of the themes will be developed in the context of the case studies and the critique of performance review in later chapters. However, it is clear from the information detailed here, that there is a wide diversity of systems in operation and that their organisational impact of is very varied.

### ***6.5 Corporate and Developmental Issues***

The previous sections have reported on how performance review systems have been established and operated and data was presented on some of the issues which require consideration by local authorities in introducing and operating review processes. This section explores corporate and developmental matters relating to performance review from the perspective of chief executives.

The first area considered is whether the introduction of a performance review system has been associated with any changes in corporate values or corporate goals and table 6.30 gives a breakdown of the responses received.

**TABLE 6.30: HAS THE INTRODUCTION OF THE REVIEW SYSTEM BEEN ASSOCIATED WITH ANY CHANGES IN CORPORATE VALUES/CULTURE**

	Yes	No	Nil response
London Boroughs	16	1	1
Scottish Regions	3	1	
Scottish Districts	11	2	
Welsh Counties	3		
Welsh Districts	2	4	
County Councils	15	5	
Metropolitan Districts	7	1	
Non-Met Districts	58	20	4
<b>Total</b>	<b>115</b>	<b>34</b>	<b>5</b>
<b>Percentage</b>	<b>75.2</b>	<b>22.2</b>	<b>3.3</b>

115 (75.2%) chief executives indicated that the introduction of the performance review system had been associated with a change in corporate values and/or corporate culture whilst 34 (22.2%) reported that the establishment of a review mechanism was not associated with any such change. This pattern approximately holds across all authority types except in Welsh Counties where all 3 respondents noted that a change in corporate values/culture had occurred; and in Welsh Districts where only 2 (33.3%) of the 6 chief executives returning part 1 of the survey form indicated that a change had taken place, the rest indicating that the review system was not associated with any corporate changes.

For those respondents indicating that a change in corporate value/culture had occurred, they were asked to elaborate on the nature of the change. The full set of responses is contained in appendix 6.18 but a sub-set of the most revealing and pertinent responses is contained in box 6.15.

**BOX 6.15: CHANGES IN CORPORATE VALUES/CULTURE ASSOCIATED WITH THE OPERATION OF THE PERFORMANCE REVIEW SYSTEM.**

We are now more customer orientated.

The introduction of performance review was consciously and explicitly associated with the efforts to change the culture of the organisation towards performance/customer orientation.

It has directly led to a revaluation of policies and objectives. This has in turn led to better definition of corporate values, management standards and disciplines, service standards, client/customer orientation and service guarantees.

More customer-orientated; the introduction of quality measures; responsiveness to the recession; and the enabling culture.

Accountable/developed management : a clearer client/provider relationship; and more customer orientation in services.

Commitment to quality has been enhanced and there is an increased awareness of the 'customer.'

The introduction of performance review is a component of a package of measures designed to facilitate cultural change in the authority. These include enhancing the strategic and policy-making role of members, improved member technical support, development of the County Strategy, officer/member working groups, customer-orientation and improved local accountability.

Focus on client needs.

Council has evolved clear customer care policies such as 'quality' culture - listening to customers, more questioning /awareness of what services are about. The introduction of a performance review system involves and requires major changes in values/culture, to one of putting the customer first.

Now greater awareness within the organisation of strategic aims of the Council and how individual services contribute to these.

The process has caused cultural priorities and values to emerge as well as performance review goals that is, the way in which the goals are to be achieved has been put into context.

Change from finance-led to policy-led.

An acceptance that customers attitudes and opinions have to be examined to specify services and service levels. Recognition of a general need to develop a more commercial management approach.

The system itself has been a means of changing culture by the establishment of targets and tasks which mirror a more modern culture.

A range of different changes in corporate values and cultures is in evidence.

A significant number of the answers stress that operating a review system has introduced a new 'customer' focus within the local authority with greater attention being paid to what customers perceive their needs to be, leading to

more customer-orientated service provision. In a number of other cases, establishing a review system has been the catalyst for delineating the council's aims, objectives and priorities and getting agreement between officers and members about what the organisation is trying to achieve.

The responses given highlight some of the major benefits to be achieved from introducing a review system although these benefits will only accrue if the organisation is committed to such changes and if the right system is introduced. To explore this further, chief executives were asked whether the system had significantly contributed towards achieving a corporate management perspective and achieving corporate goals. Tables 6.31 and 6.32 contains the breakdown of responses.

	Yes	No	Too early	Nil response
London Boroughs	13	3		2
Scottish Regions	3			1
Scottish Districts	10	2	1	
Welsh Counties	3			
Welsh Districts	1	4	1	
County Councils	12	5	2	
Metropolitan Districts	6	1	1	
Non-Met Districts	52	13	13	4
<b>Total</b>	<b>100</b>	<b>28</b>	<b>18</b>	<b>7</b>
<b>Percentage</b>	<b>65.4</b>	<b>18.3</b>	<b>11.8</b>	<b>4.6</b>

100 (65.4%) chief executives reported that they felt the performance review system had contributed towards the achievement of a corporate management perspective. A further 18 (11.8%) felt that it was too soon to give a response to the question presumably because the system had only recently been introduced at the time the questionnaire was completed; and only 28 (18.3%)

respondents felt that the review process had not contributed to securing a corporate management perspective. This is not to say that in these latter cases a corporate management perspective does not exist, but where it does, it is not attributable to the performance review system. The distribution of responses holds for most authority types but with all Welsh County chief executives reporting a positive link between the review system and a corporate management perspective and only 1 (16.7%) Welsh District respondent considering that such an association could be made.

**TABLE 6.32: DO YOU FEEL THAT THE SYSTEM HAS CONTRIBUTED TOWARDS ACHIEVING CORPORATE GOALS?**

	Yes	No	Partially	Too Early	Nil Response
London Boroughs	12	3	1		2
Scottish Regions	3				1
Scottish Districts	10	2		1	
Welsh Counties	3				
Welsh Districts		4	1	1	
County Councils	11	6	1	1	
Metropolitan Districts	4	2	1	1	
Non-Met Districts	49	13	3	13	4
<b>Total</b>	<b>92</b>	<b>30</b>	<b>7</b>	<b>17</b>	<b>7</b>
<b>Percentage</b>	<b>60.1</b>	<b>19.6</b>	<b>4.6</b>	<b>11.1</b>	<b>4.6</b>

Slightly fewer chief executives felt that the review system had contributed towards achieving corporate goals. 92 (60.1%) responded positively but with a further 7 indicating that the system had partially made a contribution and 17 (11.1%) recording that it was too soon to reach a judgement. 30 (19.6) chief executives indicated that the review system had not contributed towards achieving corporate goals. Again the main authority groupings not following this aggregate pattern are Welsh Counties and Welsh Districts with all respondents in the former category reporting that the review system had made

a positive contribution and with none in the latter authority type considering that the review system had made a contribution to the achievement of corporate goals.

Chief executives were asked whether they considered the performance review system to be successful overall. Table 6.33 contains a summary of the responses.

	<b>Yes</b>	<b>No</b>	<b>Partially</b>	<b>Too Early</b>	<b>Nil Response</b>
London Boroughs	11	1	2	3	1
Scottish Regions	3				1
Scottish Districts	7	2		4	
Welsh Counties	1			2	
Welsh Districts	2	2		2	
County Councils	13		1	4	1
Metropolitan Districts	5			3	
Non-Met Districts	52	3	2	20	5
<b>Total</b>	<b>94</b>	<b>8</b>	<b>5</b>	<b>38</b>	<b>8</b>
<b>Percentage</b>	<b>61.4</b>	<b>5.2</b>	<b>3.3</b>	<b>24.8</b>	<b>5.2</b>

94 (61.4%) chief executives reported that they considered that the performance review system had been successful in their authority. A further 38 (24.8%) indicated that it was too early to pass judgement and 5 (3.3%) responded that the system had been partially successful. Indeed, only 8 (5.2%) out of 153 chief executives felt that the performance review system had overall, been unsuccessful. These negative responses were from 1 London Borough, 2 Scottish Districts, 2 Welsh Districts and 3 Non-Metropolitan Districts. With the exception of the London Borough, those chief executives reporting unsuccessful performance review processes represent the 'smaller' types of authority and one comment provided by one



of the Scottish District respondents indicated that introducing a review system had entailed a lot of additional work for senior officers and members in focusing in on the core services, defining standards and measures of performance but that ultimately, performance review had only highlighted and confirmed weak areas which the council were already aware of but critically however, it did not provide the resources needed to improve these weaknesses. However, it could be argued that this particular chief executive had had an unrealistic expectation of performance review and that the review system which had been introduced to the authority, had been inappropriate to the needs of the council.

In retrospect, it would have been useful to have asked respondents intimating that the system had been unsuccessful or only partially successful, to comment on why this was so. However, all the participants in the pilot stage of the project had felt that their systems were successful, so this secondary question only became apparent when analysis of the full set of questionnaires was undertaken. Overall, most chief executives appear to be satisfied with the performance review system and its impact on the local authority.

In considering the development of performance review activities, chief executives were asked whether any changes to the review system had been necessary since it had been introduced. Table 6.34 gives the breakdown of responses. 39 (25.5%) chief executives reported that changes had been made whilst 3 (2.0%) indicated that it was too early for changes to be needed. 105 (68.6%) respondents noted that no major changes had been made since the review process had been introduced but given that 108 (70.7%) of the systems had been introduced in the two years preceding the completion of the

questionnaire, this figure is not particularly surprising. However, closer analysis revealed that 9 of the review processes introduced during the 1990-92 period had been changed in some way following their introduction and that there was in fact a review process dating back to 1981 which had received no changes.

**TABLE 6.34: HAVE ANY MAJOR CHANGES BEEN MADE TO THE PR SYSTEM SINCE ITS INTRODUCTION?**

	Yes	No	Too early	Nil response
London Boroughs	5	11	1	1
Scottish Regions	1	3		
Scottish Districts	1	12		
Welsh Counties	1	2		
Welsh Districts	4	2		
County Councils	5	13	1	
Metropolitan Districts	2	6		
Non-Met Districts	20	56	1	5
<b>Total</b>	<b>39</b>	<b>105</b>	<b>3</b>	<b>6</b>
<b>Percentage</b>	<b>25.5</b>	<b>68.6</b>	<b>2.0</b>	<b>3.9</b>

For those authorities reporting that changes had been made to the review system, they were asked to indicate the nature of the change. The full set of responses is contained in appendix 6.19 but some of the responses made by chief executives are contained in box 6.16 overleaf.

A wide range of changes is in evidence some extending the role and coverage of the review system with others indicating a rationalisation of its operation for example by focusing on fewer but more appropriate performance measures or by refocusing the review system to concentrate on more strategic issues. A number of chief executives also indicated that they had accommodated the Audit Commission's indicators. Surprisingly, there seems little relationship

between the difficulties reported by chief executives in establishing the review system and the changes which have been made to review processes.

**BOX 6.16: MAJOR CHANGES MADE TO PERFORMANCE REVIEW SYSTEMS SINCE THEIR INTRODUCTION**

The incorporation of the Audit Commission's requirements for statutory indicators; the requirement for customer service standards linked with the Citizen's Charter.

It is currently under review to make it more strategic and less operationally focused.

Further coverage of services; more definitions to aid data comparability; spotlights on areas of special interest to management board; neighbourhood performance review sub-committee where the general public can take a greater interest.

Since 1990, annual reports contain performance indicators and key objectives are linked to targets and measures.

Emphasis shifted to total quality management.

Extended to all committees.

Performance measures have been adopted to take account of the Audit Commission's Quality Exchange initiatives.

All members of the County Council are invited to suggest new key tasks; and responsibility for monitoring key tasks is now being differentiated between main committees and sub-committees.

Linking the performance review process more clearly with the Policy Planning Process through including provision for service prioritisation, addressing strategic priorities. Move to make PIs more clearly related to service provision.

Performance indicators substantially updated.

Concentrated on fewer but better measures.

When first introduced, there was no standard authority-wide process, which led to varying practices between committees and departments. A standard practice manual was then introduced, supported by officer training and a seminar with members. The process is currently under review after around 18 months in operation.

The introduction of trading accounts.

Originally the system applied to a small number of services, for whom it was easier to apply quantitative measures. The aim now is to have more qualitative measures and cover all services and council activities internal and external.

The final developmental question considered is 'what do you see as the most significant future development resulting from the operation of the performance review system?' The complete set of responses is contained in appendix 6.20 but some of the answers are contained in box 6.17.

**BOX 6.17: WHAT DO YOU SEE AS THE MOST SIGNIFICANT FUTURE DEVELOPMENT RESULTING FROM THE OPERATION OF THE PERFORMANCE REVIEW SYSTEM?**

The development of an integrated strategic planning and review process across the council; and the development of a performance culture.

Improved performance arising from the clarification of the roles of all employees, with due regard to the Councils Corporate and Developmental Objectives.

Greater clarity of purpose and direction; improved corporate working; and the provision of benchmarks to measure progress in key areas.

Our system will be related to Accounts Commission proposals on an external level. Internally, for each specified activity we intend to develop quality targets to enable us to assess our performance.

The identification of a managerial and political consensus around a common purpose.

Performance review is a key component in a strategic change package which should facilitate the acceptance and enthusiastic implementation of performance management as a process owned by departments, and leading to greater sense of purpose, direction and accountability.

Client committees focusing on policies, achievement, relevance of activity undertaken rather than the efficiency of delivery.

Closer links with the budgetary process and developments arising from the implementation of proposals in the Citizen's Charter.

Ability to plan service delivery in the light of agreed priorities, and able to measure the effect of those priorities.

Greater member awareness as to strategic levels and quality and to the best use of resources.

The most significant development from our system must be the ability to establish accurately whether departments are providing the service which the members require them to.

Ability to cope with uncertain financial and political climate.

Better allocation of resources; clearer acknowledgement of priorities; clearer individually defined accountabilities.

Integration of systems, better 'control' over the very diverse range of Local Government Services, enables better delegation without abdication of responsibility, and framework for setting targets, linked to resources and choices of priorities.

Greater member concentration on core service standards rather than operational decisions and new developments at the margin.

Greater emphasis on outputs rather than inputs.

The ability to judge where policy and performance is effective and efficient and to be able to identify weak areas. To have the information to decide what action should be taken. To improve priority setting. Improvement to policy implementation. Managers will have the information to control the work of their service so that it meets objectives.

Alignment of council activities with members desires and consumer needs/demands

Not surprisingly, considerable disparity is evident in the answers. Some responses highlight that the processes of the council are now more integrated and that there is now more of a managerial and political consensus about the purpose and direction of the authority. Others stress that performance review has facilitated the clarification of the council's strategy. In a number of cases, it has also provided the framework to facilitate coping with uncertainty and given the current local government environment, that must be a positive attribute. De-emphasising members' involvement in operational matters and increasing their focus on strategic issues was also highlighted as a development arising from the operation of a performance review system. A small number of chief executives identified future developments which had negative undertones such as an anticipation of members keeping a watchful eye on the performance of officers but most respondents identified positive developments, including those chief executives who considered performance review to have been less than successful.

Overall, in considering corporate and development issues associated with performance review, the implementation of a review mechanism has led to a change in corporate values and culture and is particularly associated with a customer focus being illicit. It has also contributed to securing a corporate management perspective throughout the council and with the achievement of corporate goals and is generally perceived by chief executives to have been successful and it is anticipated that it will bring positive benefits in the future. However, there were a number of respondents who felt that it was too soon after the introduction of the review system to reach a conclusion on how review had impacted on their authorities.

## 6.6 Responses from Chief Executives of Authorities Not Operating a Performance Review System

This section looks at the responses received from chief executives representing authorities which did not have a review system in operation and who had therefore completed part 2 of the postal questionnaire sent to them. Table 6.35 indicates the level of part 2 responses received.

**TABLE 6.35 : PART 2 RETURNS FROM CHIEF EXECUTIVES**

	<b>Part 2 returns</b>	<b>% of chief executive returns</b>	<b>% of issued questionnaires</b>	<b>% of all authorities</b>
London Boroughs	3	14.3	10.0	9.1
Scottish Regions	4	50.0	40.0	33.3
Scottish Districts	18	58.1	36.0	34.0
Welsh Counties	2	40.0	25.0	25.0
Welsh Districts	8	57.1	21.6	21.6
County Councils	3	13.6	8.6	7.7
Metropolitan Districts	6	42.8	17.6	16.7
Non-Met Districts	65	44.2	22.6	22.0
<b>Total</b>	<b>109</b>	<b>41.6</b>	<b>22.2</b>	<b>21.2</b>

Overall, 109 chief executives from authorities not operating review systems returned completed questionnaires. This accounted for 41.6% of all the questionnaire returns from chief executives and 22.2% of the authorities issued with questionnaires. Part 2 returns represented 21.2% of all local authorities including councils which participated in the research case studies.

The level of part 2 returns is very low for County Councils and London Boroughs where the returns respectively accounted for only 13.6% and 14.3% of the questionnaires completed by chief executives, 8.6% and 10.0%

of issued questionnaires, and 7.7% and 9.1% of the authorities in these groupings. This reflects the high incidence of performance review in these authority groupings. In relation to total chief executive returns, the level of part 2 responses was highest amongst Scottish Districts (58.1%), Welsh Districts (57.1%) and Scottish Regions (50.0%) respectively representing 36.0%, 21.6% and 40.0% of questionnaires issued and 34.0%, 21.6% and 33.3% of councils in these authority types.

Chief executives representing authorities not operating a performance review system were asked whether there was any mechanism in place for reviewing performance in their authority. Table 6.36 gives a summary of the responses received.

	<b>Yes</b>	<b>No</b>	<b>Nil Response</b>
London Boroughs	3		
Scottish Regions	3	1	
Scottish Districts	13	5	
Welsh Counties	1	1	
Welsh Districts	7	1	
County Councils	2	1	
Metropolitan Districts	6		
Non-Metropolitan Districts	42	22	1
<b>Total</b>	<b>77</b>	<b>31</b>	<b>1</b>
<b>Percentage</b>	<b>70.6</b>	<b>28.4</b>	<b>0.9</b>

77 (70.6%) chief executives indicated there was some mechanism for reviewing performance in their authority whilst 31 (28.4%) said that there was

not. They were also asked to elaborate on the particular mechanism used and appendix 6.21 contains the full breakdown of responses given with a sub-set indicated in box 6.18.

#### **Box 6.18 MECHANISMS USED TO REVIEW PERFORMANCE**

This is done in a rather piecemeal unstructured manner. There is no formal corporate review system.

Service reviews are carried out by departments, the policy unit and internal and external audits. Reviews are often initiated by concerns raised by management information/performance measures.

The Council has set up an informal group of elected members to give preliminary consideration to the questions of performance efficiency and quality review.

One is currently in the process of being introduced. Service plans have been prepared for 1992/95 and these are to be supported by annual departmental plans. These are being drawn up in liaison with a newly created Performance Review Sub-Committee who will have a major role in determining performance indicators and reporting mechanisms.

Measurement of quality standards to those activities subject to CCT. Looking to develop PR measures and complaints procedures.

Service committees are supposed to review their achievement of objectives on an annual basis. In practice this has been hit and miss. There is also a Performance Review Committee but to date they have not grasped the problem but have concentrated on peripheral issues.

There is not a tight performance review system here but we have an annual service planning framework within which departments prepare a set of annual service targets and a three-year outlook. Responsibility is devolved to chief officers who report to their individual committees.

Financial monitoring and complaints level monitoring.

We have a system of Base Budget Review Working Parties which are appointed by each of the Service Committees at the beginning of the financial year to review specified services and submit reports and recommendations to the main committees.

Although there is no formal, authority-wide system, services are regularly reviewed in response to CCT, legislative change, budgetary constraints.

Normal management practice.

Service committees carry this responsibility and are reviewing all services in turn as part of a 2 year programme linked to the Council's strategic plan to year 2000.

Most of the responses indicate that the foundations of a performance review system exist but that it lacks structure or is still relatively embryonic. A number of chief executives reported ad-hoc reviews of particular service areas being undertaken, normally in response to something being amiss.



Chief executives completing part 2 of the postal survey were also asked whether a review system had previously been operational in their authority and 17 (15.6%) reported that a review system has been in place in the past. Box 6.19 contains the complete set of responses to the question 'why is it no longer operational?'

**Box 6.19: WHY IS YOUR REVIEW SYSTEM NO LONGER OPERATIONAL ?**

It was abandoned many years ago on the grounds that little notice was taken of the results and the basis was inappropriate. The system was extremely badly designed and was too centralised.

The system collapsed for a number of reasons but predominately because of the lack of credibility which the system operated in this authority had which may reflect the inadequacies of the system rather than of PR as such.

Too broad.

System collapsed.

Very loose arrangements through a PR Sub-Committee were ineffective and the system lapsed 10 years ago.

Pressure of external change.

Change in leadership and chief executive.

Discounted many years ago when the Performance review Sub-Committee exceeded its powers.

Fell into disrepute because of complexity.

There was a change in the chief executive and the new one considered that the performance review system consisted of no more than a position statement on various services which was barely given a glance by Committees. It was achieving nothing.

This was many years ago and it failed.

A formal system was introduced by a previous chief executive but did not operate satisfactorily.

A performance review committee was disbanded because it tended to review departmental reports of performance and not performance itself.

Rewards produced by the system exceeded our financial resource.

Lacked meaningful performance indicators.

This was abandoned in the early 1980s. It was considered centrally prescriptive in an authority with strong service departments and members support was insufficient.

Committee structures were simplified with the task specifically allotted to service committees. Each committee draws up a committee plan at the start of the year (with increasing emphasis placed on performance indicators in line with Audit Commission proposals) and considers a monitoring report regularly against these. No longer centrally managed but system still operating.

The reasons for discontinuing performance review are wide-ranging and a recurrent theme in the responses is that the systems failed some years back. Some of review systems which have previously been in operation are reported as being too centralist, but complexity is also highlighted and mention is made of the inability to generate meaningful performance indicators.

Chief executives were also asked whether the authority they represented had established a mission statement or statement of objectives, a set of clearly defined goals or targets, and whether they made use of performance indicators. Tables 6.37, 6.38 and 6.39 indicate the responses received.

	<b>Yes</b>	<b>No</b>	<b>Limited</b>
London Boroughs	3		
Scottish Regions	1	3	
Scottish Districts	15	3	
Welsh Counties	1		1
Welsh Districts	7	1	
County Councils	3		
Metropolitan Districts	6		
Non-Metropolitan Districts	55	9	1
Total	91	16	2
Percentage	83.5	14.7	1.8

**TABLE 6.38 DOES YOUR AUTHORITY HAVE A SET OF CLEARLY DEFINED GOALS?**

	<b>Yes</b>	<b>No</b>	<b>Partial</b>	<b>Nil Response</b>
London Boroughs	2		1	
Scottish Regions		4		
Scottish Districts	12	6		
Welsh Counties		2		
Welsh Districts	4	4		
County Councils		1	2	
Metropolitan Districts	4	1	1	
Non-Metropolitan Districts	27	36	1	1
<b>Total</b>	<b>49</b>	<b>54</b>	<b>5</b>	<b>1</b>
<b>Percentage</b>	<b>45.0</b>	<b>49.5</b>	<b>4.6</b>	<b>0.9</b>

**TABLE 6.39 DOES YOUR AUTHORITY MAKE USE OF PERFORMANCE INDICATORS?**

	<b>Yes</b>	<b>No</b>	<b>Partially</b>
London Boroughs	3		
Scottish Regions	1	3	
Scottish Districts	6	10	2
Welsh Counties		2	
Welsh Districts	5	3	
County Councils	1		2
Metropolitan Districts	2	2	2
Non-Metropolitan Districts	34	24	7
<b>Total</b>	<b>52</b>	<b>44</b>	<b>13</b>
<b>Percentage</b>	<b>47.7</b>	<b>40.4</b>	<b>11.9</b>

Overall, 67 (61.5%) chief executives indicated that their authority had established a Mission Statement or a Statement of Objectives; 49 (45.0%) reported that clearly defined goals existed in their organisation; and 52 (47.7%) reported that use was made of performance indicators in their council.

One could reasonably infer from this that in councils where a statement of objectives and/or clearly defined goals have been established, the basic framework for strategic management is in place and where this is supplemented by the utilisation of performance indicators, then the basis for a review system exists. 44 authorities responded positively to the series of questions above.

Finally, chief executives were asked whether it was intended to introduce a performance review system to their authority in the future. Table 6.39 contains the aggregated responses but 74 (67.9%) chief executives indicated that a review system would be established in the future whilst 8 (7.3%) thought that this would probably be the case. 26 (23.9%) chief executives responded negatively to this question. The pattern of responses holds across most authority types except amongst the Scottish Districts where 8 of the 18 (44.4%) chief executives reported that it was not their authority's intention to implement a review process in the future.

For those respondents reporting that review was likely to be introduced, they were asked whether they thought the officers and members of the authority would be supportive of its introduction. One County Council chief executive reported that the implementation of a review mechanism would meet with a lack of support from his officers, whilst another chief executive from a County Council, 3 from Metropolitan Districts and 7 from Non-Metropolitan Districts indicated that there was likely to be mixed support from officers. In terms of member support, a chief executive from a Scottish District and one from a Non-Metropolitan District anticipated unsupportiveness from councillors whilst overall, 9 expected mixed support to be in evidence. In

only 1 Non-Metropolitan District did the chief executive anticipate unsupportiveness from both officers and members.

Overall, within the responses received from chief executives from authorities not operating performance review systems, it is apparent that performance is not excluded from the agendas of these authorities with 70.6% of authorities having some mechanism in place for reviewing performance and with 67.9% anticipating the introduction of a performance review system in the future. A small number (15.6%) reported that a previous review system had been operational but had subsequently lapsed.

## **6.7 Summary**

This chapter has examined performance review from the perspective of chief executives and is based on the responses received from the postal survey conducted to illicit their views. With respect to chief executives representing authorities operating a performance review system, several key findings have emerged:

- \* a high level of support for the introduction of performance review from chief executives, senior officers and councillors is in evidence;
- \* this support is broadly maintained following the implementation of the review system but with a modest increase in the number of chief executives reporting supportive officers but a moderate decline in the number recording supportive members;
- \* the decision to introduce a performance review system has generally been internally-driven typically being either officer-led (in 58% of cases), member-led (13%) or jointly initiated by officers and members (26%);
- \* 47.1% of chief executives reported that specific measures had been introduced to enhance co-operation from officers and members with respect to performance review but it was postulated that this may reflect the anticipation of a lack of co-operation in these councils;
- \* 47.1% of chief executives also reported that their review system was linked to performance appraisal and/or performance-related pay;

- \* in the majority of authorities (68%), some mechanism is in place for communicating knowledge of targets and performance to junior management and operative grade staff;
- \* 43.1% of respondents reported a review system in operation prior to the introduction of the current process being put in place and in 19.6% of cases the current system was based on the previous process;
- \* the majority of systems (70.7%) were introduced during or subsequent to 1990 but there were a small number of systems (5.9%) which pre-date the first Thatcher administration;
- \* 37.9% of chief executives reported that goals and targets had been set prior to the introduction of the performance review system to their authority and most of these were in authorities where the review system had only recently been established;
- \* policy targets for the review system generally emerged from the Council's strategic and operational documents and processes such as corporate objectives or business plans and members were involved in their determination in 64.7% of cases;
- \* where officers set the policy targets, there was a higher incidence (69.6%) of the authority having no overall political control or there being a minority administration;
- \* the setting of performance measures for the review system often seemed unrelated to the setting of policy targets and members were only involved in their delineation in 41.2% of cases;
- \* only 37.9% of chief executives reported a distinction being drawn between economy, efficiency and effectiveness but the examples provided suggest that even in these cases, a clear distinction does not actually exist;
- \* in 59.5% of authorities, quality measures had been incorporated into the performance review system and many of the examples of these stress the importance of the customer's assessment of quality;
- \* in 60.8% of authorities, consumer measures had also been incorporated into the review process but only 21.6% of chief executives reported that the views of consumers had been sought;
- \* establishing a review system led the majority of councils to focus on the objectives of services and in many of these cases, a reappraisal of the service and a redefinition of the customer also occurred;
- \* major difficulties in setting up a review system were reported by 52.9% of chief executives and one of the most common problem encountered was lack of ownership and commitment from officers and members which is at odds with the high level of support also reported by chief executives and may reflect a reluctance to admit that officers and members were not fully supportive of performance review operations;
- \* considerable disparity in the operational details of performance review systems was in evidence particularly concerning how such systems fit into the corporate management structure, the designate of the officer with review responsibilities; the number and type of staff involved in performance review work, and the committee dealing with review matter;

- \* in the majority of cases, training needs were identified both in relation to operating the review system and as a consequence of its operation;
- \* 74.5% of chief executives reported that the review system was linked to the policy/strategic planning process;
- \* a smaller proportion (61.4%) reported a linkage with the budgetary process but the reports of the nature of the linkage revealed that much less progress had been made in this domain;
- \* in 52.9% of authorities, provision is made for monitoring and appraising tasks not incorporated into the review process with systems of performance appraisal and ad hoc reviews being the most common method for achieving this;
- \* 75.2% of chief executives indicated that a change in corporate values and/or culture could be associated with performance review with a strengthened customer focus and improved clarity in the purpose and direction of the authority being the most common change;
- \* the review system is also associated with a corporate management perspective being achieved and with the attainment of corporate goals;
- \* only 8 (5.2%) chief executives felt that the review system had been unsuccessful overall, with most respondents indicating that it had been a success (61.4%) or that it would be premature to reach such a conclusion (24.8%);
- \* a small proportion (25.5%) of chief executives reported changes being made to the review system most of these being from authorities with systems in place for some time;
- \* almost all chief executives identified positive future developments arising from the operation of performance review.

For those chief executives making a part 2 return and thus representing authorities which had not implemented a performance review system, it was clear that performance issues were not excluded from council business and there was evidence of the basic elements of review systems typically already in place. The majority of chief executives anticipated the introduction of performance review sometime in the future.

## *Chapter 7*

### *Performance Review: The Council Leaders' Perspective*

*7.1 Introduction*

*7.2 The Political Dimension*

*7.3 Operational Considerations*

*7.4 Future Developments*

*7.5 Responses from Council Leaders Representing  
Authorities Not Operating Performance Review*

*7.6 Summary*



## **7.1 Introduction**

This chapter discusses performance review from the perspective of council leaders utilising data collected from members completing the postal questionnaire. To recall from chapter 4, the survey form sent to council leaders was briefer than that sent to chief executives and was predominately focused on political aspects of the review systems. However, a number of key questions were asked of both chief executives and council leaders to allow comparisons to be drawn between the two sets of answers and the accuracy of responses to be assessed. These duplicate questions mainly related to factual considerations and are further discussed below.

The chapter is divided into six sections. In this introductory section, the level of part 1 returns is identified since this underpins the relevance of the rest of the chapter and the questions used to test the level of consistency in responses between council leaders and chief executives are also discussed. The political dimension of performance review as explored through the questions asked in the survey form completed by councils leaders is then considered. There are sections relating to operational considerations, developmental issues and the responses provided by council leaders from authorities not operating performance review, followed by a summary. The chapter is mainly confined to the presentation and preliminary analysis of the data collected through the postal questionnaire. A more substantive analysis is subsumed into chapter 9, *A Critique of Performance Review*, compiled using all the research evidence.

Table 7.1 indicates the level of part 1 postal questionnaire returns received from council leaders. In total, 146 survey forms were returned by council

leaders representing authorities which had review systems operating. This accounted for 84.9% of the returns received from council leaders - the number of part 2 responses made by council leaders was minimal and is discussed in section 7.5. Part 1 responses received from council leaders accounted for 29.7% of issued questionnaires and 28.4% of all authorities in Great Britain including those participating in the case study stage of this research. The corresponding figures for chief executives were 31.1% and 29.8%, so council leader representation in terms of part 1 returns, is marginally lower than that for chief executives.

	<b>Part 1 returns</b>	<b>% of council leader returns</b>	<b>% of issued questionnaires</b>	<b>% of all authorities</b>
London Boroughs	15	93.8	50.0	45.4
Scottish Regions	2	50.0	20.0	16.7
Scottish Districts	12	63.2	24.0	22.6
Welsh Counties	2	50.0	25.0	25.0
Welsh Districts	4	44.4	10.8	10.8
County Councils	15	100.0	44.1	38.5
Metropolitan Districts	10	90.9	29.4	27.8
Non-Met Districts	86	78.9	29.9	29.1
<b>Total</b>	<b>146</b>	<b>84.9</b>	<b>29.7</b>	<b>28.4</b>

Amongst authority types, considerable disparity is evident in the scale of positive returns. The highest response rates were from London Boroughs and County Councils where 50.0% and 44.1% of council leaders receiving a questionnaire returned a completed part 1 survey form. This respectively accounted for 45.4% and 35.5% of all authorities in these categories. With the exception of Welsh Districts, the proportion of issued questionnaires which generated a completed part 1 return from council leaders in other

authority groups, ranged from 20% in Scottish Regions to 29.9% in Non-Metropolitan Districts. Only 10.8% of council leaders from Welsh Districts completed part 1 of the survey forms.

Examining part 1 returns as a proportion of total council leader returns, highlights the low level of returns received from council leaders representing authorities not operating performance review mechanisms. The 15 responses received from County Councils accounted for all of the questionnaires returned by county council leaders. Similarly, part 1 returns represented 93.8%, 90.9% and 78.9% of completed survey forms received from council leaders in London Boroughs, Metropolitan Districts and Non-Metropolitan Districts. Contrastingly, the responses received from council leaders in Welsh Districts operating performance review accounted for 44.4% of all returns received from council leaders in this category; and in Scottish Regions and Welsh Counties, part 1 returns represented 50% of all returns but in all these authority types, the overall level of response from council leaders was comparatively low.

In both Metropolitan Districts and Non-Metropolitan Districts, the number of part 1 completed survey forms received from council leaders is higher than the number received from chief executives: 10 against 8 in the case of Metropolitan Districts; and 86 against 82 for Non-Metropolitan Districts. In all other authority groupings, the converse holds. However, it is important to stress that the returns received from council leaders and chief executives within the same authority grouping, do not necessarily originate from the same authorities. For example, for only 10 of the 15 London Boroughs from whom a part 1 return was received from the council leader, was there a

corresponding part 1 return made by the chief executive. In total, for 89 of the 146 (61.0%) authorities whose council leader completed part 1 of the questionnaire, a part 1 return was also made by the chief executive. There were 57 (39.0%) council leaders who completed the questionnaire and whose authorities had established a performance system but whose chief executive did not make a return. This observation is of particular significance when considering questions put to both council leaders and chief executives since it explains some level of disparity between the responses received from the two groups.

Two such questions were 'when was the performance review system established?' and 'who initiated the proposal to introduce performance review?' and tables 7.2 and 7.3 respectively indicate the responses given by council leaders to these questions.

According to 16 (11.0%) council leaders, the performance review system was established in their organisation prior to the election of the first Thatcher administration, with 3 indicating systems going back as far as the 1970 to 1973 period. This compares with 9 (5.9%) chief executives reporting review systems predating Thatcher with the earliest of these in 1974 (see page 175). Only 1 (0.7%) chief executive reported a system introduced between 1979 and 1983 but 8 (5.5%) council leaders indicated that this was the period in which the review system had been introduced in their council. 11 (7.5%) council leaders and 11 (7.2%) chief executives reported processes established between 1984 and 1987. 14 (9.6%) council leaders indicated systems introduced in 1988 whilst 16 (11.0%) reported 1989 as the start-up year in their council. The corresponding figures for chief executives are 8 (5.2%) and

13 (8.5%). The peak period reported by chief executives for introducing performance systems was between 1990 and 1992 when, including those systems whose development was on-going, 108 (70.7%) review mechanisms were established. 79 (54.9%) council leaders recorded processes introduced during this period. The response categorised as 'other' in table 7.2 was from a council leader in a Metropolitan District where performance review is operated departmentally with the consequence that different departments within the same authority introduced review initiatives at different times.

**TABLE 7.2: WHEN WAS THE PERFORMANCE REVIEW SYSTEM ESTABLISHED?  
(COUNCIL LEADER RESPONSES)**

	LB	SR	SD	WC	WD	CC	MD	NMD	Total	%
1970-73							1	2	3	2.1
1974-78					2	1		10	13	8.9
1979-83		1		1		2	1	3	8	5.5
1984-87	2		1			1		7	11	7.5
1988	1		1			2	2	8	14	9.6
1989	3					3		10	16	11.0
1990	1	1	1			2	2	13	20	13.7
1991	5		5		1	2	2	14	29	19.9
1992			3	1		1		4	9	6.2
On-going	3		1		1	1	1	14	21	14.4
Other							1		1	0.7
Nil Response								1	1	0.7

Overall, the level of discrepancy in responses is too high to be adequately explained by the fact that 57 of the council leaders whose responses are included in table 7.2 above are excluded from the chief executive returns.

Consequently, for the 89 authorities for which a questionnaire was received from both the council leader and the chief executive, a close comparison of the response sets was undertaken to explore the discrepancy further.

In 64 cases, the same year was reported by both chief executives and council leaders for the establishment of a performance review system. In a further 19 cases, the year reported by council leaders was within one year of that reported by chief executives and this is likely to reflect the fact that the introduction of the review system is typically a long process, often spanning twelve months or more. In the other 6 authorities, a more marked discrepancy exists between the responses. However, in 4 of these, the chief executive had indicated that the current performance review system was an enhanced/modified version of a previous system that had operated within the authority and it is likely that the chief executive's response relates to the year in which the modified review system was introduced whilst the council leader's answer refers to the date that the original system was established. Thus in only 2 out of 89 (2.2%) cases is there genuine discrepancy between the response given by the council leader compared with that of the chief executive. Follow-up calls in both cases revealed that the date given by the chief executive was in fact accurate. One of the council leaders had given the date that a Performance Review Working Party was set up to investigate establishing a system, as the year in which the review system was actually introduced and in the other case, the council leader had thought he had remembered accurately the year of introduction but was in fact two years outwith the actual date of establishment - this was a system dating back to 1984 and this does highlight the problem of securing accurate information about something which happened a number of years previously. In the case

of three council leaders who reported a review system in their organisation dating back to the early 1970s, at the time of completing the questionnaire, they were being asked to recall facts about something which had occurred more than a decade previously. However, the only response given by council leaders that this is likely to materially affect is that relating to difficulties being encountered in the operation of the review process since the memory of the inevitable 'teething difficulties' in operating performance review may have faded with time.

