

The University College of London
The Bartlett School of Graduate Studies

**ACHIEVING VALUE FOR MONEY IN FACILITIES
MANAGEMENT: CASE STUDIES OF HOUSING
MANAGEMENT IN TWO LOCAL AUTHORITIES**

Author:

Lord Baidoo

A Dissertation submitted toward partial fulfilment of
Msc degree in Built Environment:
Facilities and Environment Management

SEPTEMBER 2007

UMI Number: U593743

All rights reserved

INFORMATION TO ALL USERS

The quality of this reproduction is dependent upon the quality of the copy submitted.

In the unlikely event that the author did not send a complete manuscript and there are missing pages, these will be noted. Also, if material had to be removed, a note will indicate the deletion.



UMI U593743

Published by ProQuest LLC 2013. Copyright in the Dissertation held by the Author.
Microform Edition © ProQuest LLC.

All rights reserved. This work is protected against
unauthorized copying under Title 17, United States Code.



ProQuest LLC
789 East Eisenhower Parkway
P.O. Box 1346
Ann Arbor, MI 48106-1346

DECLARATION

I certify that this is my own work and that use of material from other sources has been properly and fully acknowledge in the text. I understand that the normal consequence of cheating in any element of the examination, if proven and in the absence of mitigation circumstances, is that relevant Faculty Examiners' meeting will be directed to fail the candidate in the Examination as a whole.

Signed:

Lord Baidoo

Date: 20th September 2007

ACKNOWLEDGEMENTS

Firstly I would like to thank my creator for his health and support, then my course director Peter McLennan his kind support and guidance throughout the course. In addition wish to thank Professor Alexi Marmot for her help and input as well.

I wish to express my gratitude to my Line Manager Linda Brandi, the management and work colleagues who supported me during my days at university and time spent on this dissertation. I wish to specifically thank those organisations who took time out of their busy schedule to complete the questionnaire.

SUMMARY

The topic of this dissertation is “achieving value for money in facilities management: case studies of housing performance management in two Local Authorities”. The author of this dissertation is Lord Baidoo. The dissertation investigates how the partnership arrangement between the management organisations and the FM services providers can be exploited to increase the capacity to improve value for money. This dissertation also finds out whether BSC is an effective performance measurement system in to help maximise the opportunities to deliver value for money in a comprehensive and co-ordinated way.

The literature review provides an overview of performance measurement within Local Authorities, examined and position the concept of VFM in facilities management setting. Identified and analysed the strategic importance of the BSC and some of the drawbacks as a performance measurement system. Finally the literature review provides an outlook to the different procurement models in organising Local Authorities facilities services.

The dissertation used balanced scorecard as the research framework to help identify the major differences and challenges in housing performance management between a three stars and one star Councils in the achievement of value for money of FM services. The BSC key comparatives performance indicators used include customer perspective, internal process perspective, financial perspective and learning and growth perspective. In this dissertation, two case studies were discussed. Results from the studies were presented graphically. Descriptive method was used to analyse the results of the case study questionnaires.

The dissertation concluded that BSC is necessary because it addressed a number of issues central to best value, identified areas where best value has not being delivered and tells whether or not value for money has been achieve through the four perspectives whilst value chain only tells whether or not an optimum balance between the 3E’s has been achieved but does point out areas in performance measurement that needs action.

While this study is based on case study approach and the results cannot be generalised without a degree of caution, the study proposes ten recommendations for implementation for one star Councils and their FM service providers. A further research into how balanced scorecard can be use effectively as a practical tool in managing Local Authority’s housing performance was also recommended.