Overall, in relation to the year in which the review system was established, close inspection reveals a high degree of consistency in the responses given by council leaders and chief executives. This is not however the case with the responses given to the question 'who initiated the proposal to introduce performance review?' Table 7.3 summarises the responses received from council leaders. 53 (36.3%) reported that the introduction of performance review had been jointly initiated by officers and members; 50 (34.2%) indicated that it had been driven by members; whilst 31 (21.2%) responded that officers had been the main driving force behind the establishment of the review process. 3 council leaders indicated that the chief executive had initiated the introduction of the review mechanism whilst a further 3 reported that the chief executive and council leader had been jointly responsible for the proposal. A small assortment (5 in total) of other responses was given as indicated in the table and there was one nil response to this question.

In comparing the responses given by council leaders to those returned by chief executives to the same question (see page 166), disparity is in evidence. 34 (22.2%) chief executives reported a joint initiation whilst 65 (42.5%)

maintained that officers were responsible, 19 considered members to be the driving force and 19 gave the credit for proposing to introduce performance review to the chief executive with a further 4 reporting that the chief executive had been the joint initiator with the council leader. 3 chief executives indicated that consultants had initiated the proposal to establish a performance review system in the council. 7 'other' answers were given by chief executives and there were 2 nil returns to this particular question from chief executives.

**TABLE 7.3: WHO INITIATED THE PROPOSAL TO INTRODUCE PERFORMANCE REVIEW?  
(COUNCIL LEADER RESPONSES)**

	LB	SR	SD	WC	WD	CC	MD	NMD	Total	%
1.			3	1	1	4	3	19	31	21.2
2.	6		2	1	1	7	1	35	53	36.3
3.	8	2	4		1	1	6	27	50	34.2
4.			3						3	2.1
5.	1				1			1	3	2.1
6.								2	2	1.4
7.						1			1	0.7
8.						1			1	0.7
9.								1	1	0.7
10.								1	1	0.7

1.	Officers	6.	Consultants
2.	Officers and Members	7.	Policy Committee
3.	Members	8.	Chief Executive and Chair of Policy
4.	Chief Executive	9.	Reorganisation
5.	Chief Executive and Council Leader	10.	Nil Response



At a glance, council leaders consider there to have been a higher level of member involvement in the initiation of review processes than chief executives report. Conversely, chief executives indicated more review systems initiated by officers than council leaders reported. Again, close analysis revealed that the level of inconsistency in the responses given could not be sufficiently explained by the fact that the responses of council leaders and chief executives did not all originate from the same authorities. Taking the latter point into account and allowing for the higher level of responses received from chief executives (153 as opposed to 146 from council leaders), there was still inconsistency in 43 (29.5%) of the answers from authorities where a return was received from both the chief executive and council leader. Exploring this further revealed that in 25 cases, the chief executive had reported that the proposal to introduce performance review had been initiated by officers but the council leader in these authorities contended that it was a jointly driven initiative; and in 14 cases, chief executives had responded that officers and members had proposed the introduction of performance review to their authority whilst the council leaders from these authorities considered the proposal to have originated from members. 2 council leaders claimed that members were responsible whilst the corresponding chief executives considered that officers had proposed the introduction of performance review. In one case, the chief executive indicated that he had proposed the introduction of the review system but the council leader had given the response of 'officers' being responsible. In one further case, the chief executive claimed that members had wanted review introduced whilst the council leader reported that the proposal was initiated by officers but in this particular council, neither respondent considered the review system to have been successful in the organisation.

Given this high level of discrepancy in responses, further analysis was undertaken to see whether the inconsistency was attributable to elapsed time (and hence memory). However, no pattern was evident, with the distribution of differing responses from council leaders and chief executives being approximately equal across the range of years in which the performance systems were introduced.

Little can be done to rectify this tendency for both officers and members to have differing perspectives on the set-up of the review system but it does underline the problem of using questionnaires to gather data because the accuracy of the responses cannot be gauged and there is a natural tendency on the part of respondents to exaggerate the positive and underplay the negative. In analysing questionnaire material, this facet needs to be considered but it is less of a problem within a multi-layered methodological framework such as that adopted within this thesis, where a survey is used to collect surface-level data but where a further strategy is employed, in this context case-studies, to assimilate in-depth data.

Whilst the level of part 1 returns is sufficiently high at 29.7% to suggest that the data collected using the postal survey issued to council leaders is likely to be representative, examining the consistency of responses on duplicate questions highlights certain issues. In particular, questionnaires were completed at one point in time whilst the review systems were introduced across a wide spectrum of dates. Some of the systems had been established more than a decade prior to the completion of the survey form whilst other cases, the development of the review system was on-going when responses to the questions were compiled. This will inevitably have an impact on the

accuracy of the answers and there is likely to be a tendency for both chief executives and council leaders to take credit for those aspects of the review system that are particularly successful. However, the scale of inaccuracies is impossible to control, estimate or rectify and therefore can only be borne in mind when considering questionnaire responses.

## 7.2 The Political Dimension

This section explores the political dimension of performance review, an area not covered in the questionnaire issued to chief executives. The first area considered is that of political control and table 7.4 indicates the political control of authorities whose council leaders completed part 1 of the survey form.

	<b>LB</b>	<b>SR</b>	<b>SD</b>	<b>WC</b>	<b>WD</b>	<b>CC</b>	<b>MD</b>	<b>NMD</b>	<b>Total</b>	<b>%</b>
1.	7		7	1	3	5	6	29	58	39.7
2.	6		1			7	1	26	41	28.1
3.	1		1					10	12	8.2
4.		1	2						3	2.1
5.	1	1			1	2	1	3	9	6.2
6.			1	1		1	2	18	23	15.8

1.	Labour
2.	Conservative
3.	Liberal Democrat
4.	Independents
5.	Hung Council/Alliance
6.	No overall control

58 (39.7%) councillors indicated that their council was Labour-controlled, 41 (28.1%) reported a Conservative administration, 12 (8.2%) noted Liberal-Democrats in power whilst 3 (2.1%) reported an Independent administration. 9 (6.2%) council leaders responded that their council was hung normally with a two or three party alliance having been established whilst a further 23 (15.8%) council leaders reported no overall control in their authority with 18 of these representing Non-Metropolitan districts. This pattern is broadly in keeping with the political complexion of local government in Britain (see Wilson and Game, 1994) and thus there was no evidence of any particular political group favouring the introduction of review systems to local authorities. The distinction between a 'hung' council and a council with no political control is blurred but since both these responses were given by council leaders and that hung authorities normally had a minority administration or a coalition operating and that this was not the case where no political control was indicated, it was felt appropriate to include both answers as separate categories.

Council leaders were also asked whether their political party had been in power at the time the performance review system was introduced and the responses are given in table 7.5.

117 (80.1%) council leaders reported that their group had been in control at the time the review system was introduced whilst 27 (18.5%) indicated that this had not been the case. However 4 of the 27 responding negatively to the question 'was your political party in power at the time of the introduction of performance review' added comments indicating that this was because no 'party' was in power at the time the review mechanism was introduced, in 3

cases because there was no overall political control in their authority and in the fourth instance, because the Independents formed the administration but were not a **political party**. There is no fool-proof way of assessing how many of the 27 respondent who indicated that their party had not been in control at the time performance review was established, had subsequently come to power and hence it was their leader who was completing the questionnaire and how many fell into the categories described above, except to observe that 15 of those listed as 'no' in table 7.5, were either from Independent authorities, hung councils or authorities where there was no overall political control. In retrospect, this question could have been better phrased to avoid this difficulty.

	<b>Yes</b>	<b>No</b>	<b>Nil Response</b>
London Boroughs	14	1	
Scottish Regions	1		1
Scottish Districts	12		
Welsh Counties		1	1
Welsh Districts	4		
County Councils	14	1	
Metropolitan Districts	7	3	
Non-Met Districts	65	21	
<b>Total</b>	<b>117</b>	<b>27</b>	<b>2</b>
<b>Percentage</b>	<b>80.1</b>	<b>18.5</b>	<b>1.4</b>

Where council leaders had responded positively that they had been in power at the time performance review was introduced to their authority, they were asked to indicate whether their party had been supportive of its establishment

or not. Only 1 council leader from a Non-Metropolitan district indicated that his party was indifferent to performance review, the rest indicating support. Council leaders were also asked to report on their party's current attitude towards performance review. Support was again the norm but with 1 London Borough leader reporting a 'mostly supportive' disposition; 1 councillor from a Non-Metropolitan district indicating indifference with a further leader in this authority type reporting a lack of party involvement and 1 respondent noting 'general support' but without expanding on the nature of this qualified answer. For those council leaders whose party was not in power at the time the review system was established, all 27 indicated that if they had been in control, they would have been supportive of the introduction of performance review and all were favourably disposed towards performance review at the time of completing the questionnaire.

Member support for performance review was considered within the chief executive's questionnaire (see page 163) and a high level of support was again in evidence although moderate numbers of chief executives reported mixed support (9), indifference (3) and unsupportiveness (1) with a modest decrease in the number of chief executives reporting supportive members following the implementation of the review system (140 down to 133). This change was attributed to the review system occasionally revealing details of weak performance and giving the opposition political ammunition. However, there is little evidence in the responses given by council leaders to lend support to this perspective, with members reporting continued support from councillors following the implementation of the system.

One area critical to the political dimension of performance review is the role played by the majority and minority groups in the performance review process. Consequently, council leaders were asked to describe this role. The full set of responses given by leaders is contained in appendices 7.1 and 7.2 but a range of the most revealing answers is contained in boxes 7.1 and 7.2.

**BOX 7.1: WHAT ROLE DOES THE MAJORITY GROUP PLAY IN THE PERFORMANCE REVIEW PROCESS?**

**Overall supervision**

The Executive of the majority group meets on a fortnightly basis with senior officers to monitor/review key performance indicators. The majority group is involved in the selection of indicators annually.

Chair of Policy oversees the PR process; Chair and vice-chairs of Service Committees present relevant information on their departments to the Chair of Policy.

The Performance Review Committee regularly receives reports on selected service areas regarding performance across the Borough. Standing Neighbourhood Committees (or their Sub-Committees) receive reports as requested, comparing performance in that neighbourhood with results achieved elsewhere so that neighbourhoods can learn from each other.

**Decide areas for review.**

Information relating to performance against targets is fed into annual departmental service development plans and used as part of the decision-making process to determine the allocation of funding in committee.

The majority group sets objectives and agrees targets and performance standards for services in consultation with the chief executive and his management team.

Party groups do not play any role in the process as it is at Panel, sub-committee and main committee level that members get involved in setting and monitoring performance, for example through the Annual Key Tasks system.

The performance review process is now embodied into the work of Committees of the City Council, in particular the Management Services Committee which plays a leading role. The majority group, through holding the chairmanship of various committees, therefore has an important role in ensuring that the process succeeds.

They have the major input together with chief officers to the policy planning process and agreeing the principle corporate and departmental objectives. Progress is regularly reported to all members. The majority group controls priorities,

The majority group sets direction, identifies objectives and decides on action resulting from review.

**Sets standards and targets.**

Identification of in-depth projects for review; sets down broad overall political objectives on which policy and performance review system is based.

Close scrutiny of reported performance; directs and corrective action necessary.

**BOX 7.2: WHAT ROLE DOES THE MINORITY GROUP PLAY IN THE PERFORMANCE REVIEW PROCESS?**

A full role.

A minimal role.

The opportunity to share recommendations at committee.

Representation on the Performance Review Committee.

As members of the Council Committees they receive regular reports on performance and may refer comments to the chief executive or heads of departments. They were not involved in setting up the process.

They influence topics for review.

Members of the minority group are present at delegation sub-committees and main committee meetings.

Progress in reporting all objectives is regularly reported to all members.

The minority group share responsibility - performance review is conducted in a relatively apolitical manner.

Fully supportive.

Through the committee process.

To deal with the role of the minority group first, it is apparent that typically the minority group is confined to the level of participation which might reasonably be expected of an opposition group primarily having representation on the committee dealing with performance review in proportion to their numbers. In this context, they can propose areas for review, share recommendations at committee and comment on performance information reported to members to the extent that the review system operated in the authority accommodates such involvement.

A minimal number of authorities indicated that the minority group in their council played a more active role in the performance review process than might be anticipated of a group of opposition politicians with responses such



as 'a full role,' 'the minority group share responsibility - performance review is conducted in a relatively apolitical manner' and 'fully supportive' being given by council leaders. However, in one of these cases, the Independents were the ruling administration; in another, no political control was exercised; and in the other, Labour had a substantial majority. Therefore, in all cases where the opposition were proffered a participatory role, there was no threat of the minority group being able to use performance information to significant advantage.

Far greater variety is in evidence for the roles played by the majority group in the performance review process. This is not surprising since the extent to which the ruling administration participates in performance review will be significantly determined by the type of review system introduced and thus the disparity of roles reported by council leaders reflects the range of review system being operated in this country. The responses given by council leaders could broadly be divided into the following categories:

- \* **active** - as indicated by the response 'the majority group sets direction, identifies objectives and decides on action resulting from review' or for example by setting the performance agenda for the authority and relevant committees and identifying areas for review; and setting standards and/or defining indicators of performance;
- \* **passive** - for example as indicated by the response 'through the committee process' or by the councillors role being confined to receiving regular performance information but with no indication given that much was done with the information; or by 'supervising' the process;
- \* **delegation** - predominately to group officers as in the response 'the Chair of Policy oversees the performance review process; Chair and Vice-Chairs of Service Committees present relevant information on their departments to the Chair of Policy';
- \* **minimal** - where the council leader considered that the majority group played no role in the review system.

Not all responses given by council leaders fitted neatly into one of these categories but at a general level, approximately half of council leaders reported that the majority group's role in the review system was passive. Around 30% indicated an active involvement with a further 16% reporting that participation in performance review was confined to key members of the majority party particularly committee chairs (see delegation above). A small proportion (approximately 4%) indicated that the majority group were not involved in performance review.

Council leaders were asked to indicate whether the performance review system was used for political purposes by the majority and minority groups and a summary of the responses given are indicated in tables 7.6 and 7.7.

	Yes	No	Not Systematically	Too Early	Not Applicable	Nil Response
London Boroughs	7	5		1		2
Scottish Regions	1				1	
Scottish Districts	3	8		1		
Welsh Counties		2				
Welsh Districts	1	3				
County Councils	3	8	2		1	1
Metropolitan Districts	3	5				2
Non-Met Districts	26	38	10	3	4	5
<b>Total</b>	<b>44</b>	<b>69</b>	<b>12</b>	<b>5</b>	<b>6</b>	<b>10</b>
<b>Percentage</b>	<b>30.1</b>	<b>47.3</b>	<b>8.2</b>	<b>3.4</b>	<b>4.1</b>	<b>6.8</b>

44 (30.1%) council leaders indicated that the review process had been used for political purposes by the majority group whilst 69 (47.3%) indicated that it had not. An additional 12 council leaders reported that it had not been used for political purposes in any systematic or conscious way. 5 (3.4%) members indicated that it was too early for this to have become apparent. 6 (4.1%) leaders indicated that the question was not applicable presumably because of an apolitical majority group or no majority group at all.

**TABLE 7.7: IS THE PERFORMANCE REVIEW SYSTEM USED FOR POLITICAL PURPOSES BY THE MINORITY GROUP?**

	Yes	Not Systematically No	Too Early	Not Applicable	Nil Response
London Boroughs	3	8	1	1	2
Scottish Regions	1			1	
Scottish Districts	2	9		1	
Welsh Counties		2			
Welsh Districts	1	3			
County Councils	1	11	2	1	
Metropolitan Districts	2	6			2
Non-Met Districts	11	47	10	6	3
<b>Total</b>	<b>21</b>	<b>86</b>	<b>13</b>	<b>8</b>	<b>5</b>
<b>Percentage</b>	<b>14.4</b>	<b>58.9</b>	<b>8.9</b>	<b>5.5</b>	<b>3.4</b>

Fewer council leaders reported the review process being used for political purposes by the minority group, 21 as opposed to 44 for the majority group with 86 (58.9%) indicating that it was not used politically and a further 13 (8.9%) responding that it was not systematically used politically by the

opposition group in the council. 8 (5.5%) felt that it was too early to pass comment and in 5 (3.4%) cases, the question was considered inapplicable.

These answers were rather surprising since I had a general preconception that performance review would generally give the opposition powerful ammunition both by baring the administration soul, defining the level and standard of service considered acceptable by the majority group; and/or by providing them with information on performance with which to attack the ruling administration. However, the responses to this question suggest that this is not the case and that generally minority groups are not seizing the political opportunity presented by performance review.

To explore this further, closer analysis was undertaken in terms of the political balance of the 44 responses given by council leaders reporting the review system being used politically by the minority group in their authority. In 10 cases, the administration was Labour-controlled but in 8 of these cases, the Conservatives were the next largest group and in 7 of these, the Conservatives held only a few seats less than the Labour group and by taking control of these, the Conservatives could secure control of the authority. Hence, the stakes were high. In 6 cases the converse is true with the Conservatives holding power but with Labour a close second. No pattern in terms of political balance was in evidence in the other cases. More significantly however, there were other authorities where only a few seats separated the controlling group from the party with the second most seats but the review system was not used for political purposes by either the majority or the minority party. This tends to suggest that other factors are likely to affect

whether review is used politically by the council and considerations such as the personality of the politicians is likely to be significant.

The final strand in the political dimension of performance review considered in this chapter is the incorporation of political objectives into the review process. Council leaders were initially asked to indicate whether the political objectives of the administration were incorporated into the performance review system and table 7.8 contains the breakdown of given responses.

	Yes	No	Not Systematically	Too Early	Not Applicable	Nil Response
London Boroughs	12	2	1			
Scottish Regions	1				1	
Scottish Districts	5	3	3		1	
Welsh Counties	2					
Welsh Districts	2	2				
County Councils	9	4		1	1	
Metropolitan Districts	8	2				
Non-Met Districts	52	26	4	2		2
<b>Total</b>	<b>91</b>	<b>39</b>	<b>8</b>	<b>3</b>	<b>3</b>	<b>2</b>
<b>Percentage</b>	<b>62.3</b>	<b>26.7</b>	<b>5.5</b>	<b>2.1</b>	<b>2.1</b>	<b>1.4</b>

91 council leaders (62.3% of respondents) indicated that their administration's political objectives were incorporated into the performance review system and a further 3 (2.1%) indicated that such a development was on-going. 39 (26.7%) council leaders reported that the objectives of their group were not incorporated into the review process whilst a further 8 (5.5%) indicated that they were not systematically encompassed into the

performance system. 3 respondents indicated that the question did not apply in the context of their council again presumably because of the apolitical nature of the administration - in one Scottish Region and in one Scottish District, the Independents were the majority group and in one County Council, there was no political control in the authority.

At first glance, it is surprising to see over a quarter of council leaders reporting that the performance review system does not accommodate the political objectives of the ruling group. However, closer scrutiny reveals that in 26 out of the 39 negative responses given, the council leader represented either a hung council or one in which no overall political control was exercised. However, there was also a small number of apolitical administrations (4 in total) in which the council leader indicated that the objectives of the administration had been incorporated into the review process and there were 7 councils which were controlled either by Labour, Conservative or Liberal Democrat members where political objectives had not been accommodated by the review system. However overall, in the majority of cases where an authority is politically-controlled, the political objectives of the ruling group are encompassed into the review mechanism.

For council leaders indicating that the objectives of their administration were part of the performance process, they were asked to indicate how this had been achieved. Appendix 7.3 contains the full set of responses but a selection of the answers is indicated in box 7.3 overleaf.

In general, according to council leaders, the political objectives of the ruling administration form the basis of the targets within the performance review

system. Alternatively, the objectives translate into key tasks with performance in relation to these tasks being monitored. This is in keeping with the responses given by chief executives to the question 'how were the policy targets set for the performance review system?' although chief executives considered there to have been some officer involvement in the process (see pages 180).

**Box 7.3: HOW ARE THE POLITICAL OBJECTIVES OF YOUR ADMINISTRATION INCORPORATED INTO THE PERFORMANCE REVIEW SYSTEM?**

Through (i) committee agreement of targets for services; and (ii) each committee's Three Year Plan details strategic developments which translate into targets for services.

Political objectives form the basis of the system of targets.

The majority party has established ten tasks. The system is designed to provide information on the extent to which these are being achieved.

The review of performance relates to the objectives of the County Council as detailed in the County Council's Policy Budget. The Policy budget contains the overall strategy of the County Council, its service bloc strategies, policy objectives and medium-term action programme and annual plans. Performance review enables an assessment of the progress of the medium term action programme and of the Council's overall strategy.

Only in the sense that key objectives for the year are identified and these are related to the high priority tasks which committees (upon which the Conservative Group form the majority) identify as requiring particular attention.

The performance targets are geared to the policy objectives of the controlling group.

In ensuring that the underlying ethos is maintained throughout the review of the service.

Quality Audit mentality.

We ensure that budget allocations and monitoring is focused on our priorities..

Through strategy and service plans.

Within the councils corporate strategy, each committees aims and objectives, through a series of targeted key tasks, and in the establishment of working groups.

There is little in the responses given by council leaders to indicate any officer input but this can reasonably be attributed to the different phrasing of the respective questions. Two of the responses contained in box 7.3 consider that the budget in conjunction with the review process ensures that political

objectives are the focus of council activities. The responses to the chief executives questionnaire also provided evidence of fully integrated systems in operation. The strange answer of 'quality audit mentality' was given by one council leader which could be interpreted as the achievement of quality and value for money constituting the objectives of the administration and that pursuit of their attainment underpinned all council activities. Another respondent indicated that their policy objectives were encompassed into the review system by ensuring that the underlying ethos is maintained throughout service review. Clearly such leaders are anticipating that their policy objectives are embedded into the organisation.

### ***7.3 Operational Considerations***

The first operational area considered in terms of council leaders' attitudes to performance review, is how they perceive the system dealing with conflicting and multiple objectives. Although this could feasibly have been considered under the previous political dimensions section, it is discussed as an operational detail because this is the context within which the same issue was considered by chief executives. The full set of answers given by council leaders to the question 'How does the performance review system cope with conflicting and multiple objectives?' is given in appendix 7.4 but an illustrative selection is contained in box 7.4.

Like chief executives, the responses given by council leaders vary greatly with some reporting that conflicting and multiple objectives have not been an issue in their council, some indicating that they have been but that the review system can deal with them adequately, and yet others reporting that whilst they exist, the review system cannot cope with them.



A number of the council leaders consider that the review system highlights conflicting and multiple objectives whilst a number of others indicated that the review system has facilitated dealing with them as indicated in answers of the nature "by breaking down and analysing objectives" and "the performance review system exposes conflicting objectives in a way that helps clarity; it provides a supportive approach to managing multiple objectives." This is an important contribution in itself.

**Box 7.4: HOW DOES THE PERFORMANCE REVIEW SYSTEM COPE WITH CONFLICTING AND MULTIPLE OBJECTIVES?**

Dealt with at full Committee.

The performance review system exposes conflicting objectives in a way that helps clarity; it provides a supportive approach to managing multiple objectives (case study is targeting in Right to Buy).

By breaking down and analysing objectives.

By separating out overall objectives from specific targets.

The system provides the raw material for decisions and does not attempt, as a system, to cope with conflicting and multiple objectives. In such an event, members would consider the detailed figures available and make a balanced decision.

With difficulty.

Responsively.

There is a flexible attitude adopted towards objectives which recognises the multi-faceted nature of priorities. Reports on each committees performance are presented to the main co-ordinating committee whose function includes the balancing of priorities.

There has not really been a problem in this authority - all groups want to see better performance and greater efficiency.

We ensure the objectives don't conflict. Multiple objectives are prioritised.

It might highlight them, but it does not cause or solve them. Members decisions to resolve conflict can be advised by the performance review system.

Multiple objectives are encouraged. Conflicting objectives (for example, planning against economic development) are more difficult - in theory, the Performance Committee should make a ruling.

Council leaders were asked whether the review mechanism was linked to the policy/strategic planning process and the budgetary process and tables 7.9 and 7.10 overleaf contain a summary of the responses given.

	<b>Yes</b>	<b>No</b>	<b>Partially</b>	<b>On-going</b>	<b>Nil Response</b>
London Boroughs	9	2	1	3	
Scottish Regions	1	1			
Scottish Districts	7	4		1	
Welsh Counties	2				
Welsh Districts	3	1			
County Councils	11	3		1	
Metropolitan Districts	6		3	1	
Non-Met Districts	60	17	5	3	1
<b>Total</b>	<b>99</b>	<b>28</b>	<b>9</b>	<b>9</b>	<b>1</b>
<b>Percentage</b>	<b>67.8</b>	<b>19.2</b>	<b>6.2</b>	<b>6.2</b>	<b>0.7</b>

99 (67.8%) council leaders indicated that the performance review system in their authority was linked to the policy/strategic planning process whilst 98 (67%) reported that such a link had been established with the budgetary system. For the policy planning system, a further 9 (6.2%) indicated that the development of such a link was on-going whilst 9 (6.2%) also reported that the systems were partially linked. For the budgetary process, 8 (5.5%) reported that this was an on-going development whilst 6 (4.1%) indicated partial linkages. 28 (19.2%) and 31 (21.2%) respondents respectively reported no relation between the performance review system and the strategic planning process and the budgetary mechanism. These figures are in keeping with those given by chief executives (see page 212) except that fewer chief

executives indicated a link with the budgetary system - this is reasonably explained by the responses from chief executives and council leaders originating from different authorities.

**TABLE 7.10: DOES THE PERFORMANCE REVIEW SYSTEM RELATE TO THE BUDGETARY PROCESS?**

	<b>Yes</b>	<b>No</b>	<b>Partially</b>	<b>On-going</b>	<b>Nil Response</b>
London Boroughs	9	2		4	
Scottish Regions	1	1			
Scottish Districts	8	4			
Welsh Counties	1	1			
Welsh Districts	2	2			
County Councils	10	2	1	2	
Metropolitan Districts	5	2	2	1	
Non-Met Districts	62	17	3	1	3
<b>Total</b>	<b>98</b>	<b>31</b>	<b>6</b>	<b>8</b>	<b>3</b>
<b>Percentage</b>	<b>67.1</b>	<b>21.2</b>	<b>4.1</b>	<b>5.5</b>	<b>2.1</b>

Where the review system had been related to the policy and budgetary processes, council leaders were asked to indicate whether they felt that the linkage was adequate and sensible. Amongst most authority groupings, the overall view was that the linkages which had been made were appropriate, although a number of respondents felt that it was too early to reach a conclusion on this matter (10 for the policy planning process and 13 for the budgetary system). However, 6 council leaders from non-metropolitan districts felt that the linkage made with the budgetary process in their council was inadequate. The general high level of support is ironic given that chief executives identified improved linkages as a development they would like to see in the future in relation to their performance review system.

Council leaders were asked to indicate whether there had been any major difficulties with the operation of the performance review system and the summary of responses received is given in table 7.11.

	<b>Yes</b>	<b>No</b>	<b>Too Early</b>	<b>Nil Response</b>
London Boroughs	8	5	1	1
Scottish Regions	2			
Scottish Districts	3	8	1	
Welsh Counties	1	1		
Welsh Districts 1	3			
County Councils	3	12		
Metropolitan Districts	3	7		
Non-Met Districts	29	39	14	4
<b>Total</b>	<b>50</b>	<b>75</b>	<b>16</b>	<b>5</b>
<b>Percentage</b>	<b>34.2</b>	<b>51.3</b>	<b>11.0</b>	<b>3.4</b>

75 (51.3%) reported that no difficulties had been encountered and a further 16 (11.0%) indicated that whilst no difficulties had been experienced, it was too early in the life cycle of the review process for these to have become apparent. In total, 50 council leaders (34.2%) indicated that there had been difficulties in operating performance review in their authority. The proportion of leaders reporting problems is noticeably high in London Boroughs where 8 respondents (53.3%) noted operational difficulties being encountered; and in Scottish Regions where both the council leaders who made part 1 returns recorded operational problems.

Where difficulties had been experienced, council leaders were asked to elaborate on the nature of the problems. The full set of answers is contained in appendix 7.5 but an illustrative range is contained in box 7.5.

**Box 7.5: MAJOR DIFFICULTIES EXPERIENCED WITH THE OPERATION OF THE PERFORMANCE REVIEW SYSTEM.**

Reluctance of some chief officers to introduce targeting; lack of interest of some members; culture not supportive of performance measurement; continual budget reductions; and difficulty in defining sensitive performance indicators.

Defining performance indicators

Recognition of the financial implications under cash-limited budgets.

There is sometimes an absence of clear thinking and there have been problems with vague objectives and performance indicators.

Members and officials don't like scrutinising in-depth - it necessarily lifts the lid on all sorts of things.

The Conservative Group objects in principle and 'leak' reports as they see fit; one department (Computer and Information Technology) was consistently obstructive.

Changing members role in the committee structure and highlighting conflict between those who are involved more with education than with social services and vice-versa.

The main difficulty was the refusal of the members to consider the policy and service development proposals for each service before the financial implications and the likelihood of being able to introduce improvements were known. This meant that to a large extent, this year anyway, the process became finance rather than policy driven and work on performance review was delayed until the priorities were established.

Inadequate training.

The policy objectives are not clear enough and outside situations such as CCT, Local Government Review and the threat of capping have had a greater impact.

Mainly that it was seen as a time-consuming add on to the work of committees when its purpose was to be a central system for making policy come alive throughout the authority.

Maintaining an integrated process in the face of various pressures particularly financial.

Lack of commitment by some senior officers unwilling to be accountable and failure by them to adapt to a more corporate approach to management of the authority. It is difficult to break down the barriers of the empires that have been established over the years.

Probably getting best method of recording. We want a system not just for the council but for the general public as well through the council's quarterly magazine.

It has had major implications regarding the use of officers which is currently at a premium with the pressures of the poll and council tax, CCT and now Local Government Review.

Lack of commitment; defensiveness caused by a non-performance culture.

A wide array of answers is in evidence but the difficulties communicated by council leaders can broadly be categorised as:

- \* **behavioural** difficulties such as a lack of commitment from officers and/or members or defensiveness over the traditional way of doing things in the council or the lack of any driving force to kick-start the process.
- \* **technical** difficulties such as defining performance indicators or as indicated in the response 'maintaining an integrated process in the face of various pressures particularly financial' or 'getting the best method of recording.' There were also a number of technical difficulties which related to how the performance review system was linked in with other processes within the council particularly the policy and budgetary cycles.
- \* **resource** difficulties particularly in relation to training but also regarding the use of officers time as evidenced in the response 'It has had major implications regarding the use of officers' time which is currently at a premium with the pressures of the poll and council tax, CCT and now Local Government Review.'
- \* **political** difficulties such as a lack of clear policy objectives being forthcoming from councillors or the changing roles of members caused by performance review or an obstructive opposition.

A number of the responses given by council leaders highlight problems from more than one of the above category being encountered in the operation of performance review within their local authority. In addition, the distinction between these categories is not always clear-cut. For example, lack of clear policy objectives creates technical difficulties in the operation of the review mechanism and could be responsible for a lack of commitment from both officers and members to performance review. These factors make it infeasible and inappropriate to consider how many of the responses fall into each category. However, it can reasonably be observed that the dominant type of response was behavioural difficulties but there was a spread of all categories of answers.

No pattern was distinguishable according to authority grouping. However, most of the councils which highlighted resource difficulties as an operational problem had introduced their performance review systems post-1988 and this

is in keeping with the pressures which local authorities were under towards the latter end of the 1980s both financially and in keeping abreast of the changes occurring in this sphere of the public sector.

In terms of operational issues, council leaders were finally asked to indicate whether overall they considered the performance review system to be successful. Table 7.12 summarises the responses given.

	<b>Yes</b>	<b>No</b>	<b>Too Early</b>	<b>Partially</b>	<b>Nil Response</b>
London Boroughs	10	1	4		
Scottish Regions	1	1			
Scottish Districts	5	2	5		
Welsh Counties	1		1		
Welsh Districts	2	2			
County Councils	11	1	2	1	
Metropolitan Districts	7			2	1
Non-Met Districts	59	6	16	4	1
<b>Total</b>	<b>96</b>	<b>13</b>	<b>28</b>	<b>7</b>	<b>2</b>
<b>Percentage</b>	<b>65.8</b>	<b>8.9</b>	<b>19.2</b>	<b>4.8</b>	<b>1.4</b>

96 (65.8%) council leaders considered that the review system operated in their council was successful. A further 28 (19.2%) felt that it was too early in the life of their system to make judgement on this and 7 (4.8%) council leaders indicated that the system had only been partially successful. The review system was considered to have been unsuccessful by 13 (8.9%) council leaders. These figures are approximately in line with those given by chief executives where the proportion of respondents indicating successful,

partially successful and unsuccessful review mechanisms is respectively 61.4%, 3.3% and 5.2% with 24.8% of chief executives indicating that it was too early to judge the success of the review process (see page 225).

For most authority types, this distribution of answers approximately holds but in 1 of the 2 responses received from council leaders in Scottish Regions and 2 of the 4 from Welsh Districts, it was indicated that the review system had not been successful. In all cases where an unsuccessful or a partially successful system was reported, operational difficulties had also been identified but with no one particular type of operational problem being particularly associated with a lack of overall success. More significantly, a not insubstantial number of council leaders, 43 in total (29.5%), reported operational difficulties but indicated successful performance review systems. However, the majority of these (39 of the 43) were systems which had been introduced before or during 1990 and there had therefore been sufficient time for the difficulty to be resolved. 10 of the 13 council leaders indicating unsuccessful review processes and 5 of the 7 reporting partially successful processes had also communicated that the political objectives of their administration had not been incorporated into the performance review mechanism and none reported the majority group as having an active role in the review process.

For 80 of the 89 authorities where a response was supplied by both the council leader and the chief executive, both indicated the same response in terms of success: 78 considered the review system to have been successful; in one case both the chief executive and the council leader considered the performance process to have been partially successful; and in one further case, both respondents felt that performance review had operated



unsuccessfully in their authority. In 6 cases, either the chief executive or the council leader felt that performance review had been successful whilst the other felt that it had only been partially successful. In a further 2 cases, one respondent considered the system to have been successful whilst the other reported an unsuccessful operation and in one case, the chief executive considered the review mechanism to have been unsuccessful whilst the council leader from the same authority thought that it was partially successful. In all of these latter cases where a difference of opinion between the chief executive and the council leader was evident, the system had been introduced post-1989. It is likely therefore that where an earlier system had proven unsatisfactory to either party, appropriate modifications had been made so that by the time the questionnaire was completed, the review system was satisfactory to both key organisational figures.

#### **7.4 Future Developments**

Council leaders were asked to indicate what future developments they would like to see in relation to performance review. The full set of responses made by council leaders is given in appendix 7.6 but a pertinent selection is contained in box 7.6.

On the whole, the answers given are unsurprising given the responses to other questions made by council leaders. Many focus on addressing operational difficulties previously outlined particularly technical difficulties, such as the definition of performance indicators or developing or enhancing linkages into the policy and budgetary processes and generally making the review system fully integrated into the council's activities; or resolving behavioural difficulties such as commitment problems.

**BOX 7.6: FUTURE DEVELOPMENTS IN THE PERFORMANCE REVIEW SYSTEM.**

Extension of targeting to all major services; and the development of measures of consumer satisfaction within service targets.

Refining and fine-tuning; linking it much more to sound external data - for example, the changing profile of the Boroughs population.

The incorporation of our recently launched "Citizen's Charter" into every departments key tasks.

Proper measurement of all functions and a system produced which will create improvements in these measurements.

I would like to link it to the political objectives in the manifesto and use it for strategic and financial planning.

The authority's objectives will be supported by output/outcome driven performance indicators.

I would like to see an outside moderator from another authority to sit in with the panels.

Clearly the Citizen's Charter Performance Indicators will be a leading change in performance review in the next few years.

Consultation with customers.

Further development of corporate management; to date the system has concentrated on short-term planning and objectives - the development of longer-term policy planning and objectives must be a priority together with the development of more meaningful measures of performance.

We want it to be closely linked with our customer care programme so that we can monitor our services and take on board customer comments and so continually review and compromise.

What we need is performance review of our performance review system - and we are now in a position where a few senior members are at long last beginning to see the importance of performance review.

A comprehensive process incorporating: policy/planning and policy review; budgetary process; performance review within corporate strategic/business planning process; and the incorporation of survey and other qualitative information.

More measures of customer perception/satisfaction.

Given the present state of local government, this performance review process will increasingly be called upon to indicate priorities.

System which did not simply measure internal statistics - for example, outturn against budget - but also made measures in a league table type of monitoring against other authorities for a standard performance area. I would like the audit service to recommend best standard practice for most areas of service provision and organise their own computers to produce league tables of actual performance attained.

Getting the role of members clarified as at present members are involved in detail about service plan monitoring that we see as a management role; building members performance into the system.

Cascading down through the organisation and greater understanding by members.