TABLE OF CONTENT

TITLE PAGE	I
DECLARATION	II
ACKNOWLEDGEMENT	III
SUMMARY	IV
TABLE OF CONTENT	V
LISTS OF TABLES AND FIGURES	VI
1. INTRODUCTION	1
1.1 BACKGROUND TO THE STUDY	1
1.2 STATEMENT OF THE PROBLEM	2
1.3 RESEARCH AIMS AND OBJECTIVES	3
1.4 THE METHOD OF THE STUDY	4
1.5 PROBLEMS AND LIMITATIONS	5
1.6 THE OUTLINE OF THE DISSERTATION	5
2. PERFORMANCE MEASUREMENT AND ASSESSMENT IN LOCAL AUTHORITY	7
2.1 INTRODUCTION	7
2.2 PERFORMANCE MEASUREMENT IN LOCAL AUTHORITY	7
2.3 VALUE FOR MONEY PERFORMANCE IN LOCAL AUTHORITY	11
2.4 PERFORMANCE ASSESSMENT IN LOCAL AUTHORITY	17
2.5 CONCLUSION	19
3. THE NEW APPROACH TO LOCAL AUTHORITY PERFORMANCE MEASUREMENT AND MANAGEMENT: BALANCED SCORECARD	21
3.1 INTRODUCTION	21
3.2 OVERVIEW – BALANCED SCORECARD	21
3.3 BALANCED SCORECARD AND LOCAL AUTHORITY	23
3.4 CONCLUSION	30
4 FACILITIES MANAGEMENT AND FACILITIES MANAGEMENT SERVICES IN LOCAL AUTHORITIES	32
4.1 INTRODUCTION	32
4.2 FACILITIES MANAGEMENT IN LOCAL AUTHORITY	32
4.3 LOCAL AUTHORITY FACILITIES MANAGEMENT SERVICES IN-HOUSE	33
4.4 CONTRACTING-OUT FACILITIES MANAGEMENT SERVICES IN LOCAL AUTHORITY	35
4.5 PARTNERING	37
4.6 FM PROCUREMENT AND BEST VALUE IN LOCAL AUTHORITY	39
4.7 CONCLUSION	40
5. RESEARCH METHODOLOGY	42
5.1 METHODOLOGY	42
6. CASE-STUDIES FINDINGS AND ANALYSIS	47
6.1 RESPONSE TO QUESTIONNAIRE	47
6.2 GENERAL INFORMATION	48
6.3 PERFORMANCE MEASUREMENT AND THE CONCEPT OF VFM	49
6.4 PERFORMANCE MEASUREMENT SYSTEM: BALANCED SCORECARD	52
6.5 FACILITIES MANAGEMENT PROCUREMENT	64
6.6 BALANCED SCORECARD PERSPECTIVES AND VALUE FOR MONEY	64
7. CONCLUSION AND RECOMMENDATION	69
7.1 CONCLUSION	69
7.2 RECOMMENDATIONS	73
REFERENCES	75
APPENDICES	80

CHAPTER 1: INTRODUCTION

1. 1 BACKGROUND

In today's highly competitive market, rapidly changing global economy, organisations have been encouraged to consider, and in many situations adopt or implement, a wide variety of innovative management philosophies, approaches and techniques (Dorsch and Yasin, 1998) to assess, measure and improve their facilities management performances. Public sector organisations are no different. Public sector organisations such as Local Authorities worldwide have come under increasing pressure to improve overall performance and service delivery and to increase accountability to their stakeholders (Hood, 1995; Guthrie and English, 1997) and also to prove that their FM services are delivering value for money.

The latest is the UK government's "best value" initiative (Wisniewski and Stewart, 2001). As part of its wider public sector modernisation and reform agenda, the government introduced its best value initiative in 1997 whereby Local Councils would be required to demonstrate not only that they were providing value-for-money services which were efficient and effective but that they were also meeting the needs of local communities, citizens and customers. This has now resulted in a statutory duty of continuous performance improvement that has been placed on Local Authorities.

The pressure is not only to improve performance but also to deliver a better performance "star rating" has never been greater, with the prime minister's introduction to the 2004 Spending Review insisting that "for more to be provided in resources, more is expected in results". Local Authorities performance star ratings are the most comprehensive results for the quality of facilities services and scores have consequences: two to one stars are required to gain access to Arm's Length Management Organisation (ALMO) funding and a third star gives ALMOs new freedoms and flexibilities. Excellent councils i.e. four stars Councils, will have shown overall that they deliver high quality services. They have effective leadership and management arrangements, and are clear about their priorities, which are linked to local needs and aspirations. Their finances are well managed and are directed at key priorities. Excellent councils are good at achieving more for their communities through the delivery of value for money projects, often in partnership with others. Poor and fair Councils i.e. zero and one star Councils overall quality of services are in almost complete opposition to excellent Councils' performances. Arguably, the pressure on Local Authorities to do the right things in the right way and to be able to provide evidence of what they have achieved has

never been greater. An increasing number are turning to a robust performance measurement system as a strategic way of responding to such pressure and challenges, now and in the future.

Clearly, a robust performance measurement system is essential for managing these pressures and challenges. Such a performance measurement system is the basis for ensuring accountability, evidence of value for money to a variety of stakeholders, both internal and external including taxpayer, interest groups and politicians at both local and national level. However, a lack of accurate and timely performance measurement system has often hindered providers from making informed decisions about changes to Council policy or service delivery. Indeed, a number of multi-dimensional performance measurement systems have been introduced in the last decade (e.g. Lynch and Cross, 1991; Fitzgerald et al.; 1991; Kaplan and Norton, 1992; Lewis 1999). Among these, the “balanced scorecard” (BSC) (Kaplan and Norton, 1992) has emerged as the one most widely discussed in profit-motivated firms, Kaplan and Norton (1996a) note its potential in public sector contexts also, and have cite recent example of its use in non-profit organisation (Kaplan and Norton, 2001).