However, one dimension not picked up elsewhere in the council leaders' questionnaire was that of the customer. A number of the future developments identified by council leaders focused on incorporating the customer's perception and satisfaction of council services into the review process and a number felt that there should be more consultation with customers. This is supported by evidence from the chief executives' questionnaire which did ask about the incorporation of consumer measures and customer consultation (see page 191). Several responses highlighted the likely changes which the Citizen's Charter would bring about in the context of performance review. At the time the postal questionnaire was being completed by council leaders, the Citizen's Charter was in the early stages of its inception but it was clear that authorities would in all probability, have to produce a standard set of information on services which would be publicly available. A small number council leaders anticipated that it would be appropriate to incorporate Citizen Charter measures into their performance review system. One leader whilst not mentioning the Citizen's Charter reported that the future development he would like to see was "a system which did not simply measure internal statistics - for example, outturn against budget - but also made measures in a league table type of monitoring against other authorities for a standard performance area. I would like the audit service to recommend best standard practice for most areas of service provision and organise their own computers to produce league tables of actual performance attained," a council leader who must be much satisfied with the Citizen's Charter legislation. One leader felt that a performance review exercise should be undertaken on the performance review system and this is in fact an important consideration. The performance review process should match the needs of the organisation but given that these change over time, there does need to be some monitoring to

assess whether the review system is delivering what is required by an authority.

### **7.5 Responses from Council Leaders Representing Authorities Not Operating Performance Review**

This section examines the returns made by council leaders representing authorities which had not yet established performance review systems and had thus completed the short part 2 section of the questionnaire. Table 7.13 indicates the level of part 2 responses received from council leaders.

**TABLE 7.13 PART 2 RETURNS FROM COUNCIL LEADERS**

	<b>Part 1 returns</b>	<b>% of council leader returns</b>	<b>% of issued questionnaires</b>	<b>% of all authorities</b>
London Boroughs	1	6.2	3.3	3.0
Scottish Regions	2	50.0	20.0	16.7
Scottish Districts	7	36.8	14.0	13.2
Welsh Counties	2	50.0	25.0	25.0
Welsh Districts	5	55.6	13.5	13.5
County Councils	0	0.0	0.0	0.0
Metropolitan Districts	1	9.1	2.9	2.8
Non-Met Districts	23	21.1	8.0	7.8
<b>Total</b>	<b>41</b>	<b>15.1</b>	<b>8.3</b>	<b>7.9</b>

It is clear from the above that council representation from authorities which had not implemented review procedures is minimal with only 41 part 2 returns being made by council leaders across all authority types. This compares unfavourably with the 109 part 2 responses received from chief executives and accounted for only 15.1% of all the questionnaires returned by council leaders and represented only 8.3% of the authorities to whom a questionnaire

was issued and only 7.9% of total local authorities. Given this low level of response, the results and discussion of the completed part 2 questionnaires will not be disaggregated according to authority grouping.

Council leaders were again asked about the political control of their authority and a summary of the responses given is contained in table 7.14.

**TABLE 7.14: POLITICAL CONTROL OF AUTHORITIES NOT OPERATING PERFORMANCE REVIEW**

	<b>Number</b>	<b>%</b>
Labour	18	43.9
Conservative	5	12.2
Liberal/Democrat	1	2.4
Independent	3	7.3
SNP	1	2.4
Hung Council/Alliance	2	4.9
No overall control	11	26.8

In comparison with table 7.4 (page 251) which indicates the political control of authorities operating a performance review system, it would be tempting to suggest that there is an increased tendency for Conservative-controlled councils to implement a review mechanism and for authorities in which there is no overall political control to not have established a process. However, on the basis of such a small sample of authorities, such a conclusion would be of doubtful validity. It is clear however, that there is no strong tendency for any political group not to introduce a performance review mechanism.

In answer to the question 'would your party support the introduction of a performance review system?' 25 council leaders indicated that support

would be forthcoming whilst 2 said that support would probably be in evidence. One member reported that his party would be 'a bit uneasy' about its introduction whilst 4 said that their party would not support the introduction of performance review to their authority. One leader intimated that he didn't know how such an initiative would be perceived whilst a further respondent indicated that they would probably not be supportive because they had previously had a system of measuring services against performance indicators but that it had been discontinued after a few years because it had proven impossible to monitor satisfactorily. Another leader reported that the performance of departments in terms of their business plans is reviewed half-yearly and when combined with a system of staff appraisal, he felt that this was adequate and there was no reason to add a performance review process. In comparing supportive/ unsupportive council leaders with the political control of authorities, no pattern is in evidence. 3 members reported this question as not applicable all representing authorities which had an Independent administration or no overall political control, and there were 3 nil responses.

Council leaders were also asked whether they thought that the minority group would support the introduction of a performance review system. 24 reported that they expected the opposition to be supportive whilst 9 council leaders indicated that they didn't know what the attitude of the minority group would be. 3 respondents noted that the question was not applicable all from councils lacking political control and there were 5 nil responses, 4 from councils which had no political control and one where the Independents were the main opposition group. No council leaders reported that the

minority group would be unsupportive of the implementation of a performance review system.

In considering whether the officers of their authority would be supportive of the implementation of a performance review system, 29 council leaders reported that they would, 2 thought they probably would and 2 felt that the introduction of a review mechanism would meet with mixed officer support. 3 council leaders indicated that they did not think that such an initiative would be welcomed by officers whilst 2 didn't know how it would be received. There were 3 nil responses to this question.

Given this comparatively high level of support for the introduction of performance review, it is not surprising that 25 council leaders expected to see a performance review system in the lifetime of their administration. A further 5 indicated that this would possibly occur but 11 communicated that it was unlikely that their administration would see the introduction of performance review. All 4 councils leaders who had reported that their party would be unsupportive of the establishment of a review process fell into this latter group.

Finally, council leaders were asked what factors were inhibiting the introduction of a performance review system in their authorities. The full set of responses given by members is contained in appendix 7.7 but a sub-set are indicated in box 7.7 overleaf.

**BOX 7.7: WHAT FACTORS ARE INHIBITING THE INTRODUCTION OF PERFORMANCE REVIEW IN YOUR AUTHORITY?**

Cost to a small authority.

Never been considered.

Extensive legislation.

The Accounts Commission Citizen's Charter proposals adequately address the issue of performance measurement for this authority.

Development of objectives.

Too busy with CCT.

Satisfied with existing arrangement.

Previous failure.

Corporate strategy incomplete.

Staff input since they are already overworked.

Financial pressures (capping etc.) have forced us to axe our performance review team.

Other priorities and the need to establish a system of committee targets as a preliminary step towards the introduction of a performance review system.

Time and resources.

None, system not desired.

A number of the responses stress the resource implications of introducing and operating a performance review system with the cost to a small authority cited by one Scottish District as a reason for lack of progress in this area and other responses indicated that too much time and resources were concentrated on legislative changes particularly CCT, to have had the opportunity to establish a review process. In one case, an authority's performance review team had to be discontinued because of financial pressure. A number of the responses indicated that the authority represented by the council leader was satisfied with its current review arrangements and thus the factor inhibiting the introduction of a performance review system was that one was not desired! A previous failure with performance review was the response given by one



member, and council leaders also reported that an incomplete corporate strategy, the development of objectives and establishing a system of committee targets, were factors preventing the imminent introduction of a performance review system.

## **7.6 Summary**

This chapter has focused on a performance review from the perspective of council leaders and is based on the postal returns made by leaders of local authorities. Analysis of the questionnaires particularly when compared with the responses given by chief executives to duplicate questions, reveals that the answers given are not always completely accurate. This could be attributable to two possible causes:

- \* the first is the length of time between something taking place such as the introduction of performance review to a local authority, and the recollection of the event, the longer the time, the more likely for inaccuracy as the memory fades; and
- \* the second reflects the natural tendency for people to take credit for things which run smoothly and successfully but not for those which do not as reflected in the old saying 'success has many fathers but failure has none.'

The overall impact of these issues is difficult to quantify but the nature of the questions asked to council leaders suggests that they are unlikely to make a significant difference but they do highlight the weakness of using questionnaires to gather information of this type if unsupported by a complimentary method or technique.

Several key findings emerged from the analysis of responses made by council leaders in relation to performance review. In particular:

- \* there is no evidence of one particular political party favouring/not favouring the introduction of performance review with systems being operated in councils of all political persuasions. The introduction of performance review appears not to have been a party political issue;
- \* council leaders and the political parties they represent have been supportive of the introduction of performance review and this support has been maintained following implementation;
- \* the role played by an authority's majority group in the performance review process varies considerably with some taking an active role, some a passive role, some delegating participation to a few key group members, and a few playing a minimal role;
- \* on the whole, the minority group were afforded limited participation in performance review;
- \* there is limited evidence to support the preconception that opposition groups use performance review for political purposes by for example, utilising the information emerging from the review system for political advantage;
- \* in most cases where the council administration was politically-controlled, their political objectives have been incorporated into the review system and a variety of methods have been used to achieve this;
- \* most of the operational areas considered, revealed similar evidence to that emerging from chief executives particularly in relation to how the review system coped with conflicting and multiple objectives, and the linkages between performance review and the policy planning and the budgetary system;
- \* 34.2% of council leaders reported operational difficulties with their performance review system with a range of behavioural, technical, resource and political problems being identified;
- \* overall, a significant majority (65.8%) of council leaders considered performance review to have been successful but a number (19.2%) considered that it was too soon after the implementation of the system in their council to pass judgement on this matter;
- \* for those council leaders who considered performance review to have been unsuccessful or partially successful, operational difficulties had been encountered and the systems were generally recent and thus there had not been time for 'teething difficulties' to have been sorted out. In most cases, the political objectives of the controlling group had not been incorporated into the review system and the majority group had typically not had an active role in the performance review process; and
- \* the future developments which council leaders would like to see in relation to the performance review system operating in their authority. mainly emerge from the difficulties encountered in operating the existing system or relate to integrating performance review with other processes operating within the council. However, consideration of the customer was identified by a number of council leaders as significant and incorporation of Citizen Charter indicators was also highlighted.

Although the data set for council leaders representing authorities which had not introduced performance review systems is small and thus no definitive conclusions can be drawn in this domain, in only a small number of cases is there evidence of the authority choosing not to operate a review mechanism. In most cases, either the authority is working towards the introduction of a review process or its absence reflects competing demands on the resources of the authority.

# *Chapter 8*

## *The Case Study Evidence*

- 8.1 Introduction*
- 8.2 Case Study 1: Bath City Council*
- 8.3 Case Study 2: Hertfordshire County Council*
- 8.4 Case Study 3: Cornwall County Council*
- 8.5 Case Study 4: Epsom and Ewell Borough Council*
- 8.6 Case Study 5: The London Borough of Lewisham*

**IN VIEW OF THE SENSITIVE NATURE OF SOME OF THE RESEARCH MATERIAL CONTAINED WITHIN THIS CHAPTER, READERS INTENDING TO REPRODUCE ANY OF THE CONTENTS, ARE REQUESTED TO REFER TO THE AUTHOR IN THE FIRST INSTANCE.**

## **8.1 Introduction**

This chapter presents the in-depth case studies undertaken to explore how performance review actually operates within local authorities. The detailed methodology employed was discussed in chapter 4 but in essence, material for each case study was accumulated from two main information sources:

- \* documentation supplied by participating authorities; and
- \* semi-structured interviews conducted with key personnel in case study authorities; normally the chief executive, the officer with performance review responsibilities, the director of a service department incorporated into the review process, the leader of the council or the chair of the committee dealing with performance review matters, and a leading member of one of the opposition groups.

In identifying local authorities as potential case studies, a representative cross-section was sought in terms of both authority type and political control. However, a further critical determinant was the willingness of organisations to participate and a number of councils who were approached, declined either because of excessive work pressures or because they felt that their review system was too embryonic to be worthy of analysis or in one case, because they had just taken part in another major study and felt that they had done their bit for furthering knowledge. In a number of other cases, preliminary discussions were undertaken and in some cases interviews were conducted but with the performance review system proving to be disappointing or unrevealing or too much in its infancy to merit full analysis. There was one authority which agreed to be a case study and which due to its pioneering experimentation with decentralisation, seemed worthy of inclusion. However, participation was conditional upon the officer with performance review responsibilities being present at all interviews. Unfortunately, his personality was such that he was unable to be present as a silent observer which in itself,

would have limited the openness of the interviews but he continually interrupted, amended and elaborated upon the responses given by interviewees to the extent that the interviews were futile because an honest and free exchange of views was impossible. An interview with the chief executive of this authority was not possible and when combined with a lack of useful documentation, this case study which could have unveiled insights about performance review operating in the decentralised environment which is likely to characterise more local authorities in the future, had to be discounted.

The authorities which are included in this thesis as case studies comprise 1 London Borough, 2 County Councils and 2 Non-Metropolitan Districts. Preliminary interviews were undertaken with several Scottish authorities but their systems transpired to be too early in their development to be suitable for analysis, reflecting the general later development of review systems in Scotland. Three Welsh authorities were approached, 2 counties and 1 districts, but all declined to be included in this research. Newcastle Bradford Metropolitan Districts were interviewed as part of the wider ESRC project from which this thesis emerged but these were conducted by another researcher on the programme and therefore could not be included.

The London case-study is the inner London Borough of Lewisham which at the time of conducting this research was Labour-controlled and served a population of 240,000. The two county councils were Cornwall and Hertfordshire. Cornwall, which serves 473,400 people, has no overall political control and was selected to explore how review might be operated in the absence of strong political direction. The ruling administration in

Hertfordshire is Conservative and the authority encompasses 994,200 people. The two Non-Metropolitan authorities are Bath and Epsom and Ewell. Bath is a spa town within Avon County and has a heavy emphasis on tourism. It has a Conservative minority administration and a population of 83,900. In Epsom and Ewell, the controlling group is Independent comprising predominately Residents Association councillors. The district is located within Surrey County and serves a population of 68,600. An authority willing to participate with an interesting and developed performance review system and controlled by Liberal Democrats was not identified. However, the Liberal Democrats are the dominant group in Cornwall so it was felt that this particular political dimension had not been ignored.

For each case study, there are separate sections describing the performance review system, the documentation supplied by the participating authority, and the interviews which were conducted, as well as a brief critique of performance review as operated in the case study council. A more intensive discussion and analysis of particular aspects of the systems is reserved for chapter 9 which presents an overall critique of performance review. The case studies are presented in the order in which they were undertaken. They were conducted between February and November 1992 in the following chronological sequence:

Bath Non-Metropolitan District	February 1992
Hertfordshire County Council	June 1992
Cornwall County Council	July 1992
Epsom and Ewell Non-Metropolitan District	September 1992
London Borough of Lewisham	November 1992

In all cases, the interviews were carried out in the course of one day. Documentation relating to the review system was requested prior to the case study visit to afford an opportunity to be partially familiar with the review system. Additional documentation was normally acquired whilst visiting participating councils and in two cases, further material was forwarded on after the interviews had been completed along with a brief update on performance review in the council. In all but one case, contact has been maintained with the officer with performance review responsibilities in the case study authorities.

## **8.2 Case-Study 1: Bath City Council**

### **8.2.1 The Performance Review System**

The introduction of performance review to Bath City Council is closely associated with the appointment of a new executive to the authority. Prior to the current mechanism, committees routinely received financial statistics and general management information, normally determined by chief officers. On arrival, Clive Abbot, the new chief executive, felt that the authority lacked strategic direction and he set about instilling a more strategic orientation in the authority an integral part of which was the development of a performance review system within the Council. It was argued that “monitoring and review, simply stated, is the means by which the Council can measure its success in meeting its objectives” (Bath City Council, 1989, p13) and that in establishing a clear and coherent direction for the years ahead, “the essence of the approach is effective monitoring and review, coupled with clear and consistent communication to the public and to the staff of the authority” (p16).



The progressive development of performance review is marked by a series of documents further discussed below. However, from the chief executive's initial report, *Bath on the Threshold of the 1990's*, the purpose of which was to "set the context for the Council's policy direction in the years ahead" (p1); an agreement of Bath City Council's Goals emerged. Full definitions of the broad objectives as agreed by the Council, is contained in appendix 8.1 but the primary goals are:

Economic Vitality

Quality of Environment

Excellence in Housing Provision

Cultural and Recreational Opportunities

Responsive Relations with the Community

The next step in developing the performance review system in Bath was to generate a set of service objectives and a comprehensive document entitled *Service Objectives for the 1990s* was produced. To quote from the Chief Executive's introduction, the publication:

sets out the objectives of every committee and service of the Council. It translates the vision set out in the Council's goals into specific objectives and links them with cost centres for ease of working, clarity of direction and accountability. The service objectives of every committee have been brought together in one document to reflect the Council's corporate work and vision; to improve communication and understanding both inside and outside the Council; to ensure that connections are made between Council objectives and to ensure a consistency of approach. Finally, this is a document which will be available to everyone to consult.

The document is divided into colour-coded sections with a section devoted to each council committee. Each section begins with a statement of the principal objectives of the committee for the next three years with these ranging from the 9 objectives detailed for the Environment Committee as contained in Box 8.1 to the very brief objective set out for the Mayor's Selection and

Hospitality Sub-Committee (the only sub-committee afforded its own colour section) of 'Review the ways in which the office of Mayor is utilised to meet the needs and traditions of the people and the City.' Within each section, the Function, Position Statement normally including the 1990/91 Budget, the Service Objectives, the 1990/91 Priority or Priorities, and the Medium Term Objective or Objectives of each cost centre/service area encompassed by the Committee, is detailed. Appendix 8.2 contains the extracts for the Review Section and for Policy Development subsumed by the Policy Committee since these are of relevance for performance review in Bath particularly in the former case since this highlights the lack of policy direction in the council. Extracts are also given for one of the housing areas because the service director interviewed in Bath was the Director of Housing, and for one of the service areas encompassed by the Environment Committee to highlight the relationship with the Principal Objectives detailed in Box 8.1.

**BOX 8.1: PRINCIPAL OBJECTIVES OF BATH'S ENVIRONMENT COMMITTEE**

1. Develop and implement the environmental policies brought together in July 1990 - the "green" issues.
2. Prepare for, and if enacted, implement legislation both on (i) litter, (ii) food hygiene and standards, and (iii) waste recycling.
3. Implement the Landscape Strategy.
4. Following public consultation, prepare a policy statement and initiate action, in conjunction with Avon County Council, to improve traffic management in the City Centre to give greater priority to pedestrians.
5. Achieve return to Bath of traffic management powers.
6. Develop policies for the effective monitoring and control of tourist coaches and buses in the City to ensure that those operations do not adversely effect the quality of life in the City.
7. Secure further Park and Ride sites on the approach roads to the City.
8. Deliver to the customer a responsive service to achieve a cleaner, greener City.
9. Effectively monitor expenditure on highways maintenance and repairs generally.

With service objectives established, the final stage in the development of the review system was determining relevant performance indicators and targets and in December 1991, a report by the chief executive went to the Special Review Sub-Committee entitled *Performance Indicators for the 1990s*. The document set out "examples of performance indicators which have been developed by service areas." It maintains that these should be directly linked to the stated service objectives and that in some instances targets have also been set but that "in many cases, a record of performance needs to be established in order more accurately to gauge a realistic target." The report urges:

When looking at these indicators, members need to ask themselves 'Are they relevant and are they useful?' The indicators will therefore be dynamic - subject to constant scrutiny, review and revision to make sure that they really are going to provide meaningful information which will help decision-making, which will highlight problems early on, and which will give members confidence that services are being delivered with **efficiency and effectiveness** to the agreed **standards**.

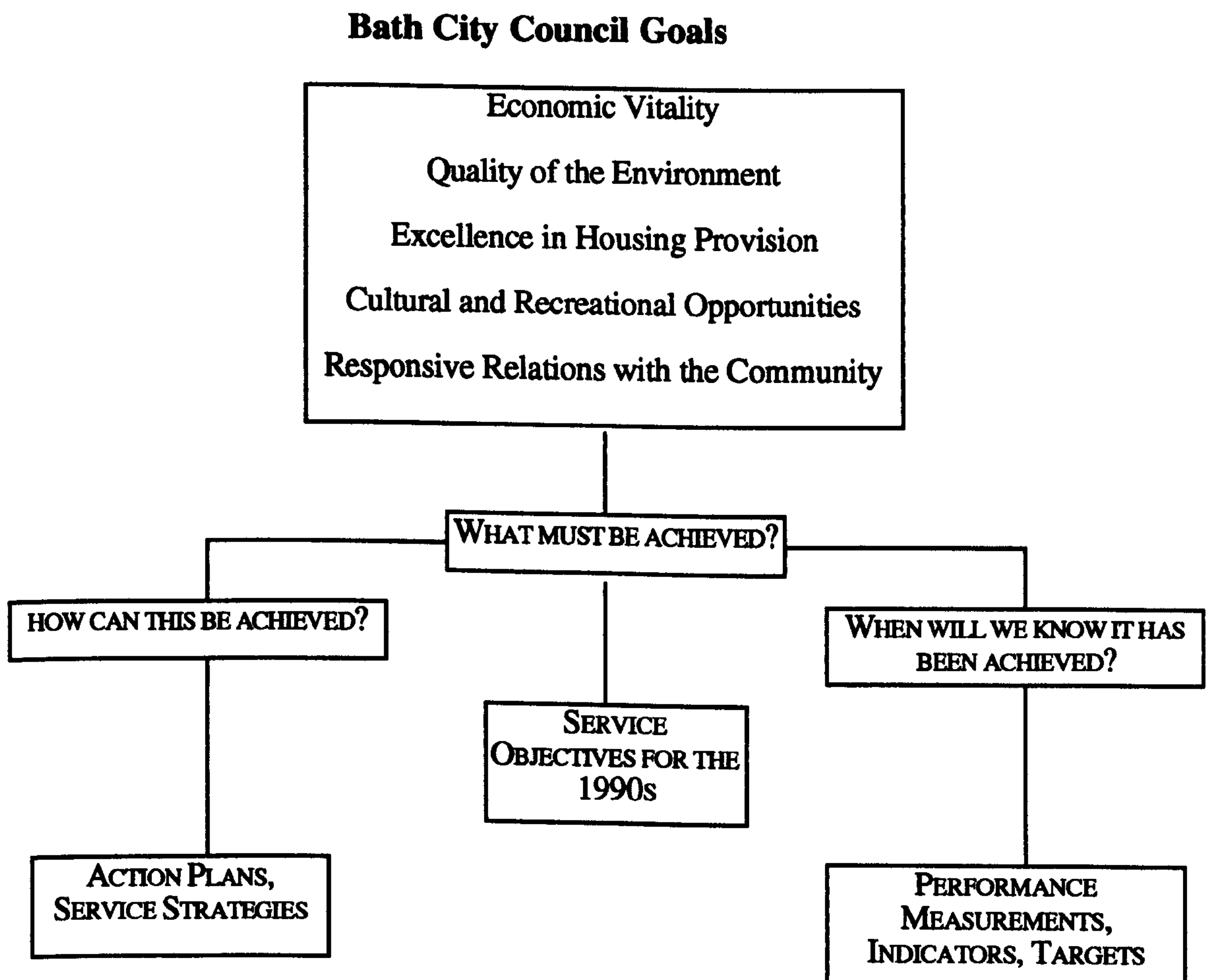
The pages relating to the cost centres whose service objectives are contained in appendix 8.2, are reproduced in appendix 8.3 except for Policy Development since no corresponding performance indicators were included in the indicators document.

In essence therefore, the performance review system operated by Bath City Council comprises a set of Council Goals cascading down to service objectives and then down to performance indicators and related targets. In a booklet produced by the Council's Review Section, *Guide to Designing Good Performance Indicators*, the overall planning framework was set out as indicated in figure 8.1 overleaf. Within this document, it is argued that:

Performance review is an integral part of the planning and management of the authority and in future it will become even more relevant as pressures on local government increase.

The figure highlights that performance review is only one strand of the overall planning framework. Whilst the framework as reproduced from the publication, suggests a somewhat static approach to planning with performance measurements, indicators and targets not feeding into anything; elsewhere in the same document, the dynamic nature of performance review is stressed with the 'performance review management cycle' being described as 'a continuous loop' and depicted by a set of inter-related cogs as reproduced in appendix 8.4 (the diagram is included as an appendix because of poor reproductive quality).

**FIGURE 8.1: BATH CITY COUNCIL'S PLANNING FRAMEWORK**



## 8.2.2 Documentation Supplied by Bath City Council

Much of the documentation relating to performance review in Bath City Council has already been referred to. Box 8.2 contains a summary of all the documentation supplied.

### **BOX 8.2: DOCUMENTATION SUPPLIED BY BATH CITY COUNCIL**

#### *Bath on the Threshold of the 1990s*

A report prepared by the Chief Executive for the Policy Committee in September 1988. The paper seeks to:

- \* suggest the broad policy framework for the years ahead
- \* establish the means by which resource allocation can be policy based
- \* provide a yardstick against which to monitor and review progress

#### *Service Objectives for the 1990s*

A comprehensive internal publication which sets out Bath City Council's Service Objectives for committees and service areas.

#### *Performance Indicators for the 1990s*

A report by the Chief Executive for the Special Review Sub-Committee in December 1991 providing examples of performance indicators which have been developed by service areas and identifying targets where these have been set.

#### *The Review Section's Guide to Designing Good Performance Indicators*

As the title suggests this publication was prepared by the Council's Review Section and its primary purpose is to assist managers through the process of designing indicators. However, it also attempts to present the case for performance review restating it as a means by which the Council can measure how successful it is in meeting its stated objectives. It also argues the case for performance review in terms of it proving to be a useful management tool arguing that "a manager's time can be used up in trying to control problems, rather than monitoring the progress towards objectives. By providing the minimal amount of relevant information, a performance review system can help a manager think clearly about results, guide future decisions, and report back."

Also supplied but of limited relevance to the performance review system operated in Bath:

*Bath City Council Annual Report 1991*

*Bath - A World Heritage City Information Pack*

The principal problem with the performance review material supplied by Bath City Council is a lack of clarity and consistency. Nowhere, is it categorically stated what constitutes performance review. Through my case study visit, I was able to piece together the 'review picture' but apart from senior management and members who were involved in setting service objectives and defining performance indicators and targets, it is unlikely that others at Bath City Council will be aware of the details of performance review operations. Given the lack of a comprehensive publication delineating the review mechanism, it is particularly unlikely that the residents of Bath City Council will have any relevant knowledge of performance review yet this was clearly intended from the outset with "clear and consistent communication to the public and to the staff of the authority" being identified in the initial report *Bath on the Threshold of the 1990s*.

This preliminary document does not in fact refer to performance review but talks of 'monitoring and review' and at one point talks of monitoring and review as a theme and proposes:

There needs to be a willingness to review constantly that the right means are being used to tackle the right ends, recognising that the Council operates in a market place even in areas where there is no competition as such: a market attitude is essential.

Ignoring the confusion which the latter part of this quotation arouses, the report fails to significantly detail how monitoring and review is to be achieved. Almost as a footnote, there is a 'Next Steps' paragraph which proposes that:

If the Committee agrees with the approach of the paper, it should then go to Council. Thereafter, it will fall to this Committee and other committees to consider and, as necessary, refine their objectives taking the attached paper as the base. This should be a pre-requisite to setting priorities within cash-limited budgets, setting targets, measuring success against those targets, and contributing towards regular review of the Council's policies.

However, there is nothing in the report which justifies this particular approach nor in fact any discussion about targets or measuring success against these targets. The roles which officers and members will respectively have to play in the development and operation of performance review in Bath is not specified. Overall the document is poorly focused and difficult to follow and the case for the introduction of performance review is neither clearly nor explicitly made.

The subsequent document, *Service Objectives for the 1990s* is considerably better although it contains a significant number of obvious minor errors (for example, the 1990/91 budget for Pest and Dog Control Services is £115.080) and visually, it could have been better presented (there is no consistency in the typeface or page layout used by each committee). What is lacking in this document is any mention of how the service objectives link into performance review or vice-versa even though the delineation of service objectives had been proposed as the next step in the 'monitoring and review' approach. As mentioned earlier of this publication:

The service objectives of every committee have been brought together in one document to reflect the Council's corporate work and vision; to improve communication and understanding both inside and outside the Council; to ensure that connections are made between Council objectives and to ensure a consistency of approach. Finally, this is a document which will be available to everyone to consult.

At the end of his introduction to this publication, Clive Abbot the chief executive, details the timetable for the sequence of events related to establishing service objectives:

This document sets out the Council's service objectives. In the Spring, Committees will decide on the strategies for achieving them including costs and timescales. With this information they will be able to put their service objectives in order of priority. In the Autumn, the Policy Committee will recommend Council-wide service priorities, so that the Budget for 1992/93 can be settled accordingly.

There is thus no reference either directly or indirectly to monitoring and review or performance review in the service objectives document. Yet ten months later, a report *Performance Indicators for the 1990s* went to the Special Review Sub-Committee the first section of which was entitled 'Performance Indicators Linked to Service Objectives' and whose opening paragraph is:

The document sets out examples of performance indicators which have been developed by service areas. These indicators should be directly linked to the stated service objectives.

This suggests that service objectives are of relevance to performance review at Bath City Council.

In the committee brief which accompanied the performance indicators report, the chief executive reports that:

The Council is already committed to a system of monitoring performance and developing performance indicators. This is in line with Audit Commission proposals about the use of performance review for local government services. The principle is to measure Council services objectively through the use of numerical indicators and also through the use of surveys, with targets related to a set of policy objectives. In essence, the development of performance indicators is a necessary corollary of developing and reviewing service objectives. A good performance review system is valuable in monitoring service delivery, in targeting resources and in providing information to update Council policies and services. The main benefit lies in using the information to gain a better appreciation of what has actually happened and what to expect.

Again however, the actual performance review system to be utilised, is not described. The above passage highlights the assumed numerical nature of performance and in the same document, it is proposed that:

A number of key questions can be asked about indicators:-

- (a) Is the target quantifiable (customer satisfaction reports require a different approach)?
- (b) Is the target realistic and is there a real commitment to achieving it?



As well as observing the confusing interchangeable use of indicators and targets, this quote highlights the fact that in Bath, performance indicators are all quantifiable and this is reinforced by looking at the examples given in appendix 8.3. However, it must be conceded, that regardless of desirability, review processes which systematically encompass qualitative indicators, are rare.

The publication produced by Bath's Review Section, *Guide to Designing Good Performance Indicators* proposes that:

High on the agenda for local government in the 1990s is the need to deliver the right services at the right cost and at the right time. To deliver these services effectively, the Members and Officers of the Council have three over-riding responsibilities:

1. Planning what services to provide
2. Providing/overseeing delivery
3. Reviewing the performance achieved

Performance review is an integral part of the planning and management of the authority and in future it will become even more relevant as pressures on local government increase.

This is line with the Audit Commission's perception of the management of local authorities (1989, p2) and is proposing that local authorities actually have a responsibility to their electorate to review performance. It is considered that:

Performance indicators are the raw material for reviewing performance. There are three main types of indicators - of Economy (the cost), of Efficiency (how resources were used), and of Effectiveness (what happened).

This publication was clearly produced after *Performance Indicators for the 1990s* since most of the indicators contained within the latter report do not obviously fall into either the economy, efficiency or effectiveness categories.

Despite some shortcomings, this latter publication from Bath is probably the most revealing. It is user-friendly and the succinct text is supported by creative cartoons such as those reproduced in appendix 8.5.

Overall, the performance review documentation supplied by Bath City Council suggests that performance review has not been well conceived. A system has not been devised which meets a recognised need or gap in the organisation. The authority appears not to have considered what it is seeking to achieve through the introduction of performance review and then proceeded accordingly. Rather, the review system appears from the available documentation, to have evolved haphazardly and quite rapidly without any clear description of the system being drafted nor with any justification given as to why it was designed in the way it was. There is no sense from the documentation of officers and/or members working towards some considered and collective objective.

### **8.2.3 Interviews Conducted at Bath City Council**

The questionnaires completed from the semi-structured interviews conducted at Bath City Council are presented in appendix 8.6 in the order in which they were conducted. Namely:

Julie Martin, Head of Review

Clive Abbot, Chief Executive

Councillor Rhymes (Conservative), Chair of Special Review Sub-Committee

Richard Kitson, Director of Housing

Councillor Clark (Liberal Democrat), Leader of the Opposition

Julie Martin was seen at both the start and at the conclusion of the day after the other interviews had been conducted but the material generated in the interview is not separated out.

### **8.2.3.1 Interview with Officer with Performance Review Responsibilities**

Julie Martin moved to Bath City Council in May 1990 to take up the newly created post of Head of Review. In addition to herself, the Review Section comprises 2 senior review officers and an assistant review officer. The main function of the Review Section is “to measure the Council’s success in meeting it’s stated objectives and obtaining value for money” (Bath City Council, 1991, p6) and much of its activity is focused on conducting workshops introducing performance review to officers and members and in assisting service managers to develop appropriate performance indicators and also in conducting ad hoc in-house reviews and customer surveys. The Review Section also deals with quality and communication issues.

The interview with Julie Martin confirmed that Clive Abbot had been the motivating force behind the introduction of performance review to Bath City Council and indicated that whilst some officers had been supportive of this initiative, others had not:

The Chief Executive assumed that because he was keen on this idea, that his chief officers were also - this was not always the case. Whilst a few were enthusiastic, many were indifferent viewing this as a ‘vague’ technique and a few were hostile and suspicious. I did do some seminars in an attempt to secure participation but I don’t think I was given enough time or legitimacy to do this properly.

In response to the question ‘Do officers continue to support and participate in the performance review process?’ the interviewee indicated:

With varying degrees of enthusiasm and commitment. They have no real choice but to participate because of the Chief Executive’s disposition to the system. However, some are still unsupportive regarding performance review as interference from the centre. However, what is encouraging is that support is gaining rather than dwindling and some who were indifferent at the start are now keen advocates.

On the member-side, a Special Review Sub-Committee was set up to lead the initiative and it was reported by Julie Martin:

I did a presentation to them on the overall picture demonstrating the uses to which performance review could be put. I talked to them as much as I could and continue to do so. Some are keen supporters and want to use this kind of tool, some don't understand what it is all about, but no actual resistance has yet been encountered.

In terms of their current disposition, it is reported that:

Some members participate in the Special Review Sub-Committee but I suspect that many still do not understand the full value of performance review and the potential that it has to offer them in terms of informed decision-making. However, none have been obstructive in any way but a few have been lukewarm.

She also indicates that she seems "to have to be having to persuade people of the value of performance review rather than advancing its usefulness in Bath." It is thus of little surprise that ownership, commitment and enthusiasm were reported as difficulties encountered in setting up the review process. It is considered unlikely that whilst Clive Abbot remains in post, the system would collapse. However, the review officer considers that "in his absence, I don't think it is sufficiently embedded into the organisation to guarantee its long-term viability." She also considers that:

The culture of the organisation was not ready for performance management. I think in a way we went too fast. If we had gone more slowly then perhaps it would more readily have been absorbed into the authority.

It was clear from the documentation that the Council was devoid of significant strategy, policy or performance orientation prior to the arrival of the new chief executive. In the absence of any major reorganisation or equivalent shake-up, to have introduced a performance review system so rapidly and driven by one organisational figure without clear specification of its detail or purpose, seems unwise. The fact that performance review is reported as well down chief officers agenda lists and that members do not

really understand either the principal or the practice of performance review, suggests that it has achieved little on the officer and member side. Furthermore, to date the focus is considered to have been predominately on operational measures not the strategic perspective sought from the outset.

In considering the main strengths of the performance review system, Julie Martin considers that:

I think it has provided us with information that we can understand and has supplied those people making decisions with relevant information. It has provided a fresh way of looking at service areas and has I think moved us towards thinking more of our customer needs and of the standard of service required. Our clients do not need a Rolls Royce service but they need something reliable. It's about matching demand with supply.

In assessing its weaknesses, she reports:

If you're not careful it can become too complicated and can lose its focus. Performance review is not an end in itself and there is a danger that reviewing performance will occur as a matter of course but without changing anything. Its limitations must be recognised. In this authority it is too early to specify other weaknesses but I suspect that in time it will be used for political purposes by senior managers bidding for resources as well as councillors of differing political persuasions. I hope political purposes do not dominate.

On the latter point, in an earlier question asking how the review process is linked to Bath's budgetary system, it was argued that:

At present, there are no formal links but the process of setting objectives and generating performance information for the performance review system, should give chief officers the data they need to bargain for a larger share of the cake, and should lead to more informed resources decisions.

There appears to be some inconsistency in these two responses.

The interviewee considered that it would be premature to conclude whether performance review had been successful but proposed that:

In the final analysis, if chief officers perceive performance review to be a useful tool then they will use it. If not, they won't. I think we have some way to go on this front.

It is clear from this, that performance review in Bath City Council is considered by the officer with performance review responsibilities, to be a management tool with the evidence suggesting that it may be perceived by these managers to be of questionable value and benefit.

#### *8.2.3.2 Interview with the Chief Executive*

Clive Abbot, the chief executive of Bath City Council at the time this case study was undertaken, took up post in 1986. He was the only interviewee in all the case study visits who declined the use of a tape recorder during the interview indicating that it may limit the openness of discussions. Copious notes were taken during the discussion and the questionnaire was completed two days after the visit to maximise accuracy.

In answer to the opening question concerning the chief executive being supportive of the introduction of performance review, the following response was offered:

Prior to my appointment in 1986, no review system was operational. On arriving at the council, I felt that the simple numerical criterion being used for evaluating performance was inadequate. Additionally, there was a lack of strategic thinking as demonstrated for example, by the lack of any vision for the 1990s. On taking up post, I steered the council in a more strategic direction part of which ultimately involved establishing the Review Unit to facilitate performance review. The Units responsibilities encompass monitoring departments progress in achieving Medium Term Objectives and Priorities and thus as well as appraising past performance, it also has a strategic orientation. In short, not only was I actually supportive of the introduction of performance review, I was instrumental in its genesis in this authority.

It is clear that the chief executive also considers himself to be the driving force behind establishing a review mechanism. Reference is made to the previous utilisation of simple numerical criterion and in answer to another question, Clive Abbot reported that:

No review system was operational in Bath. Previously, evaluation only utilised relatively crude, numerically-based performance indicators for some departmental activities.

After my visit I did request to see what information had previously been used, to compare this with the current set of performance indicators particularly since as already noted, the latter seem to have to be quantifiable. However, these were not received presumably because both the Chief Executive and the Head of Review arrived after such information was used.

The Chief Executive recognises that there was some resistance to establishing performance review reporting the following difficulties in setting up the system:

The biggest difficulty was the general resistance from the bureaucracy to a new initiative or fundamental change. Many officers were uncomfortable with a system which could potentially criticise them and there was difficulty in getting recognition that performance review is more about getting feedback than criticism. Any criticism that does come out is constructive. It marks the progress towards goals and demonstrates achievements. Some chief officers felt it was an attempt at improving big brothers ability to watch over them. Officers had to be forced to stand back and see that it was an attempt to rationalise service delivery and recognise that performance review is not about criticising the past. It is about moving into the future.

However, he also reports that:

Departments were generally co-operative in setting up the performance review process primarily because a more strategic culture had been generated in the council and the value of performance review in a strategic context was increasingly recognised. However, departmental progress differed with some chief officers initiating considerably more progress than others. Although conflict might be too strong a word to apply to the situation, animosity might not.

The fact that the progress made by departments in relation to performance review differs is recognised by Clive Abbot but is attributed to:

...the fact that chief officers are designing their own indicators and some will be more adept at this than others. However, in the longer term, performance review is likely to be more robust if the officers design these themselves rather than having them thrust upon them by a central unit. This approach enhances ownership of the system as well as allowing them to take account of factors affecting their services.

He considers this to have been successful:

Chief officers effectively own and operate the system themselves and ownership and goal attainments should thus permeate the whole organisation so that junior management want to achieve results as much as senior officials.

and reports that “staff increasingly recognise what it is all about and members are becoming more enthusiastic.” This attitude is clearly at odds with that expressed by Julie Martin which implied that ownership and commitment of performance review was lacking. Clive Abbot does indicate that ownership might not be absolute throughout the organisation by indicating that he would like to see the following future developments in relation to performance review:

On the people front, I would like to feel that everyone saw the relevance of performance review and were enthusiastic. They should require less help and support in developing and operating the system. I would like to see greater ownership and consistency. On the technical side, I would like it to be more sophisticated and more able to incorporate non-numerical information. I would like it to be more intuitive - able to stand up without the data. I would like understanding, not just measuring from staff and customers and I would like more account taken of quality.

Whilst reassured by the recognition that non-numerical indicators can have a role to play in performance review, I am uncertain what a system without data would look like!

One area of inconsistency in Clive Abbot's responses relates to the culture of the authority. When asked whether the introduction of performance review had been associated with any changes in corporate values or culture, he indicated:



The culture of the organisation has changed in recent years becoming more progressive and specifically more strategically-orientated. However, this did not arise from the introduction of performance review. The system's birth is a symptom of the change in culture. The values of Bath City Council have become more focused, again arising from the general change in emphasis/attitude.

However, when asked whether he thought the review system had been successful in Bath, the Chief Executive reported that:

The performance review system has contributed to changing the culture of the authority. It has helped make activities more focused and facilitated officers having a clearer idea of future targets. The organisation as a result, is more strategic.

Clive Abbot considers the main strengths of the performance review process to be:

It clarifies what activities people are doing and why. It brings greater meaning to their work and makes them realise what bit of the jigsaw they are and how the whole thing fits together. It leads to better quality decision-making and better quality/more informed complaints.

and the main weaknesses to be:

It is open to abuse. It places an undue emphasis on trust in developing meaningful and not misleading performance indicators. There is a tendency for it to be repetitive so it is difficult to keep fresh but if it is to be successful then it cannot be static.

The interview with Clive Abbot like that with Julie Martin underlined the minimal role played by members in performance review and at one point he says of the trade-off between quality and cost that chief officers can use judgement in this respect. Arguably, these tasks should be done by councillors possibly in consultation with officers. The general impression is again that performance review is considered to be a management tool.

### *8.2.3.3 Interview with the Chair of the Special Review Sub-Committee*

The political balance of Bath City Council when the case study occurred was:

Conservatives	24
Liberal Democrats	13
Labour	11

The Conservatives having been the largest party for a long time are reported “as effectively the ruling group.” Councillor Rhymes who was interviewed, is the Chair of the Special Review Sub-Committee, a sub-committee of the Policy Committee.

When asked of his party’s disposition towards the introduction of performance review, he indicated:

We were the largest party but to be quite honest we had some doubts and I particularly was quite cynical. I have been a councillor for 24 years and I’ve seen quite a few initiatives in my time, none of which have survived or have added anything to the organisation. However, whilst I wouldn’t say we were supportive of its introduction, the chief executive was very enthusiastic and most chief officers seemed keen so we were not obstructive. My reaction is fairly typical but some of the younger members particularly those that work in the public sector, were more favourably disposed towards performance review.

He recognises the irony of being chair of a committee whose activities he is cynical about, but he took on the chairmanship when he thought that the committee was winding down rather than intensifying. However, he does not consider the problem to be acute because the system introduced in Bath is “mainly officer-driven demanding very little input from members.” Members were consulted about the introduction of performance review but “were not involved in the creation of the system” but “accept the adequacy of what has evolved.”

The Chair of the Special Review Sub-Committee clearly considers performance review to be a management tool giving the following response to

the question 'What part does the majority group play in the performance review process?':

Member input is generally minimal but I don't regard this as a problem. Performance review is a management tool and as such should be operated by senior officials. I don't think councillors ought to get involved in the management of the authority - our officers are paid for this and poking around isn't really going to contribute much. Member involvement is really confined to looking at the targets and indicators etc. which go before the service committees annually.

This is far cry from the plea to councillors in *Performance Indicators for the 1990s* to look at indicators and ask 'are they relevant and are they useful' thereby ensuring their dynamism. However, this apathy is not surprising given the lack of clear policy direction in the Council. When asked how the political objectives of the administration are determined, I was informed:

Well, it is really a matter of the prevailing climate and the factors which need to be considered. It is a passion to maintain and improve the city of your birth or residence which makes you become a councillor and this permeates your whole approach to political decision-making. I don't think that national politics should play a significant role at the local level and our group certainly doesn't receive dictates from the centre.

When asked how the emergent policies were incorporated into the review system, the following response was given:

I suppose our policies are widely known in the authority and it is up to officers to take them on board when organising their department's activities and setting indicators and targets. If there were any suggestion or evidence at committees that policies were being ignored then we would rapidly take action.

Councillor Rhymes does concede that the linkage between the performance review system and the policy planning process could be tightened up. However, he argues that no such linkage should be made with the budgetary process proposing that "performance review is for management but the budgetary process is political." This is tantamount to saying that financial considerations are more important than policy issues in Bath City Council.

When asked what he regarded as the main strengths of the performance review process, the Chair of the Special Review Sub-Committee considered that:

It offers the opportunity of proving that things are cost-effective. If it can prove that certain activities are done because they need to be done and not just because they have always been done or are too difficult to stop doing, then this will be a strength. Its success is dependent on there being the will throughout the organisation to use it and get the most out of the system.

The review system operating at Bath City Council does not do that nor is there any evidence that that was what it was intended to do. Councillor Rhymes reported the following weaknesses:

The weakness will be in the human element and how certain individuals respond. At present, it is too quantitatively driven and I'm not sure of its ability to answer specific questions, for example, why was there a queue at the Sports Centre. Not all of the measures are meaningful, for example, the number of tourists visiting the Baths does not tell us anything about the performance of the attendance staff at the Baths.

He would like to see the following developments in the future:

At present, I feel that it is a bit too much a master of management rather than a tool and I would like to see the balance change. As long as policies are carried out and there are figures available to demonstrate it, that's good enough for me but for this to happen, the measures need to be tightened up. I would like to see performance review linked to staff appraisal.

It was apparent from the interview with the Chair of the Special Review Sub-Committee, that most members have minimal interest in performance review.

When asked whether the review process had been used for political purposes, Councillor Rhymes indicated that this possibility had never even been considered and whilst it might provide the opposition with ammunition, it hadn't happened yet nor was it likely to in Bath. There was no obvious understanding of how the system worked nor why it had been introduced nor what might be achieved by its operation. This could be partly explained by the lack of a comprehensive document explaining performance review but if

the chair of the committee dealing with review is unaware of these issues, there is little likelihood of other members being more informed.

#### 8.2.3.4 Interview with Service Director

Richard Kitson was appointed to the post of Director of Housing shortly after the publication of *Bath on the Threshold of the 1990s*. Housing is the largest and busiest department in the Council and the interviewee thought that he was selected by the chief executive to participate in the case study because housing has had to produce service/performance indicators for a number of years and thus “the current initiative has come as less of a shock as compared with some other directors in the council.”

In his view, Bath City Council is “a long way from having a system up and running - we are only at the very early stages.” Given that the authority’s Chief Executive and Head of Review consider a review mechanism to be operating, this view is somewhat disconcerting. Furthermore, he considers that the Housing Department is more advanced than other sections of the Council primarily because of having to produce statutory indicator information. However, even within Housing, progress differs amongst units:

Once the service objectives have been agreed at committee, it is left to officers to determine and use performance measures to assess progress towards targets and less-specific service objectives - members are not involved in the monitoring process. Most unit managers in housing have used the legislative indicators as the basis for this, but a few sections have worked with Reynolds of the Review Unit to devise meaningful and appropriate performance indicators. This is indicative of the preliminary stage that we are at - even within housing there is not a consistent approach.

He also considers that there is considerable differences in the standards of service objectives and performance indicators set for service areas throughout

the Council because this was left to the discretion of officers. However, he also believes that:

Performance review and particularly service objectives have been very useful at pinning down members to clearly think about what they want and to be more strategic in decision-making. The mechanical process of reporting to committee and producing performance review information will help directors sharpen up.

However, he also warns that whilst the exercise of developing performance indicators and service objectives is good at focusing minds, “there is a risk that you get so bogged down in collecting information and developing precise terms that you are missing getting the actual work done.” He is uncertain that the balance has been correctly struck in Bath and concludes that “You can’t measure everything.” He thinks that the system is too paper-driven and “ignores many aspects of service delivery which are difficult to measure.” Other negative outcomes are:

Others see it as an irrelevance and resent being tied down to specific objectives. They might even argue that it has made them unresponsive. You cannot underestimate the bureaucracy of our system and the resultant time pressures this has placed on many senior managers - we all feel this but the level of resentment generated varies. The problem with formality is that it stifles individual flair and a number of our more innovative officers resent that.

Furthermore, he considers that performance review is a system of “dragging those at the bottom up a bit but you risk dragging those at the top down a bit.” These problems seem to stem from the lack of ownership which chief officers feel towards performance review. The Director of Housing argues:

The idea of service objectives being produced and associated performance information being generated, has been centrally imposed....I think the Chief Executive who has driven the introduction of the process in Bath, should have consulted with chief officers and members much more. If he had, I think we would perceive that we own the system much more and would not feel it had been imposed. It would also have effected a much needed change in culture. If consultation had occurred, then I think the system would be different because our needs would have been recognised and we would have defined a different role for performance review. Many of us have useful experience that could have been drawn on.

Another contributory factor appears to be the Review Section:

The Review Team did not have the best of starts. They were marketed as watchdogs so directors were reluctant to let them into their departments. Only those who were very keen on performance review in principle used them. You need someone more forceful than Julie to breakdown resistance from the rest. I'm not sure the climate is right for review here anyway - it is still viewed as an imposition.

He also considers that "they seem unclear about what they have to do although I'm not sure if that is their fault or unclear direction from the Chief Executive."

Richard Kitson highlights the lack of a corporate perspective as a difficulty and in his view, the authority lacks a clear corporate vision or mission. In answer to the question 'Has the review system contributed to the achievement of corporate goals?' he gave the following response:

I suppose it will help in time but the extent to which it makes a difference is limited by our lack of corporate perspective at this point in time. I suppose that it should ensure that we are all pulling in the same direction but the lack of open management in Bath and our generally compartmentalised approach to service delivery makes it an awesome task. The simple answer is that at present we do not have clear corporate goals but once these have been established I think the review system will help their achievement.

He considers that:

I don't think we have the correct climate to do meaningful performance review since this requires the officers collectively to be supportive of each other so that we can openly discuss failings and problems in achieving objectives. We can't really go to members for discussion on aspects of review. They don't really understand the process and are not particularly supportive of the initiative.

As to the future of performance review in Bath:

We are only half-heartedly doing performance review. If we are going to continue with the process then we must do so with enthusiasm. It will never work whilst so many are lukewarm towards the process.

He proposes that:

I think we need to step back and decide what direction we want to go in and is a performance review system part of that. If it is, then what do we want from that review system? The system must have an objective and the nature of this will determine what form the review process takes. I would like to see commitment and enthusiasm from members and officers but think that the role of the Review Team should be seriously considered. I don't think that they are cost-effective and I'm more favourably disposed to the idea than most chief officers.

It was clear from this interview that the performance review system being operated in Bath City Council has some serious shortcomings. It is probable that the Chief Executive will have selected a chief officer whom he considers will be favourably disposed towards performance review to participate in the interviews. It would have been interesting to hear what those less inclined to support performance review would have said! Clearly, the Director of Housing did not feel any ownership of, or commitment to, the review system established in the Council.

#### *8.2.3.5 Interview with the Leader of the Opposition*

Councillor Clark is leader of the Liberal Democrat group at Bath City Council.

He argues that:

At the time performance review was introduced, a Liberal Democrat/Labour coalition marginally held the balance of power. We were very supportive of its introduction seeing it as the means of identifying opportunities for improving efficiency and identifying savings.

This is at odds with Councillor Rhymes recollection of events since he contended that the Conservatives had been the largest group for some considerable time. However, it was reassuring to see at least one group of councillors in the authority welcoming the introduction of performance review. Like Richard Kitson, Councillor Clark considers that performance review has not been fully implemented in Bath and would like to see the current system overhauled. He confirms that members had little input to the



development of the system and that little information feeds through to members beyond the indicators and measures going before service committees annually and considers that the measures “only scratch the surface.” He describes the role of the Special Review Sub-Committee as to “look at ad-hoc issues rather than the systematic monitoring of performance as defined by the performance review process” and considers that this committee “is not powerful enough and still tends to be officer-driven.”

The Leader of the Liberal Democrats is conscious of the opportunity which performance review should have offered his Group:

Potentially, performance review should make us a more effective opposition by giving us the tools to demonstrate the shortcomings of the Conservatives, but currently the indicators are produced too infrequently and lack sufficient depth for this to occur. We are desperate to be given the tools for this but performance review does not currently offer them.

He also contends that certain of the measures could be used by the opposition to embarrass the ruling group but that such information existed prior to the performance review process.

Councillor Clark considers the lack of policy direction in the council to be attributable to the “steady as you go - don’t rock the boat” attitude of the Conservatives and that the Liberal Democrats are the only policy-driven party in Bath. He proposes that if his party came to power, whenever a policy was proposed, “the objectives, targets and indicators associated with the policy would be delineated and these would regularly be reviewed.” They would also be keen to introduce zero-based budgeting because of the complacent culture which has emerged:

Bath’s problem is that it has too much money such as the income generated from the Roman Baths and therefore it has become slap-happy at expenditure. There is no impetus to search for savings.

Neither Councillor Clark nor indeed Councillor Rhymes were aware of resistance from chief officers which reinforces the remoteness of members from the process. He considers that chief officers were given “too much autonomy in the development of the indicators” and he has “serious doubts about the suitability of many that are being used.” A recurrent theme in the interview was the inadequacy of the indicators used so it is of little surprise that the main weakness identified by this particular member is “the current measures and indicators are inadequate and afford us little opportunity for changing things in this authority.” He also indicates that the current system creates too much meaningless data and would like more incorporation of qualitative material. If the Liberal Democrats came to power in Bath, the review system would be integrated into a Medium Term Planning Process and the policy planning and the budgetary process would be linked to the performance review system.

#### **8.2.4 Performance Review in Bath City Council: A Critique**

Performance review as operated in Bath City Council is clearly replete with difficulties. Review is considered to be a management tool but a primary problem appears to be a lack of ownership from the managers who should be using the tool. This seems to be partly attributable to a lack of consultation on the design or purpose of the system with senior managers in the organisation, this in turn generating a feeling amongst chief officers of having review imposed upon them. Evidence of commitment to performance review or even understanding is lacking in the member domain. A lack of enthusiasm or even hostility towards operating the process is in evidence with the consequences of this negative disposition more acute in Bath because the organisation seems to lack a consistent and consensual corporate perspective and a clear

policy-direction from members with the consequence that operating performance review involves more effort from officers who have to compensate for the lack of councillor input, for example, by having to determine service objectives. There are also undertones of a watchdog culture operating.

What the Council intended to achieve by introducing performance review and why the particular system which is in operation emerged, remain unclarified. However, whilst one might consider the review system in Bath to be less than successful in terms of what might reasonably be anticipated by the operation of any performance process, all the interviewees were able to identify some strengths in the review system particularly in focusing on activities that are being undertaken in the Council. One could conclude from this that the operation of performance review in Bath City Council has therefore brought some benefits. However, overall, it seems to be doing little to progress the organisation in any obvious way.

### ***8.3 Case Study 2: Hertfordshire County Council***

#### **8.3.1 The Performance Review System**

The performance review system operated in Hertfordshire County Council emerged from a major review of Council activities conducted by external consultants (Kinsley Lord Limited) and reported in November 1990. The purpose of this review was “to assist the County Council in a review of its operations to enable it to meet the challenges of the 1990s and beyond” (Kinsley Lord, 1990, p1). The terms of reference required that this was done in a way that:

- \* shifts the focus of the organisation towards meeting customer needs
- \* enables Members to better agree and achieve their political objectives
- \* ensures that changes to management arrangements result in improved and more efficient service delivery.

Four main outputs emerged from the Review:

- \* A Statement of Corporate Principles
- \* Principles of the Member Structure
- \* Principles of the Officer Machinery
- \* Reports of the Officer Capability Working Groups.

It was argued in the consultants report, that the manner in which the Council is managed and does its work, largely depends upon how “Members decide and communicate, both externally and internally, what they want to achieve” (p3). The adoption of a statement of corporate principles was considered as going some way towards achieving required changes but that a fundamental overhaul of the committee structure would also be necessary.

The new structure had to:

- \* help Members focus on strategy and policy-making (an area which Members felt needed improvement)
- \* increase efficiency in the use of officer and Member time
- \* allow Members to concentrate on what they are best at (i.e. articulating constituency views, deciding policy, assessing performance)
- \* let managers manage (i.e. decreasing Member involvement in day-to-day operational decisions)
- \* be outward-facing, emphasising customer needs.  
(Kinsley Lord, 1990, p4)

The Consultants recommended a Committee Structure which:

- \* creates a Policy Committee, reflecting the political composition of the Council, which will adopt a strategic view of the Council’s activities, assess client needs and determine overall resources accordingly and allocate resources between (but not within) services

- \* introduces a simplified structure of four service committees which, within the overall framework laid down by the Policy Committee, will have the freedom to determine service policy and allocate resources
- \* creates policy and performance review panels which will enable in-depth analysis of specific issues, the evaluation of policy operations, and a judgement on how well the Council is meeting its policy objectives and the needs of specific client groups
- \* drastically reduces the role and number of sub-committees.  
(Kinsley Lord, 1990, p4)

It is considered that these changes should “allow Member time to be deployed to better effect.”

The emergent committee structure is shown in appendices 8.7 and 8.8 but of significance here is the fact that the Policy Committee and the 4 service committees - Police, Education (including libraries), Social Services, and Environment (including fire, planning, highways and transport) - each have a Performance Review Panel attached which has the responsibility “to monitor and evaluate” the performance of the associated service committee. The Consultants report proposed that the Review Panels should include:

Members with an independent and objective view of performance as well as Committee Members who have experience of the particular service area. Potential conflicts would be avoided through careful planning of Committee and Review Panel membership. The Chairman of a Service Committee should not be a member of the Performance Review Panel looking at his/her Committee's performance, but the Vice-Chairman of the Service Committee should be. Performance Review Panels should ideally be either seven or nine Members. Their work would be on-going, a major issues agenda would need to be determined between the Service Committee and the Panel and a formal reporting mechanism would need to be established. The Panels should have the opportunity to bring in outside opinion when circumstances require. The Panels should be serviced by officers drawn from central departments.

The performance review system in Hertfordshire County Council is thus a member-based system which reviews the performance of committees. In tandem to this member-operated process, the consultants review also

highlighted changes which would be beneficial in the officer machinery. It was proposed that:

The key to bringing about cultural change is a means of **managing the performance** of chief officers and subsequently, by cascade, that of all officers. This will in turn drive the changes in structure and systems which the organisation needs to make. In brief, performance management aligns the business plan (budget), the responsibilities of jobs, the objectives which individuals at all levels are seeking to achieve, the basis on which their performance is appraised, and the way in which they are rewarded.

The appropriate sequence for change was considered to be:

1. Chief executive and chief officer group discussions to understand the kind of organisation Hertfordshire has to become, the part which chief officers play in this, the implications for their own jobs, and the role of performance management.
2. introduction of performance management for chief officers (and perhaps simultaneously third tier)
3. if successful during the first year, introduction of performance related pay for the first group and cascade of performance management to the next officer tranche.  
(Kinsley Lord, 1990, p3)

However, at the time the Hertfordshire case study was conducted (June 1992), little progress had been made in this latter performance management area since energy had been channelled into getting the new member structure up and running and there had also been a significant number of new chief officer appointments due to resignations, retirements and restructuring. It was thus felt by the Council that the investigation of Hertfordshire's performance review system should be confined to the policy performance review process operated by members through the Review Panels.

### **8.3.2 Documentation Supplied by Hertfordshire County Council**

A full list of the comprehensive documentation supplied by Hertfordshire County Council is contained in Box 8.2 overleaf. The key document in terms of the development of the performance review system in Hertfordshire is the

report by Kinsley Lord summarising their findings of the Review of the Council. Eighteen months after this report, the Chief Executive prepared a document *Reviewing the Review*. This publication begins:

The County Council considered and agreed the management review in late November 1990. The Review established four corporate principles to underpin the work of the authority, identified the need for restructuring of member arrangements and required changes to the structure and culture of the officer system. This report reviews progress in implementing the Management Review up to April 1992.

The report shows that a great deal has been achieved in a period of less than 18 months. However the programme identified by the Review is for long term change in the way in which the authority conducts its business and, whilst much of that change has commenced, there is much more still to be done.  
(p1)

**Box 8.2: DOCUMENTATION SUPPLIED BY HERTFORDSHIRE COUNTY COUNCIL**

*Consultants Report on the Review of the Council*, Kinsley Lord, November 1990

*Reviewing the Review*, internal report produced by the Chief Executive in April 1992

*Performance Review News*, internal newsletter, February 1992 and July 1992 issues

Agenda and committee papers for the Environment Performance Review Panel, 12th May 1992

Agenda and committee papers for the Police Performance Review Panel, 22nd May 1992

Agenda and committee papers for the Policy Committee, 25th June 1992

Notes of a meeting of Performance Review Lead Officers, 29th January 1992

Memorandum about the Policy Performance Review Panel from the Director of Law and Administration, 7th October 1991

Memorandum about the Social Services Performance Review Panel from the Director of Law and Administration, 11th March 1992

Overheads from training presentations to Performance Review Panels

*Hertfordshire Citizen's Charter*, a publication distributed to all households in Hertfordshire providing a summary and contact details for all services provided by the County

Hertfordshire County Council Information Pack

In terms of the revised member structure including the Performance Review Panels, the chief executive reports:

We have discussed the member arrangements with the Audit Commission, the District Audit and the Local Government Management Board, and it is clear Hertfordshire's arrangement is one of the most radical in the country. Both the District Auditor and the Audit Commission believe the principles underpinning our system are good and will be pursued by others in the next year. It is to be expected that we will need to fine tune the system as a result of the first year's experience.

(p4)

One of the most interesting pieces of documentation supplied was *Performance Review News*. The first issue opens as follows:

This newsletter is produced as an information service for all members and Chief Officers to keep them aware of activities by the Panels. It is intended to be a biannual publication and will contain reports on Panels' activities and other items of interest on Performance Review particularly developments on Performance Indicators.

A copy of an issue of this inventive document is contained in appendix 8.9 but there is a section devoted to the activities of each Panel, and the times and dates of Panel meetings and the contact details of Panel Chairman and Lead Officers, is given. The article contained in Box 8.3 appeared in the July 1992 newsletter. This suggests that the first stage in the process of establishing performance review has been to get the revised committee structure operating and that attention is subsequently being focused on how to make these work effectively. The article pinpoints certain emerging difficulties. In particular, performance review had not attained the profile amongst members which was required to make it operate effectively and that more officer support and member training was required.

Much of the rest of the documentation took the form of internal working papers from the Review Panels such as that contained in appendix 8.10 which is the agenda and committee papers for a meeting of the Environment Performance Review Panel on 12th May 1992. This was selected for inclusion because it was the Lead Officer of this Panel who was interviewed as a service



director. This particular set of papers includes “statements of service objectives for each Department and service area reporting to the Environment Committee together with a selection of performance indicators which are intended to go some way towards meeting the criteria referred to in paragraph 1” which was that they should be “both meaningful to customers and related to service objectives.” The committee papers also flag up the imminent publication of the Audit Commission’s draft Charter Indicators and acknowledges that “there is no way of knowing at this stage how closely the Audit Commission’s proposed indicators will coincide with those members would wish to develop.”

**BOX 8.3: ARTICLE IN THE JULY 1992 ISSUE OF *PERFORMANCE REVIEW NEWS***

*Performance Review has been under scrutiny itself in recent times. As part of the continuing review of progress in the Management Review, the Member Implementation Group (MIG) have looked at how it has worked so far. The group was concerned to raise the profile of Performance Review which they thought needed to “flex its muscles” rather more in the future.*

**Performance Review Reviewed**

It was agreed that we need a concerted effort to raise the profile of Performance Review Panels over the next twelve months to ensure their importance is recognised. This will need greater officer support and more Member training or induction.

MIG felt Performance Review was a powerful machine which was not yet fully flexing its muscles, and considered the following ways of improving its performance:

*regular standing item* on service committees (Performance Review feedback by Performance Review Chairman)

*if necessary*, Chairmen of service committees being prepared to be ‘interviewed’ by Performance Review Panel

*codified policies* for the service committees in a readable form so that Performance Review Panels have an almost automatic agenda for scrutiny

*increasing Members’ confidence* in their role and officers preparedness to have an open scrutiny in uncomfortable areas.

It was felt that the original objective of trying to get self scrutiny by services via their own Performance Review Panel (as opposed to one centrally-controlled Performance Review exercise) was still valid and worth trying to achieve, but that more visible ‘independent’ officer support would be useful. This would be helped by greater publicity about the corporate officer role (each Panel having a service lead officer and a ‘corporate’ officer as resource).

Overall, the documentation supplied by Hertfordshire was comprehensive, detailed and internally consistent and gave a useful insight into the workings of the Review Panels.

### **8.3.3 Interviews Conducted at Hertfordshire County Council**

The interviews at Hertfordshire County Council were conducted in the following order:

Kay Hopwood and Lin Homer respectively Policy Manager, and Assistant Chief Executive and Lead Officer to the Policy Performance Review Panel

Councillor Robert Gordon (Conservative), Deputy Leader of the Council

Nick Cull, Director of Trading Standards and Lead Officer to the Environment Performance Review Panel

Brian Briscoe, Chief Executive

Councillor John Metcalf (Labour), Group Leader

The questionnaires completed from the semi-structured interviews conducted with these key personnel, are contained in appendix 8.11.

#### *8.3.3.1 Interview with Officers with Performance Review Responsibilities*

Kay Hopwood and Lin Homer are the two officers with overall officer responsibility for the operation of the performance review system at Hertfordshire County Council although Review Panel Lead Officers have responsibility for the running of their own Panels.

In the interview it was revealed that there had been a review system operational prior to the one under scrutiny but that this had comprised of a Performance Review Sub-Committee, a sub-committee of the Policy and Resources Committee. Studies were undertaken by teams of officers, mainly accountants according to a work programme and the results fed back to

members, The old system is described as “undoubtedly internal, organisationally-based and focused on what we did and how we did it.” In contrast, Hertfordshire is “now seeking to be much more strategic in our use of review, shifting right away from operational details towards the broader policy dimension.” In particular, “the role of members within review is considerably enhanced” because the review system operated in this case study authority is about the review of policies. However, it was also noted that “officers were keener to see it take root in Hertfordshire than members because they have a better understanding of its potential.”

Of the Review Panels, it was reported:

We want them to be persistent, curious, independent and thorough. We want them to be investigative and thus have sought to give them a high level of freedom. Centralist intervention and demands would I think, stifle innovation and ultimately their operation and they would fade into the background. Their responsibilities are clear but how they meet these is at their discretion.

The review officers considered that it took a long time to clarify with members what their role was and then to equip them with the necessary skills and confidence to then operate the review process. However, it was also revealed that:

Our member profile is gradually changing. It no longer reflects the Hertfordshire ‘squirearchy’ of the past. We are seeing active members coming in with more business and commercial understanding and with a far clearer political will to drive policies through. The new breed are very supportive of performance review seeing it as a useful tool for demonstrating success.

The main weakness of the review system identified by Kay Hopwood and Lin Homer is that:

Some of our members feel insecure about not receiving tons of data on performance and I think we are at risk of succumbing to pressure and becoming paper-driven in our approach to review. If this happens, I think it will become a mundane exercise and achieve nothing. They have struggled with a role which really is about testing things intellectually as opposed to mechanically.

The time taken to develop the system appears also to have been an issue. In considering major difficulties or problems encountered in setting up the system, the interviewees reported time as the biggest constraint:

Many of us would have liked to have developed quicker and be at a more advanced stage now. But we wanted to take officers and members with us and this slowed the pace down. There was also a degree of member uncertainty about what was actually going on and some suspicions that this was actually a ploy for pushing them to the periphery rather than the opposite. I suppose change is always resisted.

The system is considered to be still evolving:

We have given the system some time to find its place in the organisation and having consolidated that we are now developing the weak areas. In particular, we are focusing on policy targets and performance indicators for the foreseeable future.

This in turn has generated some incidence of frustration from officers in the organisation that things haven't changed more immediately. However, it is considered that progress in the right direction has been made:

Those officers and members that think it is working, think it is a wonderfully powerful tool but in order to be successful that core group of believers needs to be widened. I suppose it has changed some of the things that we do and the way that we do them and has required officers to be more explicit about what they think the policies are that they are responsible for delivering and thus members have had to clarify what their policies are. This is quite a significant achievement but needs to be sustained and built upon.

The operation of the review system was also considered to be gradually changing the role of members in the authority "forcing them to become policy-orientated."

The most important future developments were considered to be raising the profile of performance review even further making "those involved in its operation feel that they are making an important contribution." It was proposed that this could be partially done by providing more training and workshops for members "to enhance their understanding of the process." It

was felt appropriate to seek greater consistency of approach amongst the Review Panels and the officers were conscious that keeping performance review fresh would “be a challenge.”

### *8.3.3.2 Interview with the Deputy Leader of the Council*

Councillor Gordon is Deputy Leader of the Council and Leader of the Conservative Group, the ruling administration. He is Chair of the Education Committee and therefore excluded from sitting on the associated Review Panel. As Deputy Leader, he was a key participant in the consultants review of the Council and feels that what has emerged does reflect what members wanted.

He reports that a Performance Review Panel is attached to each of the Service Committees to “scrutinise what the committee does and to report on the impact of the relevant activities and to question whether this was what was intended.” He does however concede, that “some policies are so long-term and vague that it is difficult to make such a link.” He admits that “most of our policies are inherited” and only change very gradually. He feels that:

Establishing corporate principles has been good for helping us focus on what we as an administration want to do and the whole new approach being introduced should help us as a political group determine clear policies.

Councillor Gordon indicated that Hertfordshire had established a framework which allowed members to move away from operational issues towards more strategic considerations and that the emphasis should now shift to policies and outcomes, with management being left to managers. Like Kay Hopwood and Lin Homer, the Deputy Leader considers that the time factor may prove problematic:

The way we have approached becoming more strategic, the results will take a long time to feed through but there is likely to be some rumblings about lack of progress when these are not fairly immediate.

He also highlights a problem with membership of the Review Panels:

I am concerned about the calibre of members to serve on the Review Panel. Some members have turned down the opportunity to serve on Panels preferring a back seat on principal committees. Whilst this continues, the Review Panels are not being given the best start or chance of success.

It is thus not surprising that he highlights an improvement in members' understanding of the role of the Review Panels as a future development and would like to see councillors "seeking a place on them rather than the currently dominant service committees." He also recognises that in the future, "we as an administration have to tighten up the clarity of vision and expression in our policies so that their implementation can be reviewed."

#### *8.3.3.3 Interview with Service Director*

Nick Cull is the Director of Trading Standards at Hertfordshire County Council and he is also the Lead Officer on the Environment Review Panel. He considers that performance review is only in its infancy in the authority and that "we have only really set the framework in place namely the Review Panels and are beginning to learn how these will operate in practice, basically by doing." However, he is in favour of proceeding with relative caution rather than searching for an instant, overnight solution considering that "these things should be approached pragmatically, the ultimate solution should not be sought in one swoop."

Nick Cull recognises the threat which the Audit Commission's Charter Indicators pose but argues that:

They are devoid of contextual information and it is likely that the policy dimension will be ignored so I would encourage members to concentrate on our own indicators rather than focusing on those of the Audit Commission.

He guards against the authority changing course but recognises that “if there are to be inter-authority comparisons, then the temptation to focus attention on these is undoubtedly strong.”

He considers that:

The new system of operating, including the review process through Panels should make sure that all the bits of this large organisation pull in the same direction and are looking at the same distant horizon.

This particular chief officer has confidence that the review system will “promote and provoke” relevant questions. He identifies a number of strengths which the review system has. Of particular relevance, he feels that since the review system emerged from a major Council review, then it is likely that the system will address the needs of the organisation and that since members were consulted extensively in the review process, then they should “feel ownership and commitment” a factor which is known “to be lacking in other approaches.” He also feels that there is a lack of pressure for instant results which allows officers and members “to feel their way through the process” and also allows the core business of the Council, namely service delivery, to continue with minimal disruption. He feels that Hertfordshire’s system fosters partnership between members and officers, encourages joint growing and learning, and prevents conflict and confrontation. Nick Cull also considers the avoidance of a number-driven system to be a strength of Hertfordshire’s review process.

However, he does recognise that the long timescale before benefits emerge may cause some frustration amongst both members and officers. He considers that members are likely to be anticipating more rapid and transparent results than are feasible. On the officer-side:

Officers will become restless I think if the review system and the new committee structure does not change, albeit slowly, the role which members play in the council. I actually think that down the line when officers find that review pushes them out of the driving seat and members do control strategy in their departments more, they are likely to become a little more resistant or down on the process.

Nick Cull considers that members are being asked to take a huge step:

In the past it has been easier for them to be focus on the operational, the small scale details and the short term. We are asking them to become strategic, to look at the overall picture and to set policy direction for this large organisation within that. This is a big step for them to make and they need to feel that it is okay to take time to bridge the enormous gulf between the two.

He does however question whether there are sufficient members conversant with performance review, who understand what it is all about, to actually serve on the Panels.

#### *8.3.3.4 Interview with the Chief Executive*

Brian Briscoe arrived at Hertfordshire County Council towards the end of the Management Review conducted by Kinsley Lord. He was afforded the opportunity to input to the process and indicated that “the shape of the final document and thus the review system introduced here does reflect my understanding, knowledge and disposition.” He is very much in favour of performance review seeing it as vehicle for “redefining the proper political role for members.” The Chief Executive reports that it took time to get the distinction between policy performance review and the measurement of the performance of individuals within the organisation, clearly drawn. He considers the latter to be a managerial task.



Brian Briscoe reports that there were lots of minor difficulties initially such as members understanding of their responsibilities and that it has felt like “an uphill struggle to get us to where we are now.” Part of this he attributes to the fact that the way things are done in Hertfordshire “owes a lot to tradition and experience” and the new system “has challenged some of these traditions.” However, he also reports difficulties with the players in the review process:

People are the biggest weakness. They have motivations which are not necessarily in accord with improving organisational performance. Additionally, we have drawn a notional line between scrutinising the performance of managers and the performance of policies. If a policy is not having the desired impact, it may be because it is being poorly implemented or it may be because it is an ill-conceived policy. It is a convenient line to draw but not altogether appropriate and I think in time we will run into problems in this domain.

He also considers that insufficient progress has been made in the development of policy targets and performance indicators and that “this is hampering the effectiveness of performance review” and should be given a high priority to “sustain the process” in the future. He also communicated that the review of the new arrangements had suggested that more resources needed to be put into the performance process and in particular, that members needed more support. However, the chief executive considers that there is a risk that the centre would take over whereas ideally, they are only there to “lubricate the process.” He also felt that members needed to frame their policies more coherently and he wanted to see the Review Panels given “better quality members” reiterating the view that they are currently considered by councillors as “the poor relation to the standing committees and a place for relatively junior members.”

The Chief Executive did not feel that performance review had significantly embedded into the organisation with senior officers still providing the

momentum and if that this were removed, it is questionable whether members would continue to operate performance review in Hertfordshire.

### *8.3.3.5 Interview with the Opposition Leader*

Councillor John Metcalf is the leader of the Labour Group, the largest opposition group to the Conservatives, holding 27 seats against the Conservatives 45. He indicated that:

The decision to appoint consultants and initiate a fundamental review of Council activities was taken without consultation with the opposition. This makes it difficult for us to support what has emerged even though I believe some of the new structure may have something to offer the authority. Our non-involvement was a mistake. Should the authority become hung again in the future, it would have been better that the structure that had been put in place was one that we could all work with.

He reports that two Labour members resigned their Panel memberships because they felt that little was being achieved, particularly given the lack of clear policies to review. He also indicated that:

I have had difficulty persuading our better members to consider taking or retaining a role on the Review Panels and I know that this is also the case for the Conservatives since all their front-line councillors are chairs and vice-chairs of the service committees.

He also proposes that review will have only a short life in Hertfordshire:

To be honest I don't think that the current system will survive because I think it will achieve too little over too long a time period. This is particularly so whilst the Panels cannot attract the better quality members. Members from all the parties on the whole seem indifferent to performance and the new structure. I don't sense commitment and this does beg the question why bother. The case for performance review has not really been made. If it is to stay then I think the biggest tightening up must be a clarification of policies.

He feels that the system is just a framework and is unlikely to change the way things are done particularly addressing the underlying problems of complacency and the lack of clear policies which he feels exist in the County. The Leader was asked whether his party would operate performance review differently should it come to power after the next election. He responded:

If we were in power the policies would be clear and so there would be less of a problem with the existing system. I think we would need to think carefully about the role which performance should and could take and how best this could be achieved. The current system ignores the performance of officers in implementing policies and this needs to be addressed since this is a significant aspect of the performance of Hertfordshire County Council.

He also feels that the electorate and customers have largely been ignored in the process and they would commission surveys of their views including non-users of service primarily because “we are not performing for ourselves but for them so it is only right and proper that we consult them about their views.”

#### **8.3.4 Performance Review in Hertfordshire County Council: A Critique**

In agreeing to participate as a case study, Hertfordshire had specifically requested that any observations made on their system should be fed back to them. The letter sent shortly after the visit, detailing a number of points that needed to be considered, is contained in appendix 8.12 but the following points were raised:

- \* there is a lack of clear, coherent policies from the ruling group. It is difficult to assess how far the activities of an authority are advancing it towards the achievement of goals, if it is unclear what the goals are. Comprehensive objectives and a clear statement of policy aims are a necessity for next year's incoming administration;
- \* members regard performance review as a peripheral function and thus a low priority is given to membership of the Review Panels. Whilst this continues, the Panels will be peripheral - the poor relation of the Service Committees. Members do not really seem to understand the role of the Review Panels. Perhaps if this were fully explained to them, they would realise the potential power that the Panels have and would be clamouring to join;
- \* Hertfordshire's approach to performance review demands considerable input from members. Even if they conceptually understood performance review and there is little evidence to suggest that this is the case, the Panels require considerable time commitment from members many of whom are unwilling and/or unable to make such a commitment. If there was only one Review Panel then it might be possible to find sufficient calibre members with the necessary available time to take posts but the current structure demands too much;

- \* a mechanism for communicating operational performance to Review Panels and service committees on at least an annual basis would be useful. Members would be more aware of the processes involved in delivering services after the decision-making stage and it would also put concern with performance more clearly on their agenda. Steps would have to be taken to ensure that they do not become preoccupied with the tangible day-to-day measures at the expense of more strategic matters.

The reply letter received from Hertfordshire is contained in appendix 8.13. This acknowledges these points as difficulties which the authority needs to confront and identifies what actions are proposed to remedy them. They did however feel that the approach “was still valid and worth trying to achieve.”

Hertfordshire’s approach to performance review is very different from that seen elsewhere. It is clearly about reviewing the performance of policies not people or operational activity, and demands considerable input from members. If members can play the role demanded of them to effectively operate the system, then this particular process has a lot to offer Hertfordshire particularly if the trend towards increased enabling in service provision, continues. However, there remains a question mark regarding members ability and/or willingness to input into the system at the required level and this could undermine the entire policy performance review process adopted by the County. The fact that members were extensively consulted during this review so that what emerged reflected their needs and that they should feel ownership of the system, should have illicited a high level of commitment but this is not in evidence. The pace of progress with respect to performance review has been slow following the initial overhauling of the committee structure. One of the key reasons for introducing the revised committee system was to “enable members to better agree and achieve their political objectives” and to more usefully deploy their time. At present, the review system appears to be failing in both these dimensions.

## **8.4 Case Study 3: Cornwall County Council**

### **8.4.1 The Performance Review System**

The catalysts for introducing performance review to Cornwall County Council were a District Auditor's report which highlighted a lack of strategic management in the authority; and a management review which indicated that some things in the Council could be being done better. The Chief Executive, the Assistant Chief Executive with Corporate Responsibilities, and the Chair of Policy, set about deciding on the best review approach for Cornwall. A key consideration was the lack of overall political control in the Council which has the following balance of members:

Liberal Democrats	29
Independents	24
Conservatives	14
Labour	8
Liberals	3
Cornish Separatists	1

Being the largest groups, the Liberal Democrats and the Independents share out the committee chairs. Essentially, an informal coalition is in operation but neither Group perceives themselves to be in power and the Independent Chair of the Education Committee who was interviewed, indicated that voting directions could not be guaranteed. The significance of this for the performance review system is that there is a lack of strong political drive and clear policy direction in the Council.

Given this, the review system which was considered to be most appropriate begins at committee level, with each committee deciding on its overall aims,

objectives and priorities over a four year period. These are pulled together for all committees into a Medium Term Plan for the Council, a document which did not exist prior to the review process in the authority. The extract for the Education Committee is contained in appendix 8.14 because the Chair of this Committee and the Director of Education were both interviewed as part of the case study. In implementing the Medium Term Plan, each committee also establishes an Annual Action Plan but these are only used departmentally and are not pulled together in any aggregate form.

Chief officers then have to produce Performance Management Statements for their departments in conjunction with their Committee Chairs and the Chief Executive. These have to identify 6 to 8 'accountabilities' for the department and should attach measures to these accountabilities. The Performance Management Statements should be related to the overall strategy and objectives agreed at Committee. The Performance Management Statement for Education is contained in appendix 8.15 and it is apparent that in Education, the measures attached to the accountabilities are referred to as key objectives rather than measures. Once the Statements are established, it is a matter of discretion how much information is fed back to committees. Significantly, there is no automatic reporting mechanism. However, the staff appraisals of senior managers in the Council were increasingly being related to performance information at the time of the case study visit and therefore, in the future it will be more in the interests of chief officers to be able to demonstrate their performance and the performance of their departments.

The use of performance indicators in departments and service areas is also determined individually at the discretion of senior managers and committee

chairs. Consequently, in some Council areas these are well-developed, useful and informative whilst in others they are very basic and communicate little. This particular area was being tightened up at the time of the visit to Cornwall but it was clear that performance indicators were a problematic area for the Council. The indicators for Education were not provided but for illustrative purposes consider the measures in reported use by the Council's Property Department:

- (a) Analysis of Property Department staff by function
- (b) Property maintenance costs for Administrative Offices
- (c) Property Valuation and Estate Management (number of cases, staff involved etc.)
- (d) Number and value of property organisations
- (e) Rental income for non-operational property
- (f) Property insurance - claim record
- (g) Capital Building Programme (number of projects etc.)

All of these are management information statistics and communicate little about the performance of the Property Department. The examples of performance indicators from other departments were similarly spurious.

The review system at Cornwall basically comprises a series of departmental Performance Management Statements which should be related to the objectives, aims and priorities incorporated into the Medium Term Plan. Following this, responsibility for reviewing the performance of service activities is devolved to committee chairs and chief officers.

Ad hoc reviews are also conducted occasionally but these predate the review system described above dating back some fifteen years. Areas for scrutiny are

normally suggested at Chief Officers Group usually because there is an indication that something is wrong or it is felt that an opportunity is being squandered. Members have an open invitation to propose areas for one-off reviews but have never been known to put any suggestions forward.

#### **8.4.2 The Documentation Supplied by Cornwall County Council**

The documentation supplied by Cornwall County Council is indicated in box 8.5. It mainly comprises internal working papers relating to performance review.

##### **Box 8.5: Documentation Supplied by Cornwall County Council**

*Medium Term Plan 1992-96*, this document pulls together the objectives, aims and priorities of all Council Committees for the medium term period.

The Performance Management Statement for Education, an internal paper detailing accountabilities and associated objectives for the Education Department.

A report to the Performance Review Working Party about the Review of European Co-ordination.

An initial and a follow-up report to the Performance Review Working Party about the Review of Corporate Image.

A report to the Performance Review Working Party about Organisational Value from the Centre based on a seminar held for members in February 1991. This recommended that committees review the achievements of the previous years Medium Term and Action Plans and focus attention on setting targets and monitoring performance.

A report to the Performance Review Working Party about the Review of Waste Disposal.

Draft performance indicators as notified to the Policy Co-ordinator from a range of Council departments.

Staff Review and Development Scheme Information

A considerable proportion of the documentation supplied related to the ad hoc reviews which have been undertaken and a sample report is contained in appendix 8.16. This was a Review of the Council's involvement in Europe.



Some senior managers felt that Cornwall was missing out on some European initiatives and a review of European opportunities and how these could be pursued, was activated. Subsequently, on the basis of the findings of the review, the Council established an office in Brussels and it is felt that the authority has benefited considerably from this action.

From the documentation provided by Cornwall County Council, no strong image of what performance review is about, is forthcoming. As in the case of Bath, there is no one document summarising the performance review system, nor the underlying concept of review, nor what the Council was hoping to achieve by adopting a review process.

#### **8.4.3 The Interviews Conducted at Cornwall County Council**

The following interviews were conducted at Cornwall County Council:

Richard Ellsworth, Policy Co-ordinator

Pat Crowson, Assistant Chief Executive with Corporate Responsibilities

Councillor Hurst (Liberal Democrat), Group Leader

Councillor Nelson (Labour), Opposition Member

Councillor Whiting (Independent), Chair of the Education Committee

David Fryer, Director of Education

The Assistant Chief Executive with Corporate Responsibilities was interviewed rather than the Chief Executive because all responsibility for the management of the review process had been delegated to her. 3 councillors were interviewed since no party has overall political control. For the interviews with the Liberal Democrat and Independent councillors, the questionnaire for the council leader was completed whilst the questionnaire for the Opposition Leader was compiled on the basis of the interview with the

Labour member. The completed questionnaires are contained in appendix 8.17.

#### *8.4.3.1 Interview with Officer with Performance Review Responsibilities*

Richard Ellsworth is the Policy Co-ordinator at Cornwall County Council and is responsible for the operation of the review process as opposed to its management which falls to Pat Crowson. He arrived in mid-1987 after the decision to approach review in the particular way that Cornwall has, was taken but before the process of implementation had begun. He indicated that “it (the review system) is only one part of my job description and does not get as much of my time as it merits.” He reports that:

some individual departments were beginning to instigate mechanisms for enhancing strategic management within their areas of responsibility, including reviewing past performance.

Officers from these departments were perceived to welcome the push from the centre since it helped them “to convince their members and cynical senior managers of the value of review techniques.” Others were more resistant however, seeing it as intervention from the centre and there was a general tendency to resist change and the concept of performance review and some chief officers resented the implication that things could be done better and their management practices improved. Richard Ellsworth felt that resistant chief officers may have been less opposed to the review system if it had come from consultants. However, the authority wanted a system which “fully reflected the organisational environment and existing culture and was tailored to meet these” and it was felt that this could best be delivered by in-house development. It is recognised that as a consequence “we relied on chief officers to drive the system too much with the result that in some departments

review progress has been slow” and that the energy put into review varies considerably across Council departments. It was reported that some chief officers had procrastinated for “as long as they got away with it” and that there was limited uniformity of approach amongst departments.

On the member side, the review officer reported that:

The members found it easier to accept the initiative because it was precipitated from an external source that is, the District Auditor. At an early stage of developing the performance review process, a Performance Review Working Party was set-up to initiate member involvement and we encouraged all service committees to set-up Performance Review Sub-Committees. Some did and some didn't but most have petered out or are dormant. Most members are not yet ready for performance review or don't take it seriously enough to make the necessary commitment.

He felt that members lack of understanding of the significance of performance review had hampered the ability of the centre to get the system off the ground and that there was a general dearth of appreciation for what is trying to be achieved in introducing a review system. He indicated that the Chair of the Performance Review Working Party is however very enthusiastic and has forced the issue of performance review onto the agenda “for a number of reluctant chairs.” However, her approach “has antagonised several chairs who resent the intrusion into their affairs.”

Additionally, the members in Cornwall are not considered to be policy-driven but rather “tend to react to suggested policies according to how they will impact on their electorate.” As a result most of the review system's indicators and targets tend to be operational rather than strategic in nature. Both the quality and consumer dimension of performance is considered to be largely ignored. Members are resistant to consumer surveys proposing that “they know the attitudes of their consumers and electors.” Richard Ellsworth

anticipated that both the quality and consumer areas would be focused on more in the future as a result of external pressure and legislation.

The introduction of review was intended to force a more strategic orientation:

One of our reasons for introducing performance review was to force senior management and members to consider what it was that they actually wanted to achieve and what action would be necessary to be successful.

It was hoped that the introduction of performance review would initiate a change in culture with the Council wanting to “move from being financially-led to policy and strategy-led.” It would appear from the operational emphasis to date that this is far from being achieved.

Weaknesses were also perceived by the review officer in the performance indicators being proposed by departmental managers. Some were considered to be fairly well developed but most were input and crude output measures - “there are a few efficiency measures but none which relate to effectiveness”- and it was considered that “the measures do not really relate to the sorts of things we should be measuring.” In addition to inadequacies in the definition of measures, it was also felt that the indicators had not been fully integrated into the management process with both managers and councillors considering them separately from the annual Action Plans. He also felt that overall, performance review is neither significantly integrated into the operation and management of the authority nor secured sufficient commitment to survive major organisational change should it occur. Despite these difficulties, the review officer felt:

It is useful to refine the system in the light of experience rather than bring in rigid structures at an early stage, particularly since review is not associated with other changes in this authority.

In considering whether performance review had been successful at Cornwall County Council, Richard Ellsworth felt that initial progress had been disappointing. He thinks that maybe the authority wasn't "quite ready for review" or "lacked the driving force to secure commitment and the necessary cultural change." Performance review however, is considered to have a number of strengths:

I think it has helped us develop our strategic management system. It completes the circle between policies and actions and has helped both officers and members get beyond the basic budget implications of potential decisions. It has helped make staff more accountable and has given them some sense of purpose. We have laid the first stone of strategic management and it gives us a basis to lay the other building blocks.

Richard Ellsworth indicated that he was keen to be innovative but was struggling to see ways of "keeping the system fresh and dynamic." He also felt that if the chief executive were to get behind the system, it might make a difference.

#### *8.4.3.2 Interview with the Assistant Chief Executive*

Pat Crowson is the Assistant Chief Executive with Corporate Responsibilities and she held this post when the proposal to introduce a review system first emerged from the District Auditors report. She was very supportive of the introduction of review seeing it as a way of facilitating effective strategic management in the authority. She reports that in large authorities like Cornwall, it is difficult to generate a corporate management perspective but that the process of review has helped "ensure that chief officers are all going in the same direction." However, it was also intimated that "the historical lack of a strategy or vision for this County has meant that they (chief officers) are not entirely sure where that direction/route is taking them."

Like Richard Ellsworth, she records a mixed response from officers but additionally reports that a small number of officers who had already established review type processes, “were peeved at a central initiative forcing them to change their approach.” Of reluctant chief officers, she observes that “if they are uncommitted, it is difficult to force them to take the process seriously and give it the room needed to develop in their department.” She also indicated that it was difficult to get members persuaded that performance review had something to offer the County and that it had been sold to councillors as “a tool to improve the management of the authority.” Members’ lack of understanding and enthusiasm had generally prevented Chairs from putting pressure on resistant chief officers. She indicated that:

the biggest difficulty in operating the system has been keeping the momentum going and driving the reluctant chief officers into action. In an authority which is neither performance nor strategically-orientated, the process of getting objectives, targets and measures specified, has been awesome and I think we have only taken the first step but will improve with time.

Whilst feeling that progress had been made “in inculcating corporate responsibility to chief officers,” Pat Crowson would like to see more of a focus on securing a performance culture permeating the whole organisation and becoming part of day-to-day management. At the time of the case study visit, she felt that there was a tendency for targets and indicators to be selected which reflected how the organisation is rather than “how we would want it to be or indeed how it should be.” She recognised that Cornwall had not yet tackled fundamental policy review. Like the review officer, despite the shortcomings, the assistant chief executive was able to identify strengths in the review system:

I think it has substantially changed the way that we as an authority think about things and has been an important factor in the gradual cultural change that is taking place. I think it has given and will continue to give, the authority a clearer sense of direction and purpose and we will be able to demonstrate achievements both to members and to the public. This must enhance service delivery and I think it will help us be more efficient and effective in time.

#### *8.4.3.3 Interview with the Leader of the Liberal Democrat Group*

Councillor Hurst is Leader of the Liberal Democrat Group at Cornwall County Council, the largest group on the Council. His disposition towards performance review is emphatic:

I am very unenthusiastic about performance review, quality control and performance indicators. I regard the whole thing as part of the government's obsession with cost as opposed to service quality. I am very unsympathetic towards the whole process and I'm cynical about its likely effect in this authority. I would like to have seen a cost-benefit analysis of what you get out of it compared with the officer time put in. It is undoubtedly an attempt from central government to cut local authorities down to size.

He reports that whilst there was opportunities for members to contribute to the development of the review system, participation was minimal and he indicated that perhaps if members had been more involved then "the process would be more embedded into the organisation." He intimated that performance review is not given much committee time and that members are not exactly "queuing up" to serve on the Performance Review Working Party. He indicated difficulties on the officer-side reporting that some were cynical like himself, and resented the time that review consumed and that generally, senior management was not committed to either the principle or practice of performance review and that this was likely to hamper its progress. He also indicated that the Chief Executive is not actively involved in review.

Councillor Hurst considered that not actually having political control prevented the Liberal Democrat's political objectives necessarily being

adopted as the council objectives but he feels that “they do influence the policies which are adopted at full committee.” However, he also communicated that:

The objectives of the Council, be they ours are not, are part of the Medium Term Plan and each committee has its own Performance Statement and Action Plan which should reflect stated objectives. But when it comes to reviewing what has been done, I’m not sure that the monitoring process is sufficiently related to monitoring progress towards these. I think we just measure what we have done and report it but don’t relate it back to whether it is what we planned to do.

He reiterated this point indicating that he was unconvinced that “the monitoring process and our quantification of performance is systematically, if at all, related to policies.” However, he does indicate that review “has helped us concentrate our minds and might make clearer the balance of priorities” and has forced the Council to put together the Medium Term Plan. He feels that it has systematised activities which he considered to be particularly useful in a large fragmented non-political authority such as Cornwall. This member also reported that the review system had made certain things explicit “particularly the role and goals of chief officers” and that this would improve accountability. However, he does feel that:

It is taking up far too much officer time and to a lesser degree member time for something that we are not sure what it is going to do for us. I don’t actually think it is changing what is done. I think it was introduced too quickly and without recognition of our environment or situation. We are being asked to operate a system in which we don’t believe in so it is not surprising that it is floundering. I think it is too number driven.

Councillor Hurst indicated that the objectives of review and the role which it is to play in the authority “need to be clarified before we can go any further with review,” and he did in fact conclude “I’m not sure it has a future.”



#### **8.4.3.4 Interview with an Opposition Member**

Councillor Nelson is a member of the Labour Group which is one of a number of smaller groups on the Council and he communicated that Labour “are a fairly small pawn in Cornwall and our political agenda is not prominent.” He neither actively supported nor opposed the introduction of performance review and “knows very little about its operation.” However, he indicated that the more he learned, the more he felt that “it could be useful for improving the effectiveness of the Council.” He indicated that at Cornwall, the review process is “an officer tool and members are only really rubber stamping management decisions” and that the information emerging from the review process was not the stuff that political debate is made of. He feels that the review system is remote from the Medium Term Plan and departmental Action Plans and that quite significantly, if the political make-up of the Council did not change so that clear policies emerged, then the policy base necessary to make review effective would not be achieved. He feels that the review system should offer some advantages:

In the past, I have not always known what staff are doing or what they are responsible for. I gather that review will change this and make responsibilities explicit. It should prevent chairs and chief officers from colluding on certain issues and them not even reaching committee. It should keep you on your toes but I have insufficient experience of its operation to know whether it does.

Councillor Nelson felt that if performance review had been left to members “it would have petered out” and that if Labour were to come to power then operating the review system would not be high on their agenda:

I don't think review would be our top priority. We would need to begin with clear policy orientation and having given strategic direction to the Council perhaps we may decide that review could help monitor progress but I think current experience has put us off a bit.

He did however, indicate that Labour's small minority meant that this was too hypothetical a situation to take seriously.

#### *8.4.3.5 Interview with an Independent Member*

Councillor Whiting is an Independent member of the Council. The Independents share the committee chairs with the Liberal Democrats and Councillor Whiting holds the key position of Chair of Education. He indicated that he wasn't against the introduction of performance review but was not sure "what role it can play in Cornwall and whether we are actually ready for it." He feels that:

If review can help us demonstrate what we've done and can help us towards our objectives then it has to be a good thing. However, if it is going to happen then it must be done properly and I don't think we have thought through our system comprehensively and it doesn't seem to be being well received by the officers.

He feels that if member consultation had occurred then perhaps this would have forced councillors to think more about what it could offer the County. He reinforces the view that performance is an officer tool in Cornwall and that members in receiving relevant review information for the committees which they sit on, are just endorsing "officer suggestions and recommendations." For his own Committee, he indicated that:

The Director of Education is a first-class manager though so I leave the process to him but comment on related documentation as requested. I therefore play a minimal role.

However, he indicated that officers have to generally play a more prominent role in driving the organisation forward than in a more politically-motivated council and that in fact "officer input to objectives is substantial." He feels that in some departments, individuals are just going through the motions and he does question "whether the energy could be more effectively expended elsewhere." Councillor Hurst does however feel that the system should be given a chance but communicates that "having said that, it is too complex and I think many of us don't yet understand what its purpose is." He feels

that for the future, the purpose and role of review needs to be clarified and the system simplified. He does question whether the Council “can plan as far ahead as review demands because of the turbulent environment in which we are working, particularly in Education.” In considering strengths which performance review offers, this member felt:

It ought to give us a target to work to and it should give us the means to demonstrate our achievements. If it improves management practices within the authority, or if chief officers perceive themselves to be more effective managers as a result of its operation then this has to be good.

#### *8.4.3.6 Interview with Service Director*

David Fryer was the Director of Education at the time the case study visit was conducted. He was very supportive of the introduction of performance review and was one of the chief officers who had already begun to make progress in the review area in his department before the central initiative. He reported:

I don't think you can effectively manage unless you have some notion of standards and targets and then find a mechanism for monitoring whether you are achieving them.

However, whilst fully supportive of the principal of review, he is now less keen “because of inadequacies in the system we have implemented.” He indicated that he is a bit cynical about the way things are being done in Cornwall and reports that “those of us who were supportive have been disappointed” and that those who were sceptical “are not surprised and there are a few smug smiles.” He feels that much more consultation with chief officers should have occurred before the system was designed and that “this might have instilled a greater sense of ownership amongst managers who have to operate the system.” He feels that the centre did not think through the interconnections of the key elements which when taken together constitute

performance review. He indicated that the components, the Medium Term Plan down to Performance Management Statements, are “good in their own right, but because they don’t add up, performance review is ineffective.” He also feels that “it is too complex whilst at the same time being mechanistic.” He considers that it is not an integrated part of management and indeed the organisation as a whole. To have a future in Cornwall, David Fryer thinks that it is essential that the interplay between the strands making up review, is made explicit and that the system is simplified. He also feels that a higher level of ownership needs to be secured and that members must come to understand its purpose.

However, the Director of Education does feel that review has brought some benefits to the authority:

I would say that it has structured what we were doing anyway. It has formalised the informal and given us a framework to hang the review activities on. However, it has not pulled together the bits coherently and that would have been of most benefit to my department. Overall, it has improved things and I think it has legitimised my management practices which some of my members thought were over-complex and pernicky.

He also feels that Cornwall County Council is “a bit of a conglomerate with each department acting almost as an independent business” and that the authority is held together “because we are providing services to the same area.” He thinks that that the review system may help give Cornwall a degree of corporate identity. He also considers that:

It has forced the County Council to identify what it is all about in the form of the Medium Term Plan and it has potentially given managers a mechanism for improving practice. Potentially it will make us more strategic but the rate at which the local government environment is changing, I’m not sure if this is possible especially given the way it is operated here.

#### **8.4.4 Performance Review in Cornwall County Council: A Critique**

Clearly the review system operated at Cornwall County Council is also experiencing difficulties. There is a significant ownership problem. Officers exhibited a mixed response from the outset but those who were initially supportive, apparently feel that the system has not matched their expectations and are thus disappointed particularly those who had already set out on their own review approaches and had to alter or abandon this because of the central initiative. Senior managers who were not well-disposed to review in the early stages, appear not to have given review a chance and the lack of impetus from senior members and the Chief Executive allowed their lack of enthusiasm to continue unchecked. On the member side, there is evidence to suggest that there was opposition to the proposal to introduce performance review from some councillors and at best, a lukewarm reaction from the others. Commitment and ownership to performance review is minimal and there is a paucity of understanding, particularly amongst members, about why it was introduced to Cornwall County Council and what the objective of the review system is.

These difficulties have been exacerbated by the lack of policy direction in the council with the identification of objectives, aims and priorities for services, heavily reliant on input from senior officers. Once these have been established, they unfortunately seem to be quite distant from the Performance Management Statements and performance indicators, information on which should be fed back to Committees. The interrelationship between the constituent parts which theoretically make up the review system has not been thought through and considerable discretion has been afforded to chief officers in reviewing performance and feeding back the information to

members. This has resulted in significant disparity in the level of meaningful performance review occurring amongst departments but with most only inputting minimal effort and consequently achieving only a satisfying level of review activity.

Perhaps some of these problems could have been overcome by seminars and workshops communicating what review is all about at Cornwall County Council or the creation of a document describing such details. However, even if either of these suggestions were taken up now, redressing the level of resentment and despondency which has built up in this authority would be quite an up-hill battle - this case study perfectly illustrates the need to take people with you from the outset. Consultation in the design of the system with both members and officers might also have secured a greater sense of ownership and if the system had been tighter with performance statements and indicators clearly and directly related to the Medium Term Plan, then there would have been less scope for reluctant participants to effectively ignore reviewing performance.

Despite these major operational difficulties, most of the interviewees were able to identify not insignificant benefits which review had brought to the Council particularly the creation of the Medium Term Plan with its previously unidentified service objectives, priorities, aims. Whilst it could be argued that this achievement alone makes the review system worthwhile, it would have been sensible to introduce a medium term plan initially and then introduce the additional elements as appropriate. Doing that would have prevented or at least minimised, the alienation of a set of officers and members to the practice of performance review and the forward plan would still have been achieved.

The process certainly seems to have failed in facilitating effective strategic management which was one of the reasons for introducing it. The ad hoc reviews previously focused on, seem to have played a useful role and perhaps it would have been more appropriate and beneficial to have built on that type of review perhaps by introducing a rolling programme of scrutinies but then hindsight is a wonderful thing.

Cornwall County Council was used as a case study authority to see how performance review would operate in a Council lacking political control. It is quite ironic that the authority's apoliticisation has played but a minimal role in the dysfunctioning of its review system.

## **8.5 Case Study 4: Epsom and Ewell Borough Council**

### **8.5.1 The Performance Review System**

The performance review system operated at Epsom and Ewell Borough Council emerged from a major organisational review and subsequent restructuring of the Council undertaken by external consultants (Peat Marwick). This was precipitated by the observation in the late 1980s, that the Council had been "hanging onto the way it had always done things" (Epsom and Ewell Borough Council, 1993, p2). With the bombardment of changes confronting local government, this was deemed to no longer be appropriate and that if the authority was to be able face the challenges ahead, then a fresh approach was required. This case study authority has produced a publication, *Continuous Improvement - Managing Performance at Epsom and Ewell*, which traces the development of the council's performance system and details all the stages involved in performance review. It is reported that:

The Council embarked upon a process of cultural change. Performance Management was the vehicle to drive through changes; to bring in new values, develop more services, reduce costs, become responsive and improve the quality of services. The Council recognised that cultural change would not happen in just one or two years, it would require new attitudes and fresh commitment to a new direction.

The process of change is recorded as follows:

We took the first tentative steps back in the late 1980s. Our point of entry into the system was to introduce the concept of cost centres and identify objectives and targets for each.

We followed that with the introduction of service committee plans to try and pull the cost centre objectives into an integrated framework.

Next came a thorough review of the Committee and officer structure, and the detailed introduction of a performance review system based on performance indicators. At this stage, we also introduced Performance Related Pay, which we regarded as essential as a means to reinforce our commitment to improving performance.

(1993, p2)

The Council proposes that it adopted performance management based on target-setting and performance review, as a means “to translate its broad vision into goals and these into particular actions.” The overall system is based on four key principles:

Planning for Performance

Performance Review

Training and Development

Continuous Improvement

Planning for Performance begins with the Council’s Vision which is considered to be the basis for all work:

Epsom and Ewell Borough Council believes that the local authority is best served by local people making decisions locally. It will continuously improve the service it provides by responding to those it represents in order to enhance the quality of life in the borough and to secure a thriving community.

Epsom and Ewell also has a set of corporate policies (now referred to as values) “which state areas of key importance in the Council’s work” and



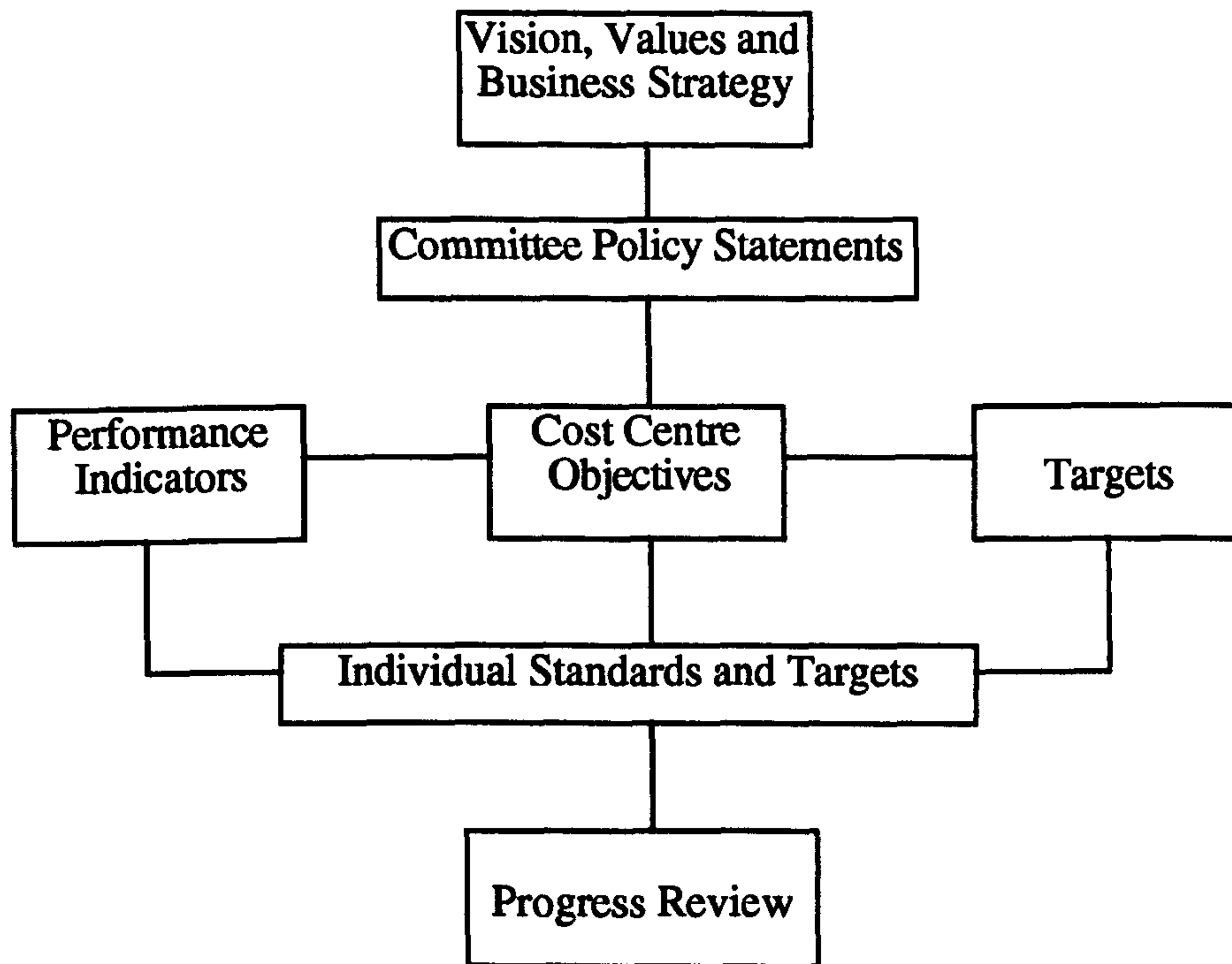
when combined with the authority's vision, "provide a framework for planning" with each subsequent layer of planning feeding into the next:

Service Committee policy statements cascade into Cost Centre objectives, which in turn cascade into targets and performance standards for individual staff members. Each lower level supports the level above, showing how the objectives will actually be achieved.

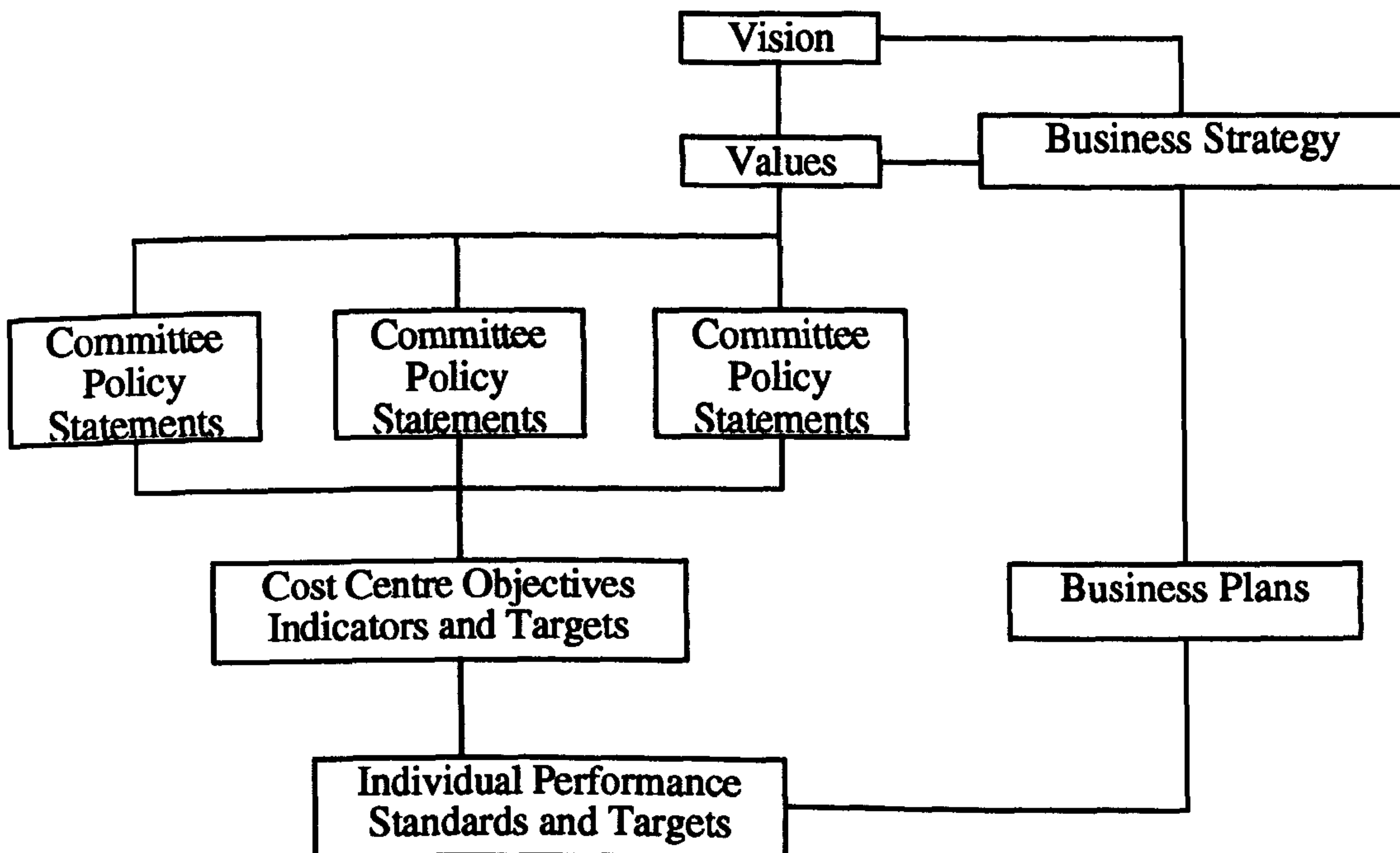
This is diagrammatically represented in figure 8.2 which shows how Planning for Performance works in a relatively simple way. However, in some instances, particularly central services, business units rather than cost centres manage services with objectives, indicators and targets being included in the business plan and reported to, and monitored by, the relevant sub-committee. This gives the more complex Planning for Performance structure shown in Figure 8.3 overleaf.

The relevant information on cost centres is all pulled together into *The Policy Book* which is updated annually. For each cost centre, on the left hand side of the page is financial information (in the 1992/93 Policy Book, 1990/91 actual expenditure, 1991/92 original and revised estimates of expenditure and probable out-turn, and the 1992/93 expenditure estimate) and on the right hand side of the page, identification of the cost centre manager and reporting committee, and delineation of the centre's function, objectives, performance indicators and targets. The document is colour-coded according to Committee and is contained in an easy-to-use A4 ring-binder.

**FIGURE 8.2: PLANNING FOR PERFORMANCE**

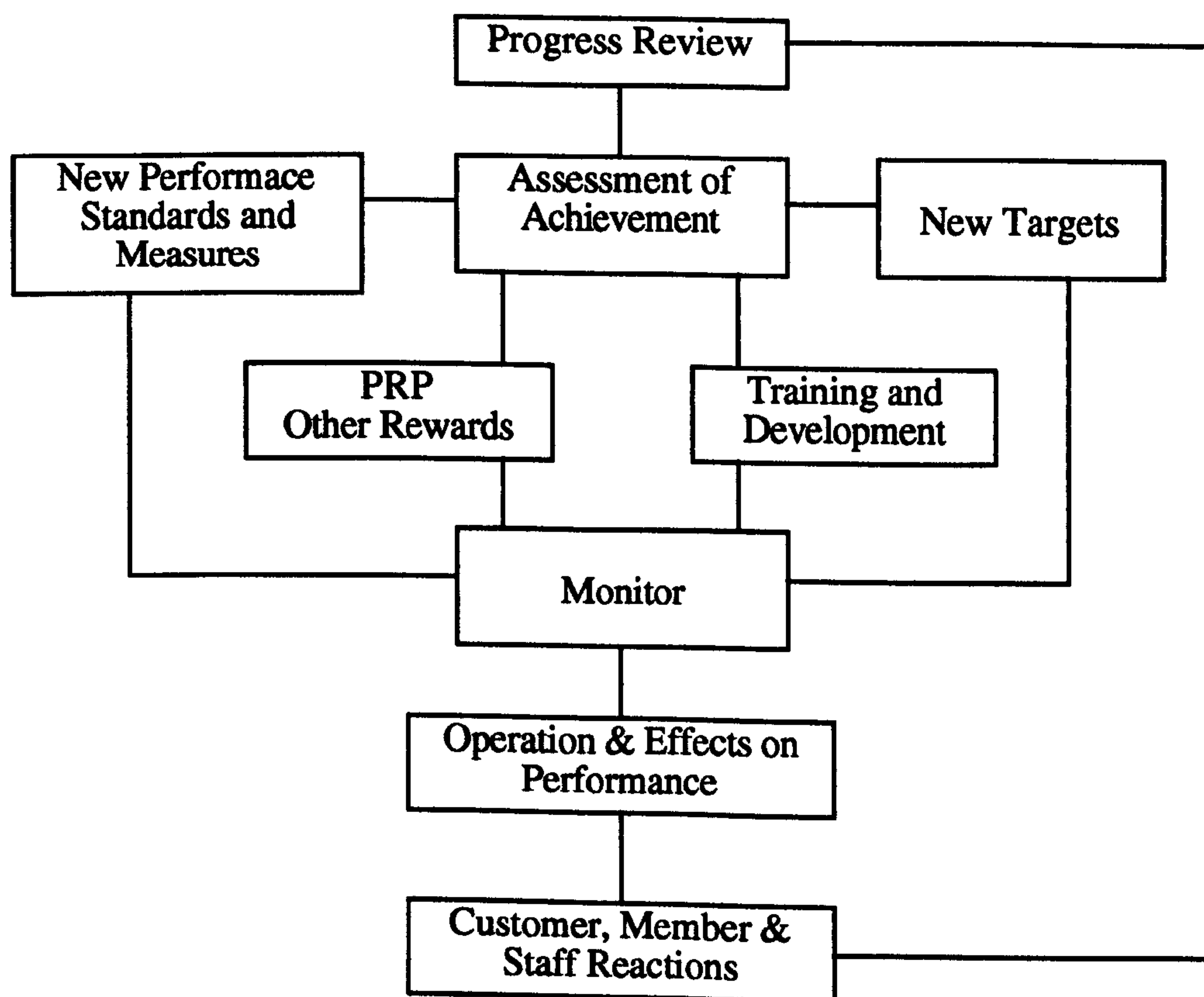


**FIGURE 8.3: PLANNING FOR PERFORMANCE (COMPLEX)**



The link between planning and action “is made at the level of individual staff members.” Managers take cost centre or business plan objectives and targets into account when setting performance standards and targets for staff. This is the basis of the second part of the performance management system which at Epsom And Ewell is actually called Performance Review but which is essentially a system of performance appraisal and performance-related pay. Figure 8.4 depicts this process but in essence, managers and staff review progress over the past year and set performance standards and targets for the coming year. The award of performance-related pay is tied to the achievement of specific work standards and targets.

**FIGURE 8.4: THE PERFORMANCE APPRAISAL PROCESS**



A personal development (the 3rd principal of performance management) meeting also takes place where staff training and development requirements are discussed with managers and a personal development plan agreed. The final strand in performance management is the recognition that continuous improvement is being striven for in the authority. Unlike the other components, this does not follow a clear formula or process but rather is a commitment from the Council to seek to:

- \* improve accountability to customers through better communication;
- \* listen to customers needs, through market research, community consultation, complaints monitoring and other means;
- \* improve responsiveness by ensuring that customer needs feed into the Council's goals and objectives; and
- \* develop the involvement of service users in the review and development of services through their involvement in working groups and review panels.

Thus, the review system at Epsom and Ewell Borough Council begins with the Council's vision and values which then cascade down to objectives, performance indicators and targets for cost centres and business units. On the basis of aggregate objectives, managers then determine individual standards and targets for staff and these are reviewed and performance-related pay awarded or otherwise according to performance. Training and development are given to staff where it is identified as being required. It is also recognised that 'continuous improvement' is needed rather than complacently relying on the review framework which has been put in place.

Epsom and Ewell refer to their review process as a performance management system rather than as a performance review process and given the extensive interrelationship between the strands cascading down from the Council's value statement to individual performance-related pay, this seems appropriate.

This authority actually terms the staff appraisal component of its performance management system as 'performance review.' Since this is likely to lead to some confusion with the terminology used elsewhere in this thesis, performance appraisal for staff will not be referred to as 'review' here but rather as appraisal and the overall system will be referred to as either the performance management system or the review process, mechanism or system.

### **8.5.2 The Documentation Supplied by Epsom and Ewell Borough Council**

A comprehensive set of documentation relating to the review system was supplied by Epsom and Ewell Borough Council as indicated in Box 8.6.

#### **BOX 8.6: DOCUMENTATION SUPPLIED BY EPSOM AND EWELL BC**

*Continuous Improvement - Managing Performance at Epsom and Ewell*, a summary document describing why performance review was introduced and describing the way the system operates.

*The Policy Book 1992/93*, the complete set of information relating to all cost centres in the authority describing their objectives, performance indicators and targets.

A draft version of revised Values for the council established after seminars where members with some chief officers support were given the time and opportunity to think about what they wanted their fundamental values to be.

*Epsom and Ewell Borough Council 1992/93 Annual Management Reports*, this is a document which summarises performance information produced by officers and reported to committee. It produces data over two years but is intended to be updated annually with further trend information. It was circulated widely amongst the Council area to promote improved accountability.

An internal paper produced in 1990 summarising the authority's current position in terms of performance management and assessing what the next steps need to be.

A consultants (P-E International) summary of performance management, appraisal and performance related pay and the inter-relationship between these components.

Epsom and Ewell's Response to the Government's Consultation Paper, *The Structure of Local Government in England*.

*Epsom and Ewell Borough Council's Annual Report 1990/91 and 1992/93*

*Epsom and Ewell Borough Council's Service Directory*

Since no individual appraisal or training and development reports were supplied for confidentiality reasons, the principle pieces of relevant documentation are the first two described above. The first which summarises the authority's approach to performance review was forwarded to me a year after the case study visit had taken place and had been compiled by the Council because they were getting so many enquiries about their process. However, it was also felt that this publication acted as a useful *aide memoir* for officers and members - for information. It is contained in appendix 8.18.

Whilst the process described in *Continuous Improvement - Managing Performance at Epsom and Ewell* is very similar to that utilised when the case study was undertaken, there seems to be greater clarity as though the Council had now comprehended how all the bits of the puzzle fitted together. The final strand in the Epsom and Ewell system, that of continuous improvement, is new reflecting concern expressed by several participants in the interview about the system going stale or stagnating by its relatively mechanistic nature. The other change is that 'corporate policies' are now termed as 'values' and there has been some refinement in their content.

*The Policy Book 1992/93* is comprehensive and informative and provides a reference point for all council activities operated around cost centres. The Service Policy Statement for the Housing and Personal Social Services Committee is contained in appendix 8.19 (it was the Director of Community Services, who has responsibility for housing and personal social services amongst other things, who was interviewed) and illustrative cost centre information for the Housing Advisory Service and for Homeless Families is contained in appendix 8.20.

The rest of the material provided generally refers to components of the overall structure and provide little additional insight into the operation of performance review at Epsom and Ewell.

### **8.5.3 Interviews Conducted at Epsom and Ewell Borough Council**

The following key personnel were interviewed at Epsom and Ewell Borough Council:

Graham Petty and Keith Horner, respectively the Assistant Chief Executive (Policy) and Head of Management Services

Richard Harris, Director of Community Services

Councillor Ron Gee (Residents Association), Chair of Policy and Resources Committee

David Smith, Chief Executive

30 of the 39 council seats were held by Resident's Association members when the case study was conducted, with the opposition comprising 6 Liberal and 3 Labour members. No members of the opposition were willing to be interviewed but the Leader of the Liberal Group agreed to complete the relevant questionnaire. However, on the whole he only supplied one-word or very minimal answers and so it is only included in appendix 8.21 with the other questionnaires for information.

#### *8.5.3.1 Interview with Officers with Review Responsibilities*

Graham Petty and Keith Horner were both in post in late 1989 when the process of establishing the review system was begun. It took 6 months to get the basic system up and running. They report that:

When we decided to embark on the consultants review, we set up a working party of members and chief officers and this group determined the specifications of the consultants exercise. We worked through the exercise with the consultants. What came out of the review, was a report written by consultants but which had been developed by the joint working party and thus reflected their needs and aspirations. A few officers were a little lukewarm but because of the drive behind the review, they were overshadowed and I think we now have nearly full ownership of the system on the officer-side.

Although commitment from officers and members would appear to be non-problematic in Epsom and Ewell, it was conceded that whilst members recognised the value in going down this route, they would probably have been “quite happy to continue along the same path indefinitely simply because they don’t like upheaval or change.” This high level of ownership is undoubtedly linked to the development process which emphasised involvement from senior managers and councillors. However, it is likely that the centre allowing time and space for the system to evolve is also a contributory factor. Additionally, the fact that performance appraisal and performance-related pay extends to all staff in the Council (excluding operative grade staff) is perceived as having “helped the effectiveness of the system:”

Everyone has identified for them, their key result areas, the standard for their key result areas and their targets. In this way performance management should permeate the whole organisation.

The system is considered to be “an integral part of the management of the revamped authority” so much so that below senior management level, officers might not be aware that a review system is actually in operation. It is sufficiently embedded into the organisational culture of Epsom and Ewell that it is not expected that its viability is questionable although the review officers did admit that “if central co-ordination didn’t occur, then the process might drift a bit.” It was recognised that the review process needed to be dynamic and it was considered that this authority’s system would “evolve and



improve as the organisation develops and in particular, becomes more strategic.”

The authority’s lack of strategic direction was highlighted as a problematic area but it was recognised that this was not a fault in the review system but rather reflected the apolitical orientation of councillors:

The political make-up at Epsom is unique being predominately Residents Association, and as a result our members have not clear policies but tend to concentrate on nitty-gritty things like holes in the road. They seem quite content to leave policy-making to the officers which is good in some ways but I feel the lack of member commitment detracts from our effectiveness.

It was considered that these problems are compounded by the fact that service activity is organised around small cost centres making strategic formulation difficult. It was anticipated that as the council moves towards larger business units, this should become easier.” It was considered that:

The majority of our review system is operational reflecting the lack of political drive in Epsom and Ewell because of our Residents Association councillors. We are gradually moving towards a stage where we are more strategic in approach but are a long way from having set strategic targets as such. Review in this authority is about the level of service provision to our customers/clients so we naturally concentrate on detail.

The political make-up and absence of policy-orientation in the authority is also reported as having made the identification of effectiveness indicators infeasible at this stage.

Whilst theoretically, individual targets and objectives should cascade down “from the Vision Statement and Corporate Policy Statements through the Service Policy Statements and the Cost-Centre Objectives” it is suggested by the review officers that although a linkage undoubtedly exists, it may not work quite so systematically. It was also felt that there could be more

consistency in the setting of objectives, indicators and targets for cost centres.

The performance review system is considered by Graham Petty and Keith Horner to be “slowly changing for the better what is happening” and thus to be successful. Performance management is seen as the way the organisation manages itself “rather than a process which overlays the way we work.” It is “a management tool that gives you a discipline.” It is also seen as having had a positive effect on the officer/member relationship:

I think it has helped officers deal more effectively with members. They can set objectives and demonstrate progress towards the objectives. There is a much more comfortable, respectful officer/member relationship which is partly attributable to the operation of performance review. Members now know what officers are doing/achieving. Previously they only knew what they weren't achieving.

Additionally, the review system is considered to have provided the council with a base from which strategy can be developed and initiatives such as CCT and the Citizen's Charter, responded to. It also provides a “means of rationalisation should that be necessary.” Should redundancies be required, then the officers indicated that “you can look at how people perform and weed out poor performers.”

In considering the weaknesses of the review system operated at Epsom and Ewell Borough Council, the review officers felt that caution was needed so that review did not take over since it is “only a means.” Consistency in approach was also felt problematic with the balance not yet struck right between facilitating and directing the process from the centre. It was considered that as the system develops and “feeds into the budgetary process and resources are reallocated” then more squabbling will occur but that

“perhaps it will generate a more useful activity.” The fact that potentially the system gives members “a stick to beat officers with” and that there is “a risk that managers will work predominately towards targets rather than delivering the service per se” were recognised but thought unlikely to develop into problems in this authority because of the predisposition of members and the operation of performance appraisal.

In the future, it was felt that the organisations activities needed to be based more around business units rather than cost centres and that the corporate statement and policy planning document could be improved so that “we have more of a framework to hang review onto.” The officers:

Would like us (the authority) to be able to stand back a bit and catch our breath and see how we could have done better but there never seems to be any time - we have to work extremely hard at the moment just to stand still.

It was hoped that members would take a more active role both in developing and operating the system since “currently they are too preoccupied with nitty-gritty.”

#### *8.5.3.2 Interview with Service Director*

Richard Harris is the Director of Community Services at Epsom And Ewell Borough Council. This department is responsible for the delivery of housing, environmental health, recreation and personal services. He was Director when the reorganisation took place and the review system emerged. He considers that it is “axiomatic that you have to review and evaluate what you are doing” and that review is part of a comprehensive management process. He indicated that his fellow chief officers are supportive and keen to see the current momentum continue and that consultation with senior officers was

adequate. However, he thinks that it is the tier below directors “which is experiencing the most cynicism because it is these managers who have to do most of the detailed work” but he considers that “in time they will reap the benefits.”

He indicated that for Community Services:

I draft a report for each of the cost centres in my department outlining the objectives of that centre, relevant performance indicators and identify targets. The Committee then has a chance to consider these before they are finalised.

He also reported that his department had also held a series of seminars where a set of policy issues were taken and considered “in a more open-ended way than is possible in Committee.” Substantial officer input was reported in setting both targets and indicators but in the latter case, Richard Harris intimated that “I don’t see officer dominance in this domain as a problem since it is a manager’s jobs to monitor and demonstrate progress towards goals.” He considers that:

What we are not doing particularly well is having a systematic process of review whereby we are actually measuring the impact of some of our policies. We tend to focus on operational matters in our review process. Part of this is the difficulties of quantification in a lot of what we do but I’m not sure that this is being addressed by the authority and part of the problem is that you don’t have a strategy driven by political ideology.

He also feels that when the review system first came into operation, objectives and targets established at committee level were “not actually being followed through all that precisely into individual targets.” He feels that there is now much more of an attempt “to marry the two together now” and that the cascade effect will be much greater. He feels that it has provided a structure to most people’s jobs and made them understand their role within the organisation - how they fit into the jigsaw.

He intimated that it is difficult to isolate the impact of the review system when the organisation including the Community Services Department, has undergone such radical change with an entire new management system and ethos emerging. However, he feels that the review mechanism has given his senior managers a framework within which to operate - "it may not have drastically altered what is done but it has legitimised it." In considering the main strengths of the system, The Director of Community Services reported:

I think it is the discipline of providing the structure for ensuring that managers go back and evaluate what they have done and can justify their actions. It provides a mechanism for improving accountability - anybody can now check up to see if I am doing and have done what I set out to do. It is fairly simple which means that its operation does not impinge on other activities but even if it did, it is an essential part of management and would be worth doing. It has helped all members of the organisation focus more.

He considers the inability to formulate and activate strategies to be the main weakness and one which is "hindering the impact of performance review which consequently concentrates on day-to-day matters." He thus felt that in the future, it was important that members "be more visionary and decide where the authority should be going." He would also like to see the review mechanism more closely linked to customers reactions and needs particularly since he considers that "the future of local government will lie in enabling."

#### *8.5.3.3 Interview with the Chair of Policy and Resources*

30 of the 39 council seats are occupied by Independent Residents Association members at Epsom and Ewell Borough Council. Within this group, "a loose group system" is reported as in operation where members meet to discuss policies. It was indicated that "we don't have the discipline of the big political parties and within the group nobody is in charge or can direct policies from on high." In the absence of a leader of Council, the Chair of the Policy and Resources Committee was the leading member interviewed

for the ruling administration. Councillor Gee indicated that Residents Association councillors have dominated the Borough for a long time and that:

The reorganisation exercise and the performance management initiative have both been driven by officers but we are supportive of both the principle and practice of performance review. I think this support is strengthening as the benefits of review become increasingly apparent even though it has forced us to address issues we may rather not have, for example, objective-setting.

Although members were part of the joint working party which developed the system, Councillor Gee feels that it has predominately "been devised by the consultants and officers" but considers that this "is appropriate given that it is a management tool." He also intimated that he tried to avoid interfering since "officers are paid to manage." His personal role in performance review is confined to chairing Policy and Resources which approves the Policy Book "which forms the basis of the review system" and also allocates the budget which he considers will "heavily impinge on the objectives and targets identified for each cost centre." He reports that:

Each chairman has a fairly generous freedom of action of setting policies within his committee but these obviously reflect the opinions of other members and most chairmen know the parameters in which they can operate. If they are uncertain, they will bring the issue to Chairman's Group. The review mechanism has helped us as members to think more about objectives of our services but we still rely heavily on officer advice in this respect.

He indicated that the lack of political affiliation makes the development of a more formal policy planning process, which he thinks chief officers are keen to see, problematic. He does feel that the policy aspect of performance review could be strengthened.

In his view, at committee level, the review mechanism has helped members and senior managers identify "objectives and to specify actions needed to achieve the objectives and the means of monitoring progress." He also feels that officers now know their roles within the organisation and that "this has

helped give the authority a consensus direction.” He considers that “it has encouraged dialogue between chairman and chief officers or at least provided a structure for discussion.” However, he also considered that the review system at Epsom and Ewell, has a number of weaknesses:

Individual committees perhaps don't sufficiently oversee target progress and a more consistent approach is needed - some chairmen are more severe with their senior managers than others and I think some officers set targets that they know they can achieve - they need to be challenging if they are going to improve activities. I think we may take the system for granted and assume that if we go through the process everything will fall into place. This is not the case - the system needs to be continually worked at and developed.

In the future, he would like to see the budget linked to review and indeed may establish a Budget Review Group. However, he “would strongly advise against moving too quickly too fast” and thus he wanted to “let officers get confident with the review system” before changing it. He does however, recognise that the process cannot be static or it will become stale. Like Richard Harris, Councillor Gee felt that the review process should incorporate more “customer feedback.”

#### *8.5.3.4 Interview with the Chief Executive*

David Smith is the Chief Executive at Epsom and Ewell Borough Council and initiated the major review of the authority and “was favourably disposed towards a performance management system emerging from the exercise.” He sees performance review as an essential ingredient in effective management but does not think that you can consider it in isolation:

Performance review is successful here because we also have performance appraisal and performance-related pay. On their own, none of these tools would have taken us as far as we have come.

Prior to the review and performance management system, the Chief Executive felt that the authority was “just drifting along, continuing to deliver the

services we had always delivered without question.” He felt that the authority had just got complacent.

He feels that because the review process emerged from a radical restructuring rather than being overlaid onto existing management practices, resistance was minimised. However, he also thinks that the joint officer/member working party which significantly contributed to the development of the system, contributed to the high level of ownership. Whilst securing commitment has not been a teething difficulty encountered in Epsom and Ewell, the Chief Executive feels that there were some initial difficulties in setting objectives, targets and indicators for cost centres with these tasks often left to officers because of the non-political and non-policy orientation of Residents Association councillors. He feels that operating the system “is forcing senior managers to think why they provide the services they do at the levels they do.” He also feels that the process has provided the authority with a corporate management perspective “which was previously elusive” and that all managers are now “pulling in the same direction.”

The Chief Executive feels that the review system “permeates all areas and all levels” of the organisation not least because of the simultaneous operation of performance appraisal and performance related pay systems:

It is now possible for relatively junior staff to see clearly how their targets fit in with what the section is trying to achieve and what the committee is trying to achieve. People know how they fit into the big corporate picture but this area still needs worked on.

He indicated that the review system, which he considers to be a powerful tool, is now part of the Boroughs culture and that the system “has rooted down and is fully incorporated into our activities.” He feels that because of



this and the fact that performance review is not peripheral to council activities, the process would survive change, but he also recognises that “we will always need somebody like Keith to assist the process and to ensure smooth-running.”

David Smith reported:

The review process was given initial impetus from the other changes which were taking place but in a while that momentum will be lost and the system must be driven on its own merits - it will also be evident in a while that the operation of performance management is going to have budgetary implications and I think that this will illicit some resistance.

He feels that it is difficult to isolate the impact of performance review from the performance management philosophy which came into place at the same time.

However, the system is considered to have helped “focus more on our service and has given us the basic foundations for effective management” and thus has been beneficial. He also records the following additional strengths:

It has enabled the organisation to cope with some external pressures that we otherwise would not have coped with. We have focused on the things that matter. It has enabled us to manage the process of increasing efficiency and effectiveness with few broken bones. I think it does actually change the organisation because it changes people’s perception of their units/organisation.

On the downside, he feels that the authority will have to be careful that performance review “does not become an end rather than a means.” He is also concerned with the dynamism of the mechanism observing that the council had not really thought about what came next or even how to sustain the current system. He indicated that:

The system we currently operate, highlights our lack of overall strategy for the authority and the deficiencies in our budgetary process - but these are not weaknesses of the system but rather this organisation and the performance review process is helping to address these inadequacies.

Consequently, he identifies finding strategic direction and improving the link between the budgetary process and performance review as imperative future developments. He would also like to see the system simplified arguing that “at present, we are substantially verbose in the documents which form the foundations of our system.”

#### **8.5.4 Performance Review in Epsom and Ewell Council: A Critique**

The review system at Epsom and Ewell Borough Council appears not to have encountered many of the difficulties experienced in the other case study authorities considered. A relatively high level of ownership, particularly from officers, is apparent and members seem to have an understanding of what review is about and be relatively committed to the process albeit whilst still leaving much of the work to officers particularly objective and target setting and performance indicator definition. This comparatively high level of ownership can be attributed to the fact that officers and members significantly input into the design of the system through collaborative work of the joint working party and the consultants. However, members' views were also extensively sought by the consultants reviewing the Hertfordshire situation yet the system which emerged there did not match their needs. Perhaps the critical difference at Epsom and Ewell is that the input to the review process demanded of members is much less and the system allows officers to undertake tasks for member approval but should a member seek a higher level of involvement then this can be accommodated in the system. The process at Hertfordshire has no such safety-net and to function at all demands a high level of input from councillors. Additionally, since it is a function of all committees to address performance matters systematically at Epsom and Ewell,

there was not the problem of the calibre of members involved in review issues experienced at Hertfordshire.

On the officer-side, the cascading down from cost-centres to individual performance through appraisal and performance-related pay, ensures that officers cannot ignore performance, and it has facilitated a performance-orientated perspective permeating throughout the organisation. The fact that the chief executive is openly supportive of performance review may also have inculcated general support. At Epsom and Ewell, performance review is clearly not a peripheral activity, an impression formed at other case study authorities. The fact that it was introduced as part of a package of organisational change may have favourably influenced its acceptability to officers and members.

The review system at Epsom and Ewell has undoubtedly been successful and is changing what the council does. It seems to have been well thought out particularly to meet organisational needs and leading members and officers clearly have an understanding of the system, a factor lacking in the other organisations. However, it is undoubtedly mechanistic and focused on operational detail. In the latter case this reflects the fact that the members are independents without a strong political orientation. Of significance, the review system was tailored around this rather than assuming that the introduction of a review system would in itself make members more strategic. The mechanistic nature of the process may increase the likelihood of the system becoming stale but the operation of performance appraisal and performance-related pay suggest that this is unlikely to become a problem.

## **8.6 Case-Study 5: London Borough of Lewisham**

### **8.6.1 The Performance Review System**

The London Borough of Lewisham reviews performance in two ways. The first is through undertaking reviews of specific aspects of service delivery. In-depth reviews have a long history in the authority but were used extensively during the 1980s normally to identify non-essential activities ripe for budget cuts. Lewisham was capped in seven consecutive years and faced extreme financial crisis over an extended period. The Council decided to curtail less-critical activities rather than impose steep cuts across the board. Scrutinies were operated by the Finance Departments to identify those areas which could be curtailed. However, as the financial pressure has eased, or as one of the review officers indicated “everyone else has caught up,” the in-depth reviews have been used to promote good practice and to help address weak areas many of which have been caused by legislative changes. These reviews are still carried out under the auspices of the Finance Department but under a new director and great effort has been made to loose what was described by the officer responsible for this area of work, “the hatchet man image.” Areas for review are proposed by chief officers and members normally for the service areas for which they have responsibility. However, if there is evidence of something being amiss, for example if a service area were consistently overspending its budget, then an uninvited review may be initiated.

The second component Lewisham’s approach to performance review is through service programmes which were introduced in 1988. It was proposed that:

The Lewisham Service Programme grew out of Members and officers dissatisfaction with the Council's performance, particularly the gap between policies and actual achievements. Frustration with the rigidity of a large bureaucracy and its apparent inability to respond quickly and imaginatively, fuelled a demand for change. Work done by INLOGOV on developing a 'public service orientation' seemed to reflect Lewisham's concerns. The Local Government Training Board offered a useful distinction between a 'closed' and an 'open' authority. We were identifying ourselves as being closed but wanting to change to become 'open.' The difference between the 2 types are shown below.

<u>CLOSED AUTHORITY</u>	<u>OPEN AUTHORITY</u>
Bureaucratic and slow	Responsive/action based
Inward looking	Outward looking
Inaccessible	Accessible
Hierarchical	Flexible
Unfriendly	Delegating authority
Preoccupied with administration and systems	Concerned about people

We found we were talking about a radical transformation of our organisation. This would not be an easy task. Recognising the need for change was an important first step. There was a world of difference though between identifying the problem and achieving the changes wanted. The Lewisham Service Programme was set up as a means of making the necessary changes. Our basic starting point was that we had to plan across the whole Council, set short term and longer term objectives and monitor our progress.  
(The London Borough of Lewisham, 1988, p2)

The transformation began with discussion of the overall direction which the Council was pursuing and agreement of the following core values:

- Putting services to the public first
- Local government serving local communities
- Equal opportunities for the people of Lewisham
- Taking action to be more efficient and effective
- Valuing Employees
- Aiming for Quality

In 1990, in response to growing local and national concern, Lewisham added 'Caring for the Environment' as an additional core value. A full description of what is meant by these core values is contained in appendix 8.22.

The next step was for departments to draw up service plans/programmes which embraced these core values. In relation to their service plans, chief officers have to identify key results areas, relevant targets for these areas and appropriate measures of success for ratification by committee and then report on these measures at least twice a year. Although the Central Policy Unit, which oversees the service programmes, ensures that each department has drawn up such a plan and that it has received the approval of the relevant committee, there is no mechanism for pulling all the plans together nor for their circulation around the authority and there is no central co-ordination of the subsequent reporting of performance. This reflects Lewisham's strong emphasis on devolved management and indeed departments have the discretion to review performance beyond this process. It was indicated however, that most had confined themselves to using the service programming process but that there was considerable variation in the effort and subsequent detail of these across the Council's departments. Additionally, whenever an in-depth review is undertaken, indicators of performance are defined for reporting to committee but there is no central follow-up on this.

An Employee Development Scheme is also in operation and evolved from the core value of 'valuing employees.' Key tasks/objectives are agreed for each member of staff in discussion between the member of staff and his/her manager. What actions will be needed to achieve these tasks is then considered and any associated training needs identified. At subsequent meetings, performance in relation to key tasks/objectives is discussed and areas where performance has been strong and weak are highlighted and the reasons for this considered. The staff member is encouraged to identify major

achievements as well as disappointments and asked whether they feel that their skills and strengths are being used in their current post and also how they see their career progressing. Key tasks/objectives are refined if necessary and the staff member is given an opportunity to raise any concerns which they have. Two formal meetings have to occur each year but it is considered that “there should also be an on-going dialogue between manager and postholder. Additional informal review meetings may be held at any time” (The London Borough of Lewisham, 1992a, p2). It is implicitly assumed that the key tasks/objectives for individual staff members will reflect the departments service plan. This scheme is very similar to a system of performance appraisal but with the emphasis on developing staff not evaluating past performance.

At the London Borough of Lewisham, performance review thus comprises in-depth reviews undertaken by the Finance Department and reviews of performance in relation to pre-determined measures of success which relate to the service programme’s key results areas and reported to service committees twice a year.

### **8.6.2 Documentation Supplied by the London Borough of Lewisham**

The documentation supplied by the London Borough of Lewisham is indicated in box 8.7 overleaf.

Lewisham received so many enquiries about its Service Programme that it produced a summary information pack for general distribution most notably to other local authorities. This provides a brief summary of the Lewisham approach, defines the core values and highlights some of the successes which

have been achieved through the operation of the service programme. In putting services to the public top of the agenda, the Borough undertook a number of studies of areas where the Council comes into close contact with the public, for example, council entrance and reception areas and a summary of these is contained in the information pack which is reproduced in appendix 8.23.

**BOX 8.7: DOCUMENTATION SUPPLIED BY THE LONDON BOROUGH OF LEWISHAM**

*The Lewisham Service Programme: Public Service Orientation - 'Ideas into Action'* Produced in 1988 and describes the Lewisham's service programming approach.

*The Lewisham Service Programme.* This pack was produced in 1991 in response to the large number of enquiries which the Council was receiving about this area of activity.

*The Employment Development Scheme Guidance Booklet.* This booklet outlines the purpose of the Employee Development Scheme operated by Lewisham and explains how the process operates and contains the pre-meeting questionnaire to be completed by the postholder and the manager.

*Lewisham's Leisure Services Development Plan 1990-94* which is the medium term plan for Leisure Services whose director was interviewed as part of the case study.

The Leisure Services Programme 1992/93 prepared for approval by the Leisure Services Committee.

*The Lewisham Service Programme: Playing Safe - A Survey of Playgrounds.* A report of one of a number of studies undertaken as part of the Service Programme.

*Lewisham Housing - Building Works Division: An Introduction to the Customer Care Code for Housing Repairs.* A report which describes how customer care is being implemented in one service area.

*Lewisham's Environmental Services.* A newspaper which is circulated to all the residents of Lewisham describing the various activities subsumed into Environmental Services and describing the standards of service which the Council will endeavour to provide and the targets which are being pursued and the complaints procedure to be followed in cases of dissatisfaction.

*Lewisham's Equal Opportunities Policy Statement.*

Chief Executive's Department Information Pack containing facts and figures on the Council and samples of the newspaper which is produced for all Lewisham's council employees.

*Lewisham - Your Council.* A guide to services and departments within the Borough Council produced by the Public Relations Unit.



As previously indicated, there is no document pulling together all the service plans for the departments within the London Borough of Lewisham. However, because the Director of Leisure Services was interviewed as part of this case study, a copy of the Leisure Services Development Plan 1990-94 and Leisure Service's Programme 1992/93 were supplied. These are both substantial documents prohibiting their reproduction within this thesis. In the former case, the Plan opens by providing a historical context of Leisure Service's in Lewisham. It proceeds by outlining the reasons for planning, the aims of the plan and then giving a description of the sections contained within the plan which are:

**Changing Needs - Diminishing Resources?:** will look at Lewisham Leisure's response to the changes of the last decade and will set the scene for the new plan;

**Leisure Services for the Future:** will identify the plans for Recreation, Arts, Entertainments, Libraries, Parks and Open Spaces, Contracting Services, and Corporate Services;

**Strategy for Success:** will develop policies based on the key aims for the Directorates;

**Planning into Practice:** will relate the key service objectives to the policies developed in chapter 4 and will suggest ways in which these can be put into practice over the Plan period.

(The London Borough of Lewisham, 1990, p4)

The Service Programme begins by applying the core values to Leisure Services as indicated in appendix 8.24. It then highlights the key results areas for leisure services and identifies the officer responsible for each area, the overall service aim, the background of the service, the targets being pursued, the core values which these targets relate to and the measures of success to be applied. The extract for Lewisham Theatre is contained in appendix 8.25 for illustrative purposes. The Service Programme also contains the results for key results areas for 1991/92 and the Lewisham Theatre extract is reproduced in appendix 8.26. In preparation for the Citizen's Charter, a first draft of

performance indicators for the areas encompassed by Lewisham's Leisure Services Department was also included in the Service Programme but it was anticipated that these could well change after the Audit Commission publishes its draft list. The Committee report accompanying the Service Programme made the following recommended that the Leisure Services Committee should:

1. Note the results of the 1991/91 Programme
2. Agree the draft Leisure Services Programme 1992/92  
or  
Agree the draft Programme pending the incorporation of any changes agreed by the Committee
3. Call for a monitoring report at the six month stage and at the end of the 1992/93 programme.

The material relating to Leisure Services is extremely comprehensive but it is not known whether other departments will have been as rigorous and it was in fact suggested that Leisure Services has made more progress than many other Council departments which was why they were selected for inclusion in the case study. However, what was not clear was how different were the service programmes from directorates which had not advanced as far or as fast. The other documentation supplied by Lewisham was provided as examples of activity in other areas or as background information and were unrelated to Lewisham's approach to performance review. A copy of an in-depth review undertaken by the Finance Department was not supplied despite being requested.

### **8.6.3 Interviews Conducted at the London Borough of Lewisham**

The following interviews were undertaken at the London Borough of Lewisham:

Dr Barry Quirk, Assistant Chief Executive

David Webb, Performance Review Team, Finance Department and David Riley,  
Principal Policy Officer, Central Policy Unit

Ken May, Director of Leisure Services

Councillor Steve Tennison (Labour), Chair of Policy and Resources

The questionnaires completed on the basis of these interviews are contained in appendix 8.27. Lewisham has a long tradition of Labour domination with Labour holding 58 of the 67 Council seats at the time the case study was conducted. None of the opposition were willing to be interviewed or even complete the interview questionnaire on this occasion. This was not considered to be a significant problem given how small a minority they comprised particularly since it was reported that they were an ineffective opposition.

#### *8.6.3.1 Interview with the Assistant Chief Executive*

Barry Quirk is the Assistant Chief Executive at the London Borough of Lewisham and his areas of responsibility include the Central Policy Unit which oversees the process albeit that minimal central co-ordination is actually required at Lewisham. The chief executive is not involved in the process and therefore Barry Quirk was interviewed instead. He has worked at Lewisham for five years having been employed in a total of 6 London Boroughs including Bexley where he helped with the establishment of their review system. Although he has responsibility for the Central Policy Unit and thus the Service Programmes, Barry Quirk indicated that:

The only central co-ordination of the programme is through a check on each department's Service Programme. Beyond this, it is up to committee chairs to make sure that they are receiving the relevant information twice a year and that the department has implemented the service programme as envisaged.

It was reported that David Riley did most of the Central Policy Units service programming work and kept the Assistant Chief Executive informed of progress but alerted him if there was an indication that anything was not as it should be.

He reported that:

The problem with most-purpose authorities such as the London Boroughs, is that they deliver such a wide spectrum of services and you have to get the message across to a wide spectrum of people with vastly different backgrounds and experience. Inevitably, there will be some who will be unsupportive and not co-operative particularly of anything which they see as central interference. We have been increasingly emphasising devolved management and there were some chief officers who thought that this initiative was the centre trying to regain a foothold. However, as this has been demonstrated to not be the case, there has been a gradual warming to the notion. However, I would say that we did not meet with as much resistance as I thought might be the case and I think that this reflects the fact that so much discretion was left with departments.

However, he also acknowledges that this discretion has resulted in considerable disparity in the progress made within the Borough's departments and that in fact "the management rhetoric is ahead of reality" and that the pace of change is lagging behind that which he desired. But the assistant chief executive indicated that you cannot devolve management responsibility and power and then prescribe how things are done or make chief officers progress at a uniform, centrally-specified rate particularly given the challenges which some service areas are facing. He felt that despite the drawback in terms of disparate progress with service programmes, the authority would not change its devolved management approach in the foreseeable future and would continue to empower departments.

Barry Quirk considered that performance review at Lewisham is "really just an activity to support policy implementation....a mechanism for ensuring that officers actually follow through on delivery once a policy has been

determined.” However, it could be suggested that given the minimal involvement which members appear to have in the process which is largely confined to committee approval of the relevant reports prepared by chief officers, service managers still have the opportunity not to follow through on policy implementation. The member profile was reported to be relatively young with a number actually working for other London Boroughs and the assistant chief executive was surprised that members had not demanded more of a role for themselves. Barry Quirk therefore felt that a strengthened role for members in the future would be an appropriate development.

Given the significant break from past practices which was being sought through the introduction of service programming, some training was provided. All middle managers were put through a training programme on core values indicating how these could inform service delivery and emphasising that the values were not just something that Lewisham had on posters. Some training on service and business planning was also given using an external consultant. It was reported that not too much guidance was given on defining targets and indicators because if they evolved independently then this would maximise ownership.

In considering Lewisham’s approach, Barry Quirk concluded that:

I think that we wanted a system which was a loose overcoat. Some of the systems which I have seen are more of a strait-jacket, stifling innovation and entrepreneurship. Although they look impressive from a distance, they are actually flawed particularly if one considers a longer time horizon. They are good at getting things kick-started but often stagnate after a relatively short period. Although the process introduced at Lewisham appears to be comparatively unstructured and perhaps a bit haphazard, it is well-suited to the needs of this organisation. It reflects and accommodates our devolved management approach. The chief executive was appointed on an enabling ticket and his role is to enable, empower and police boundaries for service departments. The review system here fully acknowledges this.

He feels that Lewisham has been given back its sense of purpose which had been eroded because of the sustained financial cuts - "we had lost sight of what we were trying to achieve as an organisation." He considers that service programmes have forced all departments to think about what they are trying to achieve in their service areas. However, the assistant chief executive acknowledged that the system lacked rigour but didn't know how this could be rectified without "inducing a lot of alienation and resentment and probably some loss of ownership." He also felt that the information generated by the service programmes "only scratches the surface" and he would like to see more depth to the analysis of services particularly relating to the process of service delivery which he considers can be just as important as the end product.

Not being his area of responsibility, Barry Quirk did not discuss the in-depth reviews but indicated that the staff from the Finance Department involved in that area of work "are perceived by most quarters of this organisation to be unbiased and independent. I think they have been very fair in the work which they have done."

#### *8.6.3.2 Interview with Officers with Performance Review Responsibilities*

Since the review system at Lewisham comprises two aspects, interviews with officers representing each strand were sought and David Webb was interviewed as the officer from the Finance Department with the main responsibility for the in-depth reviews and David Riley participated as the Principal Policy Officer at the Central Policy Unit who oversees the Service Programmes.

The officers reported that:

Performance review has emerged from the continued fiscal crisis which faced this authority throughout the 1980s - we were capped seven years in a row and were down to the bare bones, no reserves or balances remained. The in-depth reviews were helping us to identify what could be done better in specific areas and was assisting the rationalisation of cuts. However, we were beginning to lose sight of our overall purpose and the Service Programmes which forced departments to consider what their purpose was, was seen as a way of addressing this. It also reflects the increased profile of performance in local government. The Audit Commission had been promoting performance review for some time and although our system is very different from the Commission's model, it put the issue onto our agenda for consideration. This authority has progressed enormously in terms of devolved management and we wanted a system which accommodated rather than reversed that.

It was considered that the initiative was originally suggested by members, in particular the Deputy Leader of Policy but its introduction was subsequently driven by officers particularly central officers with the Director of Finance proving to be a significant motivating force.

It was indicated that the system "really became an officer instrument" but that this was not pre-planned but rather the way the system evolved. However, this is not indicative of a lack of commitment on the part of members. It was reported that:

Members were enthusiastic and at one stage set up a Members Performance Review Working Group to undertake reviews of particular service areas. The initial area focused on was Lewisham's interaction with the public and the Group went to swimming pools and libraries etc. The exercise was very productive but because it demanded so much member input and officer support, it was not repeated on anything like that scale. Now, member involvement varies depending on the service area they are involved in and how developed performance review is in that service area.

No specific measures were taken to draw support from either members or officers. On the officer front, it was reported that:

The original scrutiny system caused a great deal of resentment with officers because it was really intended as a cost-cutting exercise and it was the then Director of Finance sending his boys in to see where cuts could be made. We did what we could to get departments to work with us and make the cuts as painless as possible and least likely to affect critical service delivery. This went some way towards dispelling our hatchet-man image but at the end of the day cuts did have to be made and it was easier to blame us. By the time we came to overlay the Service Programming system, a much better relationship had emerged and there was a new Director of Finance.

In considering the inter-relationship between the two review strands, the review officers indicated that the two elements inform each other and if something looks wrong on the Service Programme then it would probably be recommended for in-depth review but whether that actually took place would be dependent on resources being available to conduct a scrutiny. Conversely, when a review is undertaken, indicators of performance are defined for subsequent monitoring and reporting.

In discussing the indicators and measures used in Lewisham, it was intimated that Lewisham is devoid of strategy indicators:

Most of the measures are operational and include economy and efficiency indicators but effectiveness remains an area largely uncharted. This is generally the harder area to generate measures for but additionally here, it has been impossible to take a strategic perspective during the past few years, because of the financial strait-jacket we have been sporting. I think it will be some time before effectiveness indicators are part of the system here.

It was reported that the Citizen's Charter was providing departments with an impetus to define measures because they had been told that if they did not, then the Audit Commission's indicators would be applied. The officers reported that there had also been a reluctance to specify key service areas lest money should be cut from other areas.

Like Barry Quirk, the review officers felt that more consistency in approach across the departments would be advantageous but felt that "this would be



done at the expense of the centre having to interfere” and that it would be detrimental in the longer term and could possibly jeopardise all the progress made to date. They also noted the absence of any mechanism for pulling all the policy information together and felt that there was a case to be made for introducing council objectives in addition to the core values:

We are traditionally compartmental here and this has been reinforced by the prolonged fight for resources between departments so I think we would particularly benefit from a collective statement of Lewisham’s objectives but as yet we don’t have one.

In fact one of the weaknesses which the officers reported in Lewisham’s review process is that “it has reinforced compartmentalism, the remoteness of the authority’s departments from one another.” It was also felt that its devolved nature had allowed those chief officers who didn’t really want to bother with review to do the minimum. However, it was also indicated that performance review had increased the effectiveness of devolved management by “giving progressive managers a tool to demonstrate all that they are achieving with their resources and to highlight what could be achieved with additional amounts.

In identifying the main strengths of Lewisham’s process, the officers with review responsibilities reported:

It has helped Lewisham face successive Government challenges particularly on the financial front. It has helped us rationalise cuts and has assisted in our devolved management system. It has instilled a sense of what is a good manager. Because of our very small central core, Lewisham is dominated by professionalism but I think the review system has identified some issues which were previously considered to not be of relevance in service departments. The change in culture which has slowly taken place owes a lot to the operation of service programming. Defining a set of core values and getting officers to link their targets and indicators to them is progress in itself.

Whilst it was felt that it had done a lot for the authority, the officers felt that since a clear objective for performance review had not been set, it could not

be concluded whether performance review had been successful or not and there were some things which they had hoped would be achieved through its introduction which had not, for example, an improved corporate identity. Indeed, the officers felt that Lewisham had to address its lack of corporateness in the future. However, overall, it was reported that if the authority was compared now with when it had started out on the process in 1988, “the difference is astounding.”

### *8.6.3.3 Interview with Service Director*

Ken May is Director of Leisure Services at the London Borough of Lewisham and had been with the Council for eleven years at the time the case study was undertaken. In terms of his disposition towards the introduction of performance review, he indicated:

I was completely behind the introduction of service programming and performance review to Lewisham. Being a relatively small, non-essential department, I have had to bear more than my fair share of the budget cuts that have faced the Council during the past years. This has forced me to take a fundamental look at the services provided by this department and to prioritise accordingly and to ensure that we squeeze as much out of each £1 as possible. We have become highly innovative in the fight for survival and were in essence operating a form of performance review prior to the formal introduction of the system at Lewisham. I suppose other departments are just gradually catching up with us and only now face the challenges that we have had to confront for a considerable time.

However, he concedes that he is far more positive than some chief officers. He feels that the real divide in terms of favourable attitudes towards service programming comes between departments such as education and social services which he reports as “dominated by professionalism, and a long tradition of professionalism at that” and departments like his which he perceives as being “more innovative and which bring people together with a range of different backgrounds and who have a bias for action.” He confirms that the system at Lewisham leaves a lot of discretion with departments and

indicated that as long as they demonstrate that performance review is occurring “then they are more or less left alone apart from the in-depth reviews which occur across all service areas.” He contends that:

Although such an approach improves ownership throughout the organisation, at Lewisham some departments, such as my own, take review very seriously whilst others are doing very little, if even going through the motions. An organisation the size of this would struggle to make progress in the same direction at the same rate across all its constituent parts but I think there should have been more of an effort to streamline what has taken place.

The Director of Leisure Services feels that in introducing Service Programmes, Lewisham was recognising that it could not just continue to be reactive. He indicated that the authority was “down to the bare bones and could not just keep cutting the marginal, non-essential bits. We had to decide what we wanted to do and then to do it.” He considered that the review framework provided the necessary tools but like the review officers, felt that the council needed to address its corporate strategy in the near future.

In considering contact he had had with the review officers, Ken May reported that:

The dealings which I have had with both David Riley and David Webb have been very positive particularly for commissioned reviews of service areas. They have the right balance of impartiality coupled with the ability to listen carefully and be incisive across a wide spectrum of areas. I think that it would be better if David Webb were not in the Finance Department since this still implies that Lewisham’s approach is about savings - I hope we have moved away from that.

In response to the question ‘How has the review system affected your department?’ the interviewee concluded that Leisure Services was “thriving rather than surviving” and that the service programme had provided the framework to determine policies and then to focus on their implementation. Overall, he feels that Lewisham now delivers better services, more relevant services to more people whilst spending less and that the Council has stopped

just reacting to everything that confronts them. He indicated that there was a time when Lewisham couldn't really plan because every development was thwarted by budgetary reductions but he feels that the authority is gradually becoming more strategic and that the service programmes are helping "to stabilise departments agendas." In terms of future developments, this service director reported:

I would like to see the big departments radically improving their input and the resultant progress made. I think we need to strengthen our corporate identity although this may be at odds with devolving responsibility, trust and accountability to departments. I think we need to address what the role of the centre actually is now because this has become fuzzy. I think the current system emphasises quantitative aspects of service delivery and we need to address the incorporation of qualitative information. There is a tendency in this authority to look within London for best practice but not all the solutions are centred in London and I think we could trawl around outwith the boroughs and see if we could find examples of best practice which could help us develop.

He also felt that members could be more involved in the process and was concerned that "given the pace of legislative change in local government, we need to make sure that we do not let the approach make us unresponsive." Given that the system was introduced to make Lewisham more responsive to its public this seems an unlikely outcome but there is an inherent danger in all systems where performance is measured, that the emphasis will shift to those areas being measured whether or not they address the needs of the public. Perhaps a mechanism which allowed chief officers to modify targets and measures of success for key results areas in the light of unanticipated legislative or other significant changes, at the interim reporting meeting, could address this problem.

#### **8.6.3.4      *Interview with the Chair of Policy and Resources***

Councillor Steve Tennison is Chair of the Policy and Resources Committee and is a member of the Labour Group at Lewisham. Labour dominates the

political scene in the Borough holding 58 of the 67 seats with the opposition comprising 6 Conservatives and 3 Liberal Democrat councillors. As Chair of Policy and Resources, he has the opportunity to comment on departments Service Programmes. Through that committee, he also has a say in the decision of areas for scrutiny reviews. Of the input from other committees, he reports that all committees have responsibility for reviewing performance:

The way the system operates here is that responsibility for service reviews is devolved to departments and service committees. Although there is some variation in the way departments and committees have responded, overall most committees receive information twice a year on the areas which were agreed as the key results areas and on the targets and indicators determined for that service.

He reports that members were supportive of the introduction of Service Programmes because it was a way out of the short termism which had emerged from the extreme budgeting pressure the Council had had to deal with in the preceding years. It was a way for Lewisham to become more strategic.

Like the previous interviewees from Lewisham, he acknowledged that there had been a wide variation in response across the Council. He felt that too much discretion had been given to chief officers and that somehow the Borough needs “to find a way of retaining our devolved management system but securing a more coherent and consistent approach.” However, he considers that:

Officers at a general level, have responded well but this authority is still traumatised from the effects of the past few years and I think many are just beginning to stop operating on a reactionary basis and considering what service programmes might offer Lewisham.

The Chair of Policy and Resources also feels that Lewisham’s approach has reinforced compartmentalism and that perhaps the Borough ought to consider

having a layer above the service programmes defining what the Council wants to achieve overall. He also proposes that:

Although we have made enormous progress in the area of devolved management, this has been at the expense of innovative budgeting which is basically operated incrementally in this borough. For us to move away from our current budgeting system would mean that we would have to take a much more corporate look at what we wanted to achieve and then to determine a budget which supported that. I don't even think that is desirable but it is almost certainly infeasible at Lewisham. However, although the service programmes are unrelated to the budgetary process at Council level, most departments are prioritising their resource allocations on the basis of the key results areas agreed by service committees.

However, he feels that Lewisham has become a bit complacent with the service programmes and that there is an assumption that the services being provided are those which the public want. He proposes that even when there is a high level of take up, this does not necessarily follow and may merely reflect the lack of an alternative and Councillor Tennison suggests that the Borough needs to take a thorough look at the contents of the service programmes and to assess whether these meet the actual needs of the people of Lewisham.

Overall, he feels that service programmes have helped achieve policies by providing the framework for demonstrating what is being done and achieved.

This member also proposes that:

I think all the nooks and crannies of Lewisham are thinking about strategy albeit in varying degrees and that we have a framework to become a strategically-focused council again. You cannot imagine the pressure we have been under and I think that this has helped us put our heads above the parapet.

#### **8.6.4 Performance Review in Lewisham: A Critique**

Lewisham's approach to performance review is very different from that seen in the other case study authorities. However, given the extreme financial crisis and devolved management approach not evident in these other councils,

this is hardly surprising. In terms of the evidence accumulated in undertaking this case study, this approach to performance review appears to be comparatively successful.

The process accommodates Lewisham's devolved management system and was not set the unrealistic goal of making Lewisham strategic. It is gradually dispelling the reactionary ethos which has been engendered by the fiscal stress evident throughout the 1980s in Lewisham and is giving a focus back to the Borough activities and slowly reintroducing a strategic perspective. This is acceptable because it was recognised from the outset that instant results would not occur.

On the negative side, the devolved management structure whilst increasing officer ownership, has allowed departments not to take the process seriously if that is what they want to do and there does actually seem to be a problem with the consistency of response across Lewisham's departments. However, most of the interviewees seemed to be willing to accept this rather than change the devolved management culture of which it is a consequence. A lack of member involvement was also indicated but whilst this does not reflect a lack of interest or commitment to review from councillors, it was considered that this area could be strengthened in the future.

Chief executive input to the process was never mentioned but appeared to be non-problematic. Additionally, it would have been interesting to interview a director of a service department which had not made as much progress as Leisure Services. Whilst performance review activity was very comprehensive in this service area, it was clear that this was not the experience throughout

the organisation. But what was not made explicit was just how different progress had been in other directorates. It would also have been useful to hear more about the in-depth reviews even though this area of work was not intimated by any of the interviewees at Lewisham to be problematic.



# *Chapter 9*

## *A Critique of Performance Review*

*9.1 Introduction*

*9.2 Types of Review System*

*9.3 Attitudes to Performance Review*

*9.4 Establishing a Review System*

*9.5 Operating a Review System*

*9.6 Sustaining a Review System*

*9.7 The Political Dimension of Performance Review*

*9.8 Good Practice Recommendations*

## **9.1 Introduction**

This chapter is concerned with synthesising the strands of evidence generated in undertaking research for this thesis so that a critique of performance review can be made, founded on the experiences of local authorities operating review systems. It is broadly structured around the research questions and there are separate sections relating to types of review system, attitudes to performance review, establishing a review system, operating a review system, sustaining a review system, the political dimension of performance review and finally good practice recommendations. The research question 'how many local authorities operate performance review systems?' was dealt with in chapter 5, The Scale of Performance Review, and is not further considered here. Similarly, the question concerning authorities not operating performance review systems was dealt with in chapters 6 and 7 and there is little to add to the observations already made since all of the case study authorities had in fact implemented review systems.

## **9.2 Types of Review System**

The case studies revealed a disparate range of review systems in operation none of which closely conformed to the approaches to performance review considered in chapter 2. To recall from chapter 8, the review system at Bath City Council comprises a set of Council Goals cascading down to service objectives and then down to performance indicators and related targets; and is considered to be but one strand of the overall planning framework adopted by the Council. The review system at Hertfordshire is member-based with Performance Review Panels attached to each Council committee to scrutinise the performance of that committee. The emphasis is on monitoring performance in relation to policies rather than operational issues. The review

system at Cornwall County Council comprises a series of departmental Performance Management Statements which should relate to each department's objectives, aims and priorities as incorporated into the Council's Medium Term Plan. Once these Performance Management Statements have been determined, responsibility for reviewing performance in relation to these is devolved to committee chairs and chief officers and is not centrally monitored or co-ordinated. At Epsom and Ewell Borough Council, the review system begins with the Council's vision and values which then cascade down to objectives, performance indicators and targets for cost centres and business units. On the basis of aggregate objectives, managers then determine individual standards and targets for staff and these are reviewed and performance-related pay awarded or otherwise according to performance. In the final case study authority, the London Borough of Lewisham, performance is reviewed in two ways. The first is through reviews of specific aspects of service delivery being undertaken by the Finance Department and the second is through Service Programmes. Chief officers have to draw up Service Programmes for their departments which reflect the authority's core values and identify key results areas, relevant targets for these areas and appropriate measures of success which are then either approved or modified by the relevant committee to whom information on performance in relation to the measures is reported on twice a year. However, as in Cornwall, there is no central co-ordination of the monitoring process rather just a check that the Service Programmes have been generated by each department.

In considering the Audit Commission's advocated approach outlined in chapter 2, there are some areas of similarity with review processes examined

within this research project but there are more areas of difference. There was no evidence amongst the case study authorities of performance being reviewed according to the criteria of economy, efficiency and effectiveness or indeed cost, the resources provided or outputs and outcomes or the level of service provided or service take-up. In most instances, the performance indicators utilised seemed more related to what could be easily quantified or what information was felt to be useful by chief officers and sometimes members, for reporting to committee. There was certainly little evidence of indicators being classified according to the value for money criteria although a modest number of chief executives responding to the postal questionnaire indicated distinctions being drawn between the 3Es but in most of these cases, the examples provided suggested that the distinction was far from clear.

The case study evidence lends support to the Audit Commission's assertion that effectiveness is difficult to measure and the experiences of case study authorities suggests that the emphasis is very much on operational information rather than the impact of policies. However, this seemed to reflect a lack of clear policies and policy-orientation rather than a pre-occupation with operational matters.

There was little evidence to support the Audit Commission's performance monitoring pyramid perspective. Indeed, in two of the five case study authorities, Cornwall and Lewisham, responsibility for monitoring results is devolved to departments and committees and in the case of Hertfordshire, the Commission's monitoring and reporting approach is irrelevant because of the Review Panels. However, in keeping with the Commission's suggestion, in most instances, targets had been set for indicators on which information was

gathered but these were generally internally-determined rather than referring to external criteria such as the Audit Commission's benchmarking figures.

The Commission recommended that the chief executive be made responsible for the process to give it the necessary impetus. Within the case studies, the chief executive was responsible for the review system in Bath and in Epsom and Ewell but had delegated overall responsibility in Cornwall and Lewisham, with the system at Hertfordshire being member-based with co-ordinating responsibility resting with the assistant chief executive. The evidence gathered within the context of this thesis, suggests that chief executive responsibility does not necessarily mean that review will be taken seriously throughout the organisation as in the case of Bath, and equally that a system can be run relatively successfully without chief executive involvement as in the London Borough of Lewisham.

The Commission also advocated that a performance review team be established to act as a catalyst for the process. The only case study authority which had a review unit was Bath but the review team seemed to be perceived as watchdogs by some parts of the authority and questions were raised concerning their cost-effectiveness. In the other authorities, there was normally an officer whose responsibility it was to co-ordinate the system. In Hertfordshire, Cornwall and Lewisham this was a policy officer whilst in Epsom and Ewell it was the Head of Management Services. The only problem that this seems to have created is that the officers felt that they were often unable to devote the time to their responsibilities regarding performance review that they would have liked because of competing demands. This does

not appear to have been a significant determinant in the success or otherwise of review systems.

The Audit Commission recommended that performance review should be an integral part of the work of each councillor and whilst the issue of member input is further considered below, the evidence gathered here suggests that this is simply not realistic and systems which demand considerable input from members are unlikely to be successful. Overall, it would have to be concluded that the Audit Commission's prescribed approach to performance review bears little relation to what actually happens in local authorities.

Given that none of the case study authorities are Scottish, it would be unreasonable to expect their review systems to correspond to the approach espoused by the Accounts Commission. However, if we revisit the Accounts Commission framework (page 48), although none of the processes adopted by the case authorities are identical, the review systems of Bath, Epsom and Ewell and Lewisham have similarities particularly the cascading down from the Council's overall aims down to service objectives or programmes and then down to performance indicators and targets. Epsom and Ewell's approach, where operations are organised around cost centres and business units, is not entirely removed from the Accounts Commission's vision of an integrated performance budgeting - performance review framework (page 51).

Comparing the case study review systems with Butt and Palmer's approach to organising for value for money in local authorities, few commonalities are in evidence lending support to the view that their framework is over-ambitious for most councils, particularly concerning zero-based budgeting. Lewisham's

two-pronged review mechanism is however, in keeping with the distinction drawn by Butt and Palmer between on-going review and in-depth reviews of particular service areas.

Jackson and Palmer's performance measurement system is not dissimilar in structure to the review system operated in Epsom and Ewell but the emphasis in the former is on policies whereas in the case authority, because the Council is controlled by Residents Association members, the focus of the review system is operational. Epsom and Ewell were the only case study authority which had implemented a system of performance-related pay which was in accordance with Jackson and Palmer's vision of performance management. In their discourse, these authors also suggested that indicators should be related to intermediate and final outcomes and economy, efficiency and effectiveness but as previously intimated, limited evidence of performance review being organised in this mechanistic way was identified within this piece of research.

It would have to be concluded that none of the approaches to performance review postulated as best practice in chapter 2 bear a close relationship to the review processes actually operating in the case study authorities. This point is particularly pertinent with regards to the Audit Commission since given their status, it was anticipated that their recommended approach would have influenced review practice in local authorities. What the case studies also demonstrate, is that contrary to what might be expected on reading any of the approaches to performance review outlined in this thesis, there is more than one way of reviewing performance.

In considering what forces have led to different review systems being introduced in different councils, it would have to be observed that in Hertfordshire and Epsom and Ewell, the systems emerged from major reviews of council activities and careful consideration was given to what type of system was needed and could be accommodated by the particular characteristics of each authority. Unfortunately, in the case of Hertfordshire, despite such postulations, the system which emerged demanded too much input from members. In Lewisham, although a major external review did not occur, the authority carefully considered what it wanted to achieve in introducing Service Programmes of which performance review forms a part, and introduced a system which reflected their devolved system of management.

In Bath, the chief executive felt that things should be done differently and introduced a system which he thought would address weaknesses in the authority's operations. There was not a careful consideration of the nature of perceived problems, nor was there consultation with officers or members to solicit their views. There was no sense of what was trying to be achieved in introducing the process which was implemented and the impact has accordingly been limited. In the case of Cornwall, although there was not widespread consultation on the introduction of performance review, senior officers and members did consider how best to proceed in establishing performance review and then introduced a process which they considered to be appropriate but which transpired to be unsuitable.

It would thus seem that a necessary, but not a sufficient condition for successful performance review, is that careful consideration is given to what



the organisation is trying to achieve in introducing a performance review system and what organisational characteristics are likely to affect the design of that review system. A process which reflects these concerns should then be introduced but it seems reasonable to postulate that a review mechanism which is bolted onto existing operations because it was thought to be a good idea, is unlikely to meet with much success.

All of the different types of review system considered in the context of this thesis, highlighted that disparate progress will be made by different parts of an organisation. Even within those approaches where uniformity might be expected, particularly Bath, Hertfordshire and Epsom and Ewell, the fact that different people respond differently to new initiatives, in this instance reflecting varying dispositions to review and different levels of experience and exposure to the concepts of performance and measurement, resulted in dissimilar progress being made. In Cornwall and Lewisham, responsibility for monitoring performance was left with departments and committees resulting in significant variations in monitoring activity. In the latter case, this reflected the devolved management approach adopted by the Council and it was indicated by the interviewees from that authority that it would be wholly inappropriate to have centralised the process given their tradition of devolved management, even though it was anticipated that this would have resulted in more progress being made in some service areas. In the case of Cornwall County Council, there was no obvious reason for not centralising the operation apart from the fact that the policy officer with responsibility for review matters probably would not have had the additional time to co-ordinate the monitoring stage of review. However, the fact that this allowed departments not well disposed towards performance review to do the

minimum once they had drafted their Performance Management Statements, undoubtedly contributed to the limited success of performance review in this authority.

More generally, it has to be observed that within the case study authorities, the introduction of performance review was not solely been about improving performance and typically it has been expected that the introduction of review will improve the strategic-orientation of the Council and force members to think about what they want to achieve as councillors. Indeed, in the case of Hertfordshire, the Review Panels reflect a move to rationalise the use of members' time rather than a driving concern with performance. This was certainly not expected and there was no hint of this amongst the advocated approaches which were considered. Rather, it was assumed that the authorities would be concerned with performance, either operational or in relation to policies and would be seeking a means of monitoring it. However, it would appear that review has actually been used as a tool by some councils improve strategic direction and the policy-orientation of members. It has also been used as a means of clarifying accountabilities. This unexpected facet was evident irrespective of the type of review system considered.

### ***9.3 Attitudes to Performance Review***

All of the approaches to performance review examined in chapter 2, stressed that commitment from officers and members was an important factor in establishing and operating a review system. The evidence gathered in undertaking this research highlights just how critical support and ownership are.

It was anticipated that support from the chief executive would be fundamental to the introduction of a performance review system and only 5 postal returns were received from chief executives who had been unsupportive of the implementation of review systems to their authorities and in 3 of these cases, the chief executive also reported that the system had been unsuccessful. Chief executive support can be the means of driving the review system forward particularly when it is not universally embraced with enthusiasm amongst officers which will typically be the case. In Cornwall County Council, it was indicated that some of the resistance evident amongst chief officers might have been overcome if the chief executive had visibly been driving the system as for example was the case in Epsom and Ewell. In Lewisham, the chief executive although supportive of the Service Programmes, was not actually involved in providing impetus to the process and in this particular authority this appeared not to present a problem. However, this is likely to reflect the devolved management approach which characterised this London Borough and it could in fact be postulated that perhaps if the chief executive had had a higher profile in the review domain, then more progress might have occurred in those departments which were only doing the minimum amount of work on reviewing performance in their key results areas. Whilst chief executive enthusiasm for performance review is a significant motivating factor in getting a review system introduced, it is not sufficient to ensure success. In the case of Bath City Council, the chief executive assumed that because he was in favour of the introduction of a review system, that this would spread throughout the organisation. Not surprisingly, this did not transpire.

Despite a high level of officer support for the introduction of performance review being reported by chief executives participating in the postal questionnaire, the case studies revealed that some resistance from chief officers will normally be encountered, and that in some instances, this unsupportiveness might be quite widespread and deep-seated. One factor which seemed quite significant in determining the level of opposition encountered was whether officers were consulted about the introduction of performance review and about the design of the system. In Epsom and Ewell, a high level of ownership amongst officers is in evidence but this reflects the significant level of consultation which took place with a joint officer-member working party being set up to work with consultants on the major review of the organisation. Contrastingly, in Bath, the lack of ownership left chief officers with a feeling of having performance review imposed on them from the centre which caused considerable resentment and a lack of ownership of the system. Similarly in Cornwall, chief officers who had been making independent progress in introducing methods of examining their department's performance, were unhappy at having to change course and introduce a different process for reviewing performance without being consulted. It was also indicated that they did in fact have a lot of experience which had not been drawn on, further intensifying the resentment they felt.

Instilling a positive attitude towards performance review amongst chief officers should facilitate enthusiasm permeating throughout the organisation and certainly in Lewisham's Leisure Services, the enthusiasm of that chief officer had dissipated throughout his department. However, some formal mechanism such as the Employee Development Scheme, ensures that all employees are aware of performance. The high level of officer commitment to

review at Epsom and Ewell cannot be disassociated from the performance-related pay scheme. However, this is not to suggest that a system of performance-related pay will ensure that review in an authority is taken seriously. There are few authorities where accountabilities are clear enough to make performance-related pay a feasible option and indeed little support was found for pay related to performance in this programme of research. Many chief executives felt that it rewarded the wrong people, for example chief officers when it was the front-line staff who had delivered improved performance, and that it led to a preoccupation with those aspects of an employee's remit where performance was monitored. A higher level of support was however in evidence for staff/performance appraisal. Hertfordshire's newsletter, *Performance Review News*, revealed another way of keeping all bits of an organisation informed about performance issues.

In the member domain, the case studies revealed that many members do not understand what performance review is about and although there were some instances of seminars being conducted with councillors, the evidence suggests that much more needs to be done with members in getting them to understand the purpose of performance review and what is hoped to be achieved by introducing it in their authority. This problem is particularly highlighted in Hertfordshire where the review system introduced emerged after major consultation with members, but which demanded far more of them than they had anticipated and could in fact deliver. The case studies also revealed that many members consider performance review to be a peripheral activity and there were several examples of this giving rise to difficulties in getting high calibre members to sit on committees which deal primarily with review matters. Indeed, in Bath, the Chair of the Special Review Sub-

Committee, was quite cynical about the introduction of performance review, a cynicism which persisted following the implementation of the review process.

The Audit Commission suggests that review should not “be hived off to a separate Performance Review Committee” (1989, p18) since it should form an integral part of each members work. The evidence accumulated here suggests that review should not be the responsibility of a separate committee because such a committee will be given inexperienced or poor quality members and will consequently achieve little. Making it the responsibility of all committees does not guarantee that members will give prominence to performance review but at least performance will appear on all committee agendas and hopefully some will regard the matter seriously and progress will gradually be made. The balance appears to have been best struck at Epsom and Ewell where members are supportive and enthusiastic about performance review whilst leaving much of the work to officers. Whilst the same situation notionally exists at Lewisham where Service Programmes and performance results are presented to committees for ratification or modification, the lack of central co-ordination of the system affords chief officers much more discretion in the degree of vigour they exercise in preparing the information for committee.

The postal questionnaire revealed that amongst both officers and members, their disposition towards performance review can change following the implementation of the system. Sometimes those not fully supportive prior to a system being established become so following the implementation stage but there were also trends in the other direction and arguably Hertfordshire presents the archetypal case of this where member support dwindled rapidly

when the extent of the input required of them became apparent. Thus, an authority which has a generally high level of support for performance review should monitor this to make sure that it does not falter.

In terms of attitudes towards performance review, one of the most significant findings of this research is that a negative disposition can in fact prevent a review system from operating effectively. Arguably, the lack of support and ownership felt by officers in Bath and Cornwall were clearly major factors in preventing the review processes from achieving very much. This suggests that much should be done to ensure that all parts of the organisation are committed to performance review and understand why a review system is being introduced prior to its implementation. Consultation about the design of the system seems a key consideration in securing ownership from officers. Although 'taking people with you' slows down the implementation process, not to do so may ultimately jeopardise the success of a performance review system and the extended timespan therefore seems worthwhile.

#### ***9.4 Establishing a Performance Review System***

In chapter 2, it was noted that the Audit Commission had suggested that establishing a performance review system was relatively easy and it was anticipated that this was unlikely to be correct particularly since the turbulence which has characterised the local government environment during the past decade has inculcated a resistance to change amongst most local authorities. Jackson and Palmer contrastingly propose that the implementation of a performance management system is likely to take several years and this certainly seems closer to the experiences of the case study authorities.

In considering the case study authorities, the impetus behind the introduction of performance review varied. As previously indicated, in both Hertfordshire County and Epsom and Ewell Borough, even though the review systems are very different, both were a product of major organisational reviews, in Hertfordshire's case "to assist the County Council in a review of its operations to enable it to meet the challenges of the 1990s and beyond" and in Epsom and Ewell, the review was instigated following the observation that the Council had been "hanging onto the way it had always done things." In Bath, the introduction of performance review was associated with the appointment of Clive Abbott as chief executive, whilst in Cornwall, it was precipitated by a District Auditors report which commented on the authority's lack of strategic direction. In Lewisham, the introduction of Service Programmes of which performance review is an integral part, was introduced as a consequence of the frustration felt by senior officers and members about operating within a large, bureaucratic organisation which was perceived as being unresponsive to changing demands. This in turn was a consequence of the severe financial constraints which capping had imposed which had instilled a short-termism and reactionary ethos and a loss of focus within the authority.

I would have anticipated that where the introduction of performance review had been externally-driven, assuming that adequate consultation had taken place, then less resistance would be encountered. The evidence from this research lends only limited support to this view. In Epsom and Ewell, it was indicated that because the system was devised by consultants then it was readily accepted by officers and members. However, this was not the case at Hertfordshire where external consultants were again used yet the system was



nearly inoperable by members and indeed in Lewisham, ownership of the system appears not to have been a problem despite not being the product of a consultants exercise. However, in Lewisham, the introduction of performance review was part of a package of change and although the Hertfordshire experience indicates that this is not a pre-requisite for success, it may typically be a contributory factor. Indeed in Cornwall, the fact that performance review was appended onto existing practices and did not emerge from either an externally-conducted review or a wider organisational shake-up; seems to have been part of the problem. In Bath, the introduction of performance review was internally-driven and whilst not part of a package of change, it was the end point in a series of developments which began with the delineation of a set of Council Goals, followed by the identification of service objectives and finally determination of relevant performance indicators and targets. However, the lack of ownership and commitment to the process appears to be the principal factor preventing this process from being accepted by most of the organisation and perhaps if the initiative had been precipitated externally, then some of this unsupportiveness might have been overcome.

Thus it would seem that generally, performance review is more likely to be comparatively easily established where its introduction is part of wider organisational change rather than appended to existing organisational arrangements.

Many of the issues significant in establishing a performance review system will be determined by the type of review system introduced and thus have already been considered. However, within the postal questionnaire sent to chief executives the issue of establishing policy targets and performance measures

for the review systems was explored. It was revealed that in most instances, policy targets emerged from the Council's strategic and operational plans such as strategy statements and business plans but occasionally more innovative processes were in evidence, for example, consultation with the public about what services they wanted to see provided and at what standard. Members were reported by chief executives as being involved in the process of setting policy targets in 64.7% of cases and where officers were involved in their delineation, this was normally because the authority had no overall political control or where there was a minority administration. In contrast, the setting of performance measures was reported as being dominated by officers with members having an involvement in only 41.2% of cases. The postal questionnaire responses also revealed that the determination of measures was often undertaken independently from the generation of targets despite the Audit Commission's implicit assumption that their setting would occur in tandem. An interpretation of this unexpected finding may be found within the case study evidence. In the case study authorities, officer input into policy formulation was substantial but was normally undertaken collaboratively with committee chairs and was always subject to committee approval. However, councillors were less concerned with the drafting of performance measures and thus much more discretion was afforded chief officers in this domain. This does however infer, that performance review will be weighted towards operational performance rather than the arguably more significant performance in relation to policies. Whilst the case study evidence would confirm such a trend, this normally reflected vague policies rather than an unwillingness to assess policy attainment. In Hertfordshire for example, the Panel system was set up precisely to focus on policy achievement but even the Deputy Leader of the Council conceded that policies were typically too

long-term and vague for this objective to be attainable, a view supported by the opposition member interviewed.

In the postal questionnaire, 80.4% of chief executives reported that establishing a review system led to a focus on the objectives of service. There was also a high incidence of this leading to a reappraisal of the service and a redefinition of the customer. This is in keeping with the case study evidence where the introduction of performance review had been associated with the generation or 'tightening-up' of service plans. Indeed in the case of Cornwall, prior to the introduction of their review process, the authority did not actually have a Medium Term Plan. Only in Hertfordshire is review unrelated to a statement of service objectives. Whilst not questioning the value of drafting or revamping service objectives in any way, it is an arduous process providing further contrary evidence to the Audit Commission's assertion that the introduction of performance review is relatively easy.

Given the foregoing, it is hardly surprising that the major difficulties encountered in establishing a performance review system relate to engendering ownership, commitment and enthusiasm amongst officers and members; and technical problems relating to the determination of adequate and acceptable targets and indicators. However, resource difficulties were also in evidence particularly concerning the number of induction seminars and training workshops which were required in the early stages of introducing a review mechanism and also in 'freeing-up' the required officer time needed to lubricate the process.

Amongst the case study authorities, pacing the introduction of performance review also appears to have been problematic. There is a natural tendency amongst those driving forward a new initiative to want to see progress being made and sometimes tangible results at an early juncture can legitimise change. However, people need time to adjust to change. The service director at Hertfordshire particularly highlighted this as a contributory factor to the limited impact of the Review Panels proposing that members were being asked to take a huge step in moving from an operational focus in their council work to becoming strategic and policy-directed and that it would inevitably take time to achieve such a transformation. The introduction of performance review cannot be expected to deliver quick results but a number of the interviewees from different case study organisations indicated that if results didn't transpire quite rapidly then frustration and disillusionment would quickly set in. Of equal significance, if too much time and flexibility in adjusting to a new process is afforded, this allows reluctant officers to procrastinate for as long as possible as was evident in Cornwall and Lewisham, and could ultimately threaten the viability of the process if it consequently appears to 'not be getting off the ground.'

The evidence accumulated in the course of conducting this research suggests that establishing a review process is a complex, and often protracted, process with the degree of difficulty dependent on a number of factors. The case studies illustrate that it is critical that ownership and enthusiasm from officers and members is instilled from the outset. Wholesale commitment will never be feasible but a high level of support is a pre-requisite for a successful review system and thus effort should be made to foster a positive disposition towards performance review.

### **9.5 Operating a Performance Review System**

As with establishing a review system, many of the factors significant in operating a performance review process will be determined by the type of review system implemented. However, in undertaking a critique of performance review, reference has to be made to the linkages between the policy and budgetary processes and the review system

74.5% of chief executives reported a linkage existing between their authority's policy planning process and performance review system with a further 7.2% indicating that such a development was either planned or on-going. In their description of the linkages, many chief executives reported that this was typically through service plans or equivalent type documents or through committees setting targets, but occasionally more dynamic linkages were in evidence with the results of reviewing performance reported as feeding into the replanning and modification of policies. However, a deeper analysis of this issue through the case studies suggests that in most cases, the links are tenuous since the actual measurement of performance is typically concentrated on operational activities rather than policies.

61.4% of chief executives reported that their review system was linked to the budgetary process and 5.9% indicated that such a link was either an on-going or planned development, but the description of these linkages revealed that they were normally of an elementary nature and indeed there was no example of a comprehensive linkage having been made. Within the case study authorities, the budgetary systems were incremental with the significant majority of the budget allocated according to the previous year's distribution and with only a limited amount of reallocation around what Elcock *et al.*

describe as 'the margins' (1989). However, there was evidence of attempts being made to move towards prioritised budgeting amongst the case study councils. Within prioritised budgeting, the authority determines its priorities and then allocates its resources accordingly. However, there were two factors limiting the progress made on this front. The first was a paucity of clear council priorities. Although most departments had determined their service priorities, this had not occurred on an authority-wide basis. The second inhibiting factor concerns the severe financial pressure which most local authorities have had to contend with during the last decade. Fiscal stress has made budgetary decisions highly-charged in both the officer and member domain and the division of council resources has typically been particularly contentious. It has thus been easier to base each year's allocation on the previous year's distribution. However, the case study material suggested that the introduction of performance review, by forcing councillors to consider what policies are to be pursued, would eventually lead to a more rational basis for distributing council monies.

In the postal questionnaire sent to council leaders, they were asked whether they felt that there had been any major difficulties with the operation of the performance review system - it was anticipated that all systems would have some minor associated difficulties. Only 34.2% of council leaders reported major operational difficulties but a further 11.0% indicated that it was too early in the life cycle of the review process operated in their authority for these to have become apparent. In elaborating on these difficulties, a wide array of responses was in evidence but they could be broadly categorised as:

- \* **behavioural** difficulties such as a lack of commitment from officers and/or members or defensiveness over the traditional way of doing things in the council or the lack of any driving force to progress the process.

- \* **technical** difficulties such as defining performance indicators or as indicated in the response 'maintaining an integrated process in the face of various pressures particularly financial' or 'getting the best method of recording.' There were also a number of technical difficulties which related to how the performance review system was linked in with other processes within the council particularly the policy and budgetary cycles.
- \* **resource** difficulties particularly in relation to training but also regarding the use of officers time as evidenced in the response 'It has had major implications regarding the use of officers time which is currently at a premium with the pressures of the poll and council tax, CCT and now Local Government Review.'
- \* **political** difficulties such as a lack of clear policy objectives being forthcoming from councillors or the changing roles of members caused by performance review or an obstructive opposition.

These are all recurrent points which have previously been highlighted within this critique and all were apparent, albeit in varying degrees, in the case study authorities. Of far more significance than difficulties being encountered in the operation of the system, is how they are dealt with. In Hertfordshire for example, it was clear during the case study visit that the operation of the Review Panels was hampered by the high demand placed on members time and the Council was in the process of responding by seeing how officers could be used to alleviate some of this pressure whilst still retaining the essence of the system. 25% of chief executives reported that changes had been made to the review system following its implementation and most of these were in fact rationalisations of the system, for example, focusing on fewer but more appropriate measures or by refocusing the review system to concentrate on more strategic issues.

Some of the most commonly occurring operational problems can be avoided if careful consideration is given to the needs and idiosyncrasies of the organisation prior to the system being designed and a process introduced which accommodates rather than challenges these organisational

characteristics. However, when a system is floundering, this is unlikely to improve with time and positive steps need to be taken to address difficulties and at as early a stage as possible lest they should become entrenched.

### ***9.6 Sustaining a Review System***

The research question concerning the sustainability of performance review systems was founded on my expectation that performance review would be likely to play a more dominant role in councils in the future and that it would therefore be worth securing a dynamic perspective of performance review. Unfortunately, none of the review systems in the case study authorities had been operating for a sufficient period of time for their dynamism to have become apparent.

It was clear from both postal questionnaire returns and the information accumulated from the case studies, that developments can be made to performance review systems after their introduction and indeed, there is a case to be made for introducing a non-complex system initially and once that is reasonably embedded into the organisation, to develop and enhance it according to the authority's needs as for example was intended by those authorities indicating a move towards prioritised budgeting. A number of the council leaders participating in the postal questionnaire indicated that they would like to see customers' perceptions of council services and measures of their levels of satisfaction incorporated into the review system to strengthen its usefulness and such a development can be made after the system is introduced. Indeed, it could reasonably be proposed that in sustaining a performance review system, developments are likely to be the norm. The local



government sector is certainly not static and it is probable that an authority's performance review system will need to adapt as the organisation changes.

A pre-requisite for sustaining a performance review system is that there are reasons for its continued operation. Amongst postal questionnaire respondents, there were clearly benefits associated with the operation of performance review. 75.2% of chief executives reported the review system as being associated with a change in corporate value and culture with strengthened customer focus and improved clarity in the purpose and direction of the authority being the most frequently reported changes. 65.4% of chief executives reported that the operation of the review system had contributed significantly towards achieving a corporate management perspective, with 60.1% reporting a similar contribution with respect to corporate goals. With respect to both these questions, a further 11% of chief executives felt that it was too soon to reach a judgement. It was previously noted that implementing performance review had led to an improved focus on service objectives.

Similarly amongst case study authorities, all interviewees were able to identify positive benefits associated with the review system. A recurrent theme was that it had helped focus and structure activities. Most case authorities also felt that it was helping to introduce a strategic orientation and by providing the necessary framework, would facilitate members to concentrate on policy formulation. It was also felt to have led to more informed decision-making and to have prompted and provoked the 'right' questions. Indeed, even in those case study authorities where the performance review system was replete with

difficulties, all of the interviewees were able to identify benefits associated with the process.

Amongst chief executives participating in the postal questionnaire, only 5.2% considered the performance review system to have been unsuccessful although an additional 3.3% reported that it had only been partially successful. Slightly higher proportions of council leaders reported a lack of success (8.9%) and partial success (4.8%). Thus the majority of postal questionnaire participants either considered the review system to have been successful (61.4% of chief executives and 65.8% of council leaders) or reported that it was too soon for judgement to be reached on this matter (24.8% of chief executive respondents and 19.2% of council leaders). This suggests that performance review has a future in these councils.

In considering the sustainability of review systems, the processes operating in the case study authorities were too recent for much evidence to be accumulated on this matter but it could reasonably be concluded that in the case of Bath and Hertfordshire, the review systems are only viable in the longer term if their weaknesses are addressed. The balance of evidence particularly from the postal questionnaires, suggests that given the significant benefits associated with performance review, the operation of processes is likely to be maintained. Unfortunately, the issue of keeping systems fresh and dynamic was not accessed because of the relative newness of systems and this could constitute an area for further research in the performance review domain.

### ***9.7 The Political Dimension of Performance Review***

To recall from chapter 4, a postal survey of council leaders was undertaken to explore the political dimension of performance review. The results of this questionnaire found no evidence of any particular party favouring or not favouring the introduction of performance review with systems being operated in councils of all political persuasions. It was reported that council leaders and the political parties they represented had been supportive of the introduction of performance review, support which was maintained following implementation. Within case study authorities, there was no evidence of any political party opposing the introduction of performance review but several of the members interviewed were not well-disposed to performance review. In Bath, the Chair of the Special Review Sub-Committee was cynical about the initiative seeing it as the current management technique in vogue and in Cornwall, the Leader of the Liberal Democrats, the largest Council group, indicated that he was unenthusiastic about the implementation of a review system questioning the use of officer time in relation to the process and seeing it as an attempt by central government to cut local authorities down to size. Perhaps more could have been done to explain to these members the purpose of review and to convince them of its value since in these instances, their hostility was a contributory factor to the difficulties encountered.

The postal questionnaire revealed that opposition members were typically afforded only a minimal role in the performance review process normally having representation on committees dealing with review matters in proportion to their numbers. This observation was supported by the case study evidence. However, much greater variety was evident in the roles

played by majority groups and the postal responses given by council leaders were grouped as follows:

- \* **active** as indicated by the response 'the majority group sets direction, identifies objectives and decides on action resulting from review' or for example by setting the performance agenda for the authority and relevant committees and identifying areas for review; and setting and/or defining indicators of performance;
- \* **passive** - for example as indicated by the response 'through the committee process' or by the councillors role being confined to receiving regular performance information but with no indication given that much was done with the information; or by 'supervising' the process;
- \* **delegation** predominately to group officers as in the response 'the Chair of Policy oversees the performance review process; Chair and Vice-Chairs of Service Committees present relevant information on their departments to the Chair of Policy';
- \* **minimal** where the council leader considered that the majority group played no meaningful role in the review system.

Approximately half of council leaders reported that the majority group's role was passive. Within the case studies, variety was also evident and with the exception of Hertfordshire, was confined to approving or modifying reports submitted to committees. In the only authority where an active role was delineated for members, there were clearly difficulties in getting members to fulfil this role. The lesson from Hertfordshire has to be that careful consideration needs to be given to the role to be played by members particularly when this is demanding. In several of the case authorities, performance review was perceived to be a management tool with consequently limited input from members.

In the postal questionnaire, 62.3% of council leaders indicated that their political objectives were incorporated into the performance review system normally by forming the basis of performance targets or by translating into key tasks with performance in relation to these tasks monitored and reported on. In the case study authorities, service programmes and objectives normally

provided the link but as previously noted, much of the information gathered in reviewing performance is more concerned with operations rather than policy attainment.

With reference to the political dimension of performance review, perhaps the most interesting finding to emerge from the research is that there is limited evidence to support the preconception that performance review will be used for political purposes particularly by opposition groups, for example, by utilising the information emerging from the review system to embarrass the ruling group. This observation held for both postal questionnaires responses and case study visits but in the latter case, it could be proposed that this reflected the lack of involvement, and perhaps even interest, of members with regard to performance review matters with the calibre of members being allocated to special review committees, sometimes proving to be problematic.

### ***9.8 Good Practice Recommendations***

On the basis of the foregoing, it is possible to make the following good practice recommendations:

- \* careful consideration should be given to the type of review system to be introduced to a local authority. Reference should be made to what the organisation is trying to achieve in introducing performance review and what organisational characteristics exist which are likely to affect the design of the review system. Only a process which accommodates rather than challenges the authority's idiosyncrasies should be considered for introduction.
  
- \* a recurrent theme in the critique of performance review was that it was critical to secure a high level of ownership and enthusiasm towards performance review from officers and members and that in fact, their unsupportiveness, could jeopardise the viability of a review system. Consequently, a concerted effort must be made to foster a positive disposition before embarking on the introduction of a review system.

- \* in engendering commitment, consultation is a key mechanism. As well as improving support because people feel that their views have been sought, the emergent system is more likely to reflect the needs of the organisation and it is probable that some who are consulted will actually have relevant experience of reviewing performance and can thus make a positive contribution to the design of the system.
  
- \* there is evidence that the introduction of performance review is more readily accepted if it is part of a package of change rather than appended onto existing management practices. This is not to suggest that a council wanting to establish a review mechanism need embark on overhauling its organisational arrangements but where the implementation of performance review is not part of a restructuring or other major change, careful consideration needs to be given as to how best to introduce it particularly with regard to ensuring support from officers and members.
  
- \* where a review system is floundering, this is unlikely to improve of its own accord or given time. Positive steps need to be taken to address the difficulties before they get any worse.
  
- \* developments and refinements can be made to a review system after it has been introduced and thus it is not necessary to introduce an elaborate process which addresses all possible organisational needs initially. There is a strong case to be made for establishing a relatively simple review framework and once this is embedded into the organisation to build and adapt it according to requirements. Indeed, it can be postulated that adaptations will inevitably be required given the turbulent nature of the local government environment.

# *Chapter 10*

## *Conclusions*

This piece of research was precipitated by the observation that little is known about performance review activity in this country despite the introduction of a performance review system being proffered as one solution to the value for money requirement placed on auditors of local authority accounts to ensure that authorities have made proper arrangements for securing economy, efficiency and effectiveness. However, the research was not merely undertaken to fill an information vacuum. It was proposed that delineating what lessons can be learned from performance review operations would assist local authorities embarking on the introduction of review systems in the future particularly the 'new' authorities emerging from Local Government Review and most notably in Scotland where the statutory responsibility for ensuring value for money arrangements are in place, falls to the unitary authorities on the 1st of April 1996. Additionally, it was proposed that performance review could provide the framework in which policy achievements could be demonstrated thus strengthening local government by reinforcing its policy role. It was also speculated that this latter characteristic would become more critical if the current trend towards enabling and decentralisation continues within the local government sector.

A major investigation of performance review activity was thus initiated. This began with an assessment of the few approaches to performance review which are in the public domain, followed by preliminary discussions being conducted with local authorities which both had and did not have review systems to identify key issues and concerns within the review domain. Contact was made with the Policy and Performance Review Network, the practitioners organisation in this area, to illicit their views on what the main



review issues were and similar discussions were undertaken with the Audit and Accounts Commissions.

On the basis of the information accumulated at this stage, a set of research questions was generated and the search for an appropriate methodology to address them was begun. This student found the literature relating to methodology unhelpful and dominated by concerns which bear little relation to the reality of conducting research. Sufficient evidence was however found, to suggest that to answer the research questions which had been postulated, a two-pronged methodology would be required comprising a postal questionnaire issued to all local authority chief executives and council leaders to secure a breadth of experience on review activities and a series of case studies to access the required depth of information.

Postal questionnaires were issued to 492 local authorities and 262 responses were received from chief executives and 187 from council leaders resulting in a major data management exercise involving the answers to closed questions being put onto spreadsheets and open-ended responses being transcribed onto word-processing files. 5 case studies were undertaken with different types of local authorities and of differing political persuasions all of whom operated a performance review system. Documentation relating to their review systems was accumulated and interviews were conducted with key organisational figures in each case study. Over 33 hours of interviews were conducted with the case authorities and an immense volume of case study material was generated.

From the research material, it was calculated that 43.8% of local authorities had implemented performance review systems whilst 24.9% were known not to have done so and it was observed that there was a higher incidence of performance review activity amongst authorities such as the London Boroughs and County Councils which have the more strategic remit as compared with district authorities.

Given the scale of performance review activity revealed through this investigation, it is incredible that more research has not been conducted in this field but this is likely to reflect the wide range of legislative changes within the local government sphere which have competed for research attention. However, this comment also has to be extended to the Audit and Accounts Commissions whose attention in recent years has been preoccupied with preparation for and implementation of the Citizen's Charter. The Accounts Commission is currently updating its review guide but there is no suggestion of the Audit Commission following suit and the evidence from this thesis indicates that the Audit Commission's recommended approach to performance review needs to be revisited at an early juncture since it has little in common with the review practices of local authorities.

Given its volume, the presentation of the research material had to be subdivided and separate thesis chapters were devoted to discussions of the postal questionnaire responses received from chief executives and council leaders, and the case study evidence. However, the research evidence was amalgamated and a critique of performance review was made founded on the experiences of councils operating review systems and this was organised

around the research questions, culminating in the delineation of good practice recommendations.

In response to the research questions, a number of observations can be made. Evidence was found of a range of different types of review system in operation and a key finding of the research concerning the design of review systems, is that they must be tailored to meet organisational needs. The attitude to performance review from within councils, was revealed to be variable but a consistent theme in the research material was that a lack of support for performance review can be extremely detrimental to the effectiveness of a system and thus every effort should be made to foster a favourable attitude from the outset. A wide array of factors was in evidence with regards to establishing and operating review systems but since the type of review system introduced will significantly influence both of these dimensions, this is not surprising. A political dimension to performance review was detected but was less forceful than anticipated and there was little evidence of the findings of performance review being used as political ammunition. For authorities not operating a review system, it was clear that performance matters still had a place on the council's agenda and frequently, some of the constituent parts of a review system were in evidence but were either unstructured, informal or too embryonic to amount to a review system. The relative newness of the review systems explored in the case studies, prevented a picture emerging concerning the sustainability of performance review and thus further research, focused on securing a dynamic perspective and in particular concentrating on how systems are prevented from going stale and with regard to their adaptability in the face of change, would seem appropriate.

One of the unexpected findings of this research was that performance review was actually being used as a tool for improving the policy-orientation of councils. Prior to conducting this research, it was proposed that performance review could provide a means of demonstrating policy attainment. The evidence gathered here suggests that this is typically not the case with performance information being dominated by operational details. However within the case study authorities, this reflected a lack of clarity in the expression of policies rather than a reluctance to address service effectiveness. It was clear that performance review was associated with improving the policy and strategic direction of councils and future work exploring progress in this domain would seem appropriate. Future research which explored the inter-relationship between Citizen's Charter indicators and council review systems would also seem pertinent.

It was clear from the research evidence that the operation of a performance review system has brought significant benefits to authorities. Even in those case study councils where the review system had major design and/or operational faults, interviewees were able to identify positive attributes associated with the review process. The high level of success reported by chief executives and council leaders suggests that performance review has a future in local government. It is hoped that the findings of this research can make a contribution to that future and it is intended that a guide to good practice based on the research material will be generated for dissemination to local authorities. Whilst no blueprint exists for effective performance review, lessons can be learned from the experiences of councils but these are only of value if communicated to local government. It is to be hoped that local government also has a future to reap the benefits of this research.

## *References*

---

## REFERENCES

Accounts Commission, (1988), *Auditing Guideline - Value for Money*, Edinburgh: Accounts Commission

Accounts Commission, (1991), *Focus on Value for Money*, October, Edinburgh: Accounts Commission

Accounts Commission, (1992a), *Citizen's Charter Performance Indicators*, Edinburgh: Accounts Commission

Accounts Commission, (1992b), *Focus on Value for Money*, March, Edinburgh: Accounts Commission

Accounts Commission, (1992c), *Focus on Value for Money*, November, Edinburgh: Accounts Commission

Accounts Commission, (1995a), *Local Government Reorganisation and The Stewardship of Public Funds*, Edinburgh: Accounts Commission

Accounts Commission, (1995b), *Performance Information for Scottish Councils 1993/94*, Edinburgh: Accounts Commission

Audit Commission, (1984), *Code of Local Government Audit Practice for England and Wales*, London: HMSO

Audit Commission, (1986), *Performance Review in Local Government - A Handbook for Auditors and Local Authorities*, London: HMSO

Audit Commission, (1987), *Reports and Accounts Year Ended March 31st 1987*, London: Audit Commission

Audit Commission, (1988), *Performance Review in Local Government - Action Guide*, London: HMSO

Audit Commission, (1989), *Managing Services Effectively - Performance Review*, Management Paper Number 5, London: HMSO

Audit Commission, (1993), *Citizen's Charter: Charting a Course*, London: HMSO

Audit Commission, (1995a), *Local Authority Performance Indicators*, London: HMSO

Audit Commission, (1995b), *Calling the Tune: Performance Management in Local Government*, London: HMSO

Audit Commission, (1995c), *Paying the Piper: People and Pay Management in Local Government*, London: HMSO

Audit Commission, (1995d), *People, Pay and Performance in Local Government: A Management Handbook*, London: HMSO

- 
- Bailey S, (1986), (ed), *The Role of the Accounts Commission*, CURR Discussion Paper Number 17, Glasgow: University of Glasgow
- Ball R and Monaghan C, (1993), "Performance Review: Threats and Opportunities" *Public Policy and Administration*, Volume 8, Number 8, Winter, pp33-45
- Ball R and Monaghan C, (1996-forthcoming), "Performance Review: The British Experience" *Local Government Studies*, Summer
- Bath City Council, (1989), *Bath on the Threshold of the 1990s*, Internal Council Report
- Bath City Council, (1991a), *Service Objectives for the 1990s*, Internal Council Report
- Bath City Council, (1991b), *Performance Indicators for the 1990s*, Internal Council Report
- Bath City Council, (1992), *The Review Section's Guide to Designing Good Performance Indicators*, Bath: Bath City Council
- Beeton D, (1988), "Performance Measurement: The State of the Art" *Public Money and Management*, Spring/Summer, pp99-103
- Berger P L and Luckman T, (1966), *The Social Construction of Reality*, London: Penguin
- Biddiss M, (1987), "Thatcherism, Concepts and Interpretations" in K Minogue and M Biddiss (eds), *Thatcherism: Personality and Politics*, Basingstoke: Macmillan
- Bogdan R and Taylor S J, (1975), *Introduction to Qualitative Research Methods: A Phenomenological Approach to the Social Sciences*, London: Wiley
- Bovaird T, Gregory D and Martin S, (1995), "Evaluating Performance in Urban Economic Development: From Scrutinizing Costs to Assessing Organizational Capacity" in P Jackson (ed), *Measures for Success in the Public Sector*, London: Public Finance Foundation
- Bryman A, (1988), *Quantity and Quality in Social Research*, London: Routledge
- Bulmer M, (1988), "Some Reflections upon Research in Organisations" in A Bryman (ed), *Doing Research in Organisations*, London: Routledge
- Burrell G and Morgan G, (1979), *Sociological Paradigms and Organisational Analysis*, London: Heinemann
- Butt H and Palmer B, (1985), *Value for Money in the Public Sector: The Decision-Maker's Guide*, Oxford: Basil Blackwell

- 
- Campbell J P, Daft RL and Hullin C L, (1982), *What to Study: Generating and Developing Research Questions*, Beverly Hills, CA: Sage
- Carter N, (1991), "Learning to Measure Performance: The Use of Indicators in Organisations" *Public Administration*, Vol 69, Spring, pp85-100
- Cassell C and Symon G, (1994), "Qualitative Research in Work Contexts" in C Cassell and G Symon (eds), *Qualitative Methods in Organizational Research*, London : Sage
- Caulfield I and Schultz J, (1989), *Planning for Change: Strategic Planning in Local Government*, Harlow: Longman
- Clarke P, (1984), "Performance Evaluation of Public Sector Programmes" *Administration*, pp294-322
- Cohen A P, (1978), "Ethnographic Method in the Real Community" *Sociologia Ruralis*, 18, 1, 1-22
- Cornwall County Council, (1992), *Medium Term Plan 1992-96*, Cornwall: Cornwall County Council
- Dearlove J, (1979), *The Reorganisation of British Local Government*, Cambridge: Cambridge University Press
- Denzin N K, (1978), "The Logic of Naturalistic Inquiry" in N K Denzin (ed), *Sociological Methods: A Sourcebook*, New York: McGraw-Hill
- Easterby-Smith M, Thorpe R and Lowe A, (1991), *Management Research - An Introduction*, London: Sage
- Elcock H, Jordan G and Midwinter A F, (1989), *Budgeting in Local Government: Managing the Margins*, Essex: Longman
- Epsom and Ewell Borough Council, (1992), *The Policy Book 1992/93*, Surrey: Epsom and Ewell Borough Council
- Epsom and Ewell Borough Council, (1993), *Continuous Improvement - Managing Performance at Epsom and Ewell*, Surrey: Epsom and Ewell Borough Council
- Evered R and Louis M R, (1981), "Alternative Perspectives in the Organizational Sciences: 'inquiry from the inside' and 'inquiry from the outside'" *Academy of Management Review*, 6, 3, 385-95
- Fetterman D, (1988), *Ethnography : Step by Step*, Newbury Park, CA : Sage
- Fielding N, (1993), "Qualitative Interviewing" in N Gilbert (ed), *Researching Social Life*, London: Sage
- Filstead W J, (1979), "Qualitative Methods: A Needed Perspective in Evaluation Research" in T D Cook and C S Reichardt (eds), *Qualitative and Quantitative Methods in Evaluation Research*, Beverley Hills, CA: Sage



---

Flynn N, (1986), "Performance Measurement in Public Sector Services" *Policy and Politics*, Vol. 14, No. 3, pp389-404

Flynn N, (1993), *Public Sector Management*, Hemel Hempstead: Harvester Wheatsheaf

Freeman J, (1986), "Data Quality and the Development of Organizational Social Science: An Editorial Essay" *Administrative Science Quarterly*, 31, 2, 298-303

Fryer D, (1991), "Qualitative Methods in Occupational Psychology: Reflections upon why they are so useful but so little used" *The Occupational Psychology*, 14, 3-6.

Giorgi A, (1970), *Psychology as a Human Science: A Phenomenologically Based Approach*, New York: Harper Row

Glaser B, (1992), *Basics of Grounded Theory Analysis*, California: Sociology Press

Glynn J, (1987), *Public Sector Financial Control and Accounting*, Oxford: Basil Blackwell

Gray A and Jenkins W I, (1986), "Accountable Management in British Central Government: Some Reflections on the Financial Management Initiative" *Financial Accountability and Management*, Volume 2, Number 3

Greater London Council, (1974), "PPBS. A General Introduction to the Greater London Council's Planning-Programming-Budgeting System" in R Greenwood and J Stewart (eds), *Corporate Planning in English Local Government: An Analysis with Readings 1967-72*, London: Charles Knight

Gretton J, Harrison A and Beeton D, (1987), "How far have the frontiers of the State been rolled back between 1979 and 1987?" *Public Money*, Volume 7, Number 3

Guba E G, (1978), *Towards a Methodology of Naturalistic Inquiry in Educational Evaluation*, CSE Monograph Series in Evaluation, No 8, Los Angeles: Centre for the Study of Evaluation, University of California

Guba E G, (1985), "The Context of Emergent Paradigm Research" in Y S Lincoln (ed), *Organisational Theory and Inquiry: The Paradigm Revolution*, Beverly Hills, CA : Sage

Gyford J, (1989), "Local Authority Audit: An Alternative Tradition" *Local Government Studies*, Volume 15, Number 1, pp 9-15

Gyford J, Leach S and Game C, (1989), *The Changing Politics of Local Government*, London: Unwin Hyman

Habermas J, (1970), "Knowledge and Interest" in D Emmet and A MacIntyre (eds), *Sociological Theory and Philosophical Analysis*, London: Macmillan

- Hakim C, (1987), *Research Design: Strategies and Choices in the Design of Social Research*, London: Allen and Unwin
- Hartley J, (1994), "Case Studies in Organizational Research" in C Cassell and G Symon (eds), *Qualitative Methods in Organizational Research*, London: Sage
- Hebbert M and Travers T, (1988), *The London Government Handbook* London: Cassell
- Heclo H and Wildavsky A, (1974), *The Private Government of Public Money*, London: Macmillan
- Henwood K L and Pidgeon N F, (1992), "Qualitative Research and Psychological Theorizing" *British Journal of Psychology*, 83, 97-111
- Hedrick T, Bickman L and Rog D J, (1993), *Applied Research Design*, Newbury Park, CA : Sage
- Henkel M, (1992), "The Audit Commission" in C Pollitt and S Harrison (eds), *Handbook of Public Services Management*, Oxford: Basil Blackwell
- Hertfordshire County Council, (1992), *Reviewing the Review*, Hertfordshire: Hertfordshire County Council
- Hertfordshire County Council, (1992), *Performance Review News*, February, Hertfordshire: Hertfordshire County Council
- Hertfordshire County Council, (1992), *Performance Review News*, July, Hertfordshire: Hertfordshire County Council
- Heseltine M, (1987), *Where There's A Will*, London: Hutchison
- Himsworth C, (1986), "The Constitutional Context of the Audit Process" in S Bailey (ed), *The Role of the Accounts Commission*, CURR Discussion Paper Number 27, Glasgow: University of Glasgow
- Hollway W, (1991), "Objectivity and Subjectivity" *The Occupational Psychologist*, 14, 10-13
- Holtham C and Stewart J, (1981), *Value for Money: A Framework for Action*, Birmingham: Institute of Local Government Studies
- Hopwood A (1984), "Accounting in the Pursuit of Efficiency" in A Hopwood and C Tomkins (eds), *Issues in Public Sector Accounting*, Oxford: Philip Allan
- Hulme G, (1988), "Questions for Discussion" in D Beeton (ed), *Performance Measurement - Getting the Concepts Right*, London: Public Finance Foundation
- Husserl E, (1946), "Phenomenology" in *Encyclopaedia Britannica*, 14th edition, 17, 699-702

- Jackson P (1988), "The Management of Performance in the Public Sector" *Public Money and Management*, Volume 8, Number 4, Winter, pp11-16
- Jackson P, (1993), "Public Service Performance Evaluation: A Strategic Perspective' *Public Money and Management*, Volume 13, Number 4
- Jackson P and Palmer B, (1989), *First Steps in Measuring Performance in the Public Sector - A Management Guide*, London: Public Finance Foundation
- Jackson P and Palmer B, (1992), *Developing Performance Monitoring in Public Sector Organisations*, Leicester: University of Leicester
- Jones S, (1985), "The Analysis of Depth Interviews" in R Walker (ed), *Applied Qualitative Research*, Aldershot: Gower
- Jowett P and Rothwell M, (1988), *Performance Indicators in the Public Sector*, London: Macmillan
- Kavanagh D, (1990), *Thatcherism and British Politics - The End of Consensus?* Oxford: Oxford University Press
- Kavanagh D and Seldon A, (1989), *The Thatcher Effect: A Decade of Change*, Oxford: Clarendon
- Kerley R, (1990), "Performance Review Revisited" *Management Services*, May, pp16-21
- King N, (1994), "The Qualitative Research Interview" in C Cassell and G Symon (eds), *Qualitative Methods in Organizational Research*, London: Sage
- Keat R, (1981), *The Politics of Social Theory*, Oxford: Blackwell
- Kinsley Lord Limited, (1990), *Consultants Report on the Review of the Council*
- Kolakowski L, (1993), "An Overall View of Positivism" in M Hammersley (ed), *Social Research: Philosophy, Politics and Practice*, London: Sage
- LAMSAC, (1974), "A Review of the Theory of Planned Programme Budgeting: A System of Management for Local Authorities" in R Greenwood and J Stewart (eds), *Corporate Planning in English Local Government: An Analysis with Readings 1967-72*. London: Charles Knight
- Lincoln Y S and Guba E G, (1986), *Naturalistic Inquiry*, Beverley Hills, CA: Sage
- Lofland J, (1971), *Analysing Social Settings: A Guide to Qualitative Observations and Analysis*, Belmont, CA: Wadsworth
- London Borough of Lewisham, (1988), *The Lewisham Service Programme: Public Service Orientation - 'Ideas into Action'* London: London Borough of Lewisham

- London Borough of Lewisham, (1990), *Lewisham's Leisure Services Development Plan, 1990-94*, London: London Borough of Lewisham
- London Borough of Lewisham, (1992a), *The Employment Development Scheme Guidance Booklet*, London: London Borough of Lewisham
- London Borough of Lewisham, (1992b), *Leisure's Service Programme 1992/93*, London: London Borough of Lewisham
- McSweeney B, (1988), "Accounting for the Audit Commission" *Political Quarterly*, Volume 59, Number 1, pp28-43
- Marshall C and Rossman G B, (1989), *Designing Qualitative Research*, Newbury Park, CA: Sage
- Mather G (1989), "Thatcherism and Local Government: An Evaluation" in J Stewart and G Stoker (eds), *The Future of Local Government*, Basingstoke: Macmillan
- Midwinter A, (1994), "Developing Performance Indicators for Local Government: The Scottish Experience" *Public Money and Management*, Volume 14, Number 2
- Midwinter A, (1995), *Local Government in Scotland: Reform or Decline?*, Basingstoke: Macmillan
- Midwinter A F and Monaghan C, (1993), *From Rates to the Poll Tax: Local Government Finance in the Thatcher Era*, Edinburgh: Edinburgh University Press
- Miles M B and Huberman A M, (1994), *Qualitative Data Analysis: An Expanded Sourcebook*, Beverley Hills, CA: Sage
- Minogue K, (1988), "The Emergence of the New Right" in R Skidelsky (ed), *Thatcherism*, Oxford: Basil Blackwell
- Monaghan C and Ball R, (1993), "Gearing up for Performance Review" *Local Government Policy Making*, Volume 20, Number 3, December, pp11-18
- Morgan G, (1979), "Response to Mintzberg" *Administrative Science Quarterly*, 24, 1,137-9
- Nachmias C F and Nachmias D, (1992), *Research Methods in the Social Sciences*, Sevenoaks: Edward Arnold
- Newell R, (1993), "Questionnaires" in N Gilbert (ed), *Researching Social Life*, London: Sage
- Newton K and Karran T, (1985), *The Politics of Local Expenditure*, London: Macmillan
- Olsen J P, (1988), *The Modernisation of Public Administration in the Nordic Countries*, University of Bergen

- 
- Page E, (1989), *Management Statistics and Performance Indicators in British Universities*, 11th Forum of the European Association for Institutional Research, Trier, 27-30th August
- Passmore J, (1991), "A Flawed Performance" *Housing*, Volume 27, Number 8, pp20-21
- Paterson, (1973), *The New Scottish Local Authorities: Organisation and Management*, Edinburgh: HMSO
- Patton M Q, (1978), *Utilization-Focused Evaluations*, Beverley Hills, CA: Sage
- Patton M Q, (1980), *Qualitative Evaluation Methods*, Beverley Hills, CA : Sage
- Pelto P J and Pelto G H, (1978), *Anthropological Research : The Structure of Inquiry*, Cambridge : Cambridge University Press
- Pollitt C, (1986), "Beyond the Managerial Model: The Case for Broadening Performance Assessment in Government and the Public Services" *Financial Accountability and Management*, Volume 2, Number 3, Autumn, pp155-170
- Pollitt C, (1989), "Performance Indicators in the Longer Term" *Public Money and Management*, Autumn, pp51-55
- Price Waterhouse, (1990), *Value for Money Auditing: The Investigation of Economy, Efficiency and Effectiveness*, London: Gee
- Punch M, (1986), *The Politics and Ethics of Filedwork*, Beverley Hills, CA: Sage
- Reason P and Roewan J, (1981), *Human Inquiry: A Sourcebook of New Paradigm Research*, London: Wiley
- Rhodes R A W, (1979), "Ordering Urban Change: Corporate Planning in the Government of English Cities" in J Lagroye and V Wright (eds), *Local Government in Britain and France*, London: Allen and Unwin
- Riddell P, (1983), *The Thatcher Government*, London: Martin Robertson
- Rist R C, (1977), "On the Relations among Educational Research Paradigms: from Disdain to Detente" *Anthropology and Education Quarterly*, 8, 2, 42-9
- Rist R C, (1984), "On the Application of Qualitative Research to the Policy Process: An Emergence Linkage" in L Barton and S Walker (eds), *Social Crisis and Educational Research*, London: Croom Helm
- Robson C, (1993), *Real World Research: A Resource for Social Scientists and Practitioner Researchers*, Oxford: Basil Blackwell
- Rogers S, (1990), *Performance Management in Local Government*, Harlow: Longman

- Rossi P H, (1980), "The Presidential Address: The Challenge and Opportunities of Applied Social Research" *American Sociological Review*, 45, 889-904
- Schwartz H and Jacobs J, (1979), *Qualitative Sociology: A Method to the Madness*, New York : Free Press
- Simpson B, (1986), "The Role of the Accounts Commission in Securing Value for Money," in S Bailey (ed), *The Role of the Accounts Commission*, CURR Discussion Paper, Number 27, Glasgow: University of Glasgow
- Skelcher C, (1980), "From Programme Budgeting to Policy Analysis" *Public Administration*, Number 58, Summer
- Society of County Clerks, (1974), "Corporate Planning" in R Greenwood and J Stewart (eds), *Corporate Planning in English Local Government: An Analysis with Readings 1967-72*. London: Charles Knight
- Spiegelberg H, (1972), *Phenomenology in Psychology and Psychiatry: A Historical Introduction*, Evanston, IL: Northwestern University Press
- Stacey M, (1969), *Methods of Social Research*, Oxford: Pergamon Press
- Stewart J, (1988), *Understanding the Management of Local Government*, Essex: Longman
- Stewart J and Walsh K, (1995), "Performance Measurement: When Performance can Never be Finally Defined" in P Jackson (ed), *Measures for Success in the Public Sector*, London: Public Finance Foundation
- Stoker G, (1988), *The Politics of Local Government*, Basingstoke: Macmillan
- Strauss A and Corbin J, (1990), *Basics of Qualitative Research: Grounded Theory Procedures and Techniques*, Newbury Park, CA: Sage
- Taylor F W and Bogdan R, (1984), *Introduction to Qualitative Research Methods*, New York: Wiley Interscience
- Troman J, (1984), "Efficiency Auditing, The Scottish Experience" in J J Richardson (ed), *Value for Money and Effectiveness Auditing in the Public Sector: A Symposium*, Glasgow: Strathclyde University
- Van Maanen J, (1979), "Reclaiming Qualitative Methods for Organizational Research: A Preface" *Administrative Science Quarterly*, 24, 520-6
- Van Maanen J, (1988), *Tales of the field: On Writing Ethnography*, Chicago: University of Chicago Press
- Walker R, (1985), "An Introduction to Applied Qualitative Research" in R Walker (ed), *Applied Qualitative Research*, Aldershot: Gower

Webb E J, Campbell D T, Schwartz R D and Sechrest L, (1966), *Unobtrusive Measures: Nonreactive Research in the Social Sciences*, Chicago: Rand McNally

Widdicombe, (1986), *The Conduct of Local Authority Business - Report of the Committee of Inquiry*, London: HMSO

Wilson D and Game C, (1994), *Local Government in the United Kingdom*, Basingstoke: Macmillan

Woodward N, (1986) "Performance Indicators and Management Performance in Nationalised Industries" *Public Administration*, Volume 64, pp303-317

Whyte W F, (1984), *Learning from the Field: A Guide from experience*, Beverley Hills, CA: Sage

Yin R K, (1994), *Case Study Research: Design and Methods*, London: Sage

Young K, (1989), "Local Government" in D Kananagh and A Seldon (eds), *The Thatcher Effect: A Decade of Change*, Oxford: Clarendon Press