The balanced scorecard appears to offer considerable potential to Local Authorities in terms of contributing both to improved performance and to deliver better performance star rating. Kaplan and Norton declared that the balanced scorecard to be a strategic performance management system rather than simply a performance measurement system (Kaplan and Norton, 1992, 1996a, b). In principle the balanced scorecard offers a co-ordinated approach to ensuring that an authority’s declared strategic priorities and goals are visibly linked to corporate, service and business plans which in turn are linked to the search for continuous performance improvement.

1.2 PROBLEM STATEMENT

Slough is a densely populated urban area of 32.52 sq km in Berkshire and geographically, it is one of the smallest unitary Councils in England that has been under increasing pressure to ensure accountability and deliver value for money to their stakeholders in their services by Government. The Council established an Arms Length Management Organisation (ALMO) called “People First (Slough)” with effect from the 1st January 2006, to address and manage these challenges. The ALMO has delegated responsibility from the Council to provide housing management to the Council’s 6,699 tenants and 919 leaseholders.

The Audit Commission's inspection report of People First conducted by the Housing Inspectorate has revealed that "Slough is providing a "fair", one-star service that has promising prospects for improvement" (Audit Commission, 2006). The report outlined a number of areas that needed immediate attention, the two most relevant to this dissertation being "there is no effective performance measurement system in place to maximise the opportunities to deliver value for money in a comprehensive and co-ordinated way; and the management organisation has not fully exploited the partnerships arrangement to increase the capacity to improve value for money".

To address the above two key issues highlighted in the Audit Commission's report, the author working for the FM service provider to the management organisation of Slough has been keen to investigate what it takes to make a Local Authority a three stars Council in the area of housing performance management to deliver and achieve VFM.

1.3 RESEARCH AIMS AND OBJECTIVES

The study seeks to find out how the partnership arrangement between the management organisations and the FM services providers can be exploited to increase the capacity to improve value for money. This dissertation also investigate whether BSC is an effective performance measurement system in to help maximise the opportunities to deliver value for money in a comprehensive and co-ordinated way.

The objectives of this dissertation are to:

- to provide an overview performance measurement within local government, examine the concept of VFM practices in an FM setting;
- to identify and analyse the strategic importance of BSC and some of the drawbacks as a performance measurement system;
- provide an outlook to the different procurement models (i.e. in-house and contracted models) in organising local authority facilities services.
- provide useful information for the FM service provider, the Management Organisation to Slough and other Local Authorities with one star to address the issues of whether BSC is an effective performance measurement system in maximising the opportunities to deliver VFM and also how the partnership arrangement can be

exploited to increase the capacity to improve value for money, all gearing to help climb the stars ladder.

1.4 THE METHOD OF THE STUDY

The study consisted of literature reviews and examples of actual collected data. Theoretical surveys were made on the basis of the literature and articles. The literature considered both the private and public sector published literatures that focused on performance measurement in the public sector, value for money value concept and facility management, balanced scorecard approach and facilities management procurement strategy in the public sector and related references.

Structure questionnaires were used to collect data from two Local Authorities. The case-study areas were Berkshire County and London areas. The research targeted senior managers of the management organisations. A selection of the Local Authorities across the chosen research areas was made and used for the study. Williman (2001) indicated that “while questionnaire surveys are relatively cheap and are effective in preventing the personality of the interviewer having effects on the results, they do have certain limitations”. Williman (2001) further noted that “questionnaire surveys are not suitable for questions which require probing to obtain adequate information and also problems in gaining the required response from the complete sample”. The research study also conducted structured face to face and telephone interview survey with the aim of eliminating the problems pose by postal questionnaire survey.

The findings of the study are intended to make an original contribution to the research in these areas, and provide recommendations of practical value to the FM service providers and to the Managing Organisation of Local Authorities’ to aid in making better quality decisions on their housing performance management in the achievement of gaining VFM services and other Local Authorities striving to achieve VFM and improve their FM services.

1.5 PROBLEMS AND LIMITATIONS

The potential problem with the case study method was the limited availability of empirical studies that could be used directly in developing a more valid and reliable case study framework for the case study. This, however, was expected to be overcome by analysing the

literature review study evidence carefully before the final framework was decided. As a result, the success of the study largely depended on the findings from the literature review. Another potential problem would be the respondent bias. This study speculated about causality based on the assumption that the case study organization might make regarding delivering value for money improvement of their FM services and that they can accurately state whether such improvement has happened.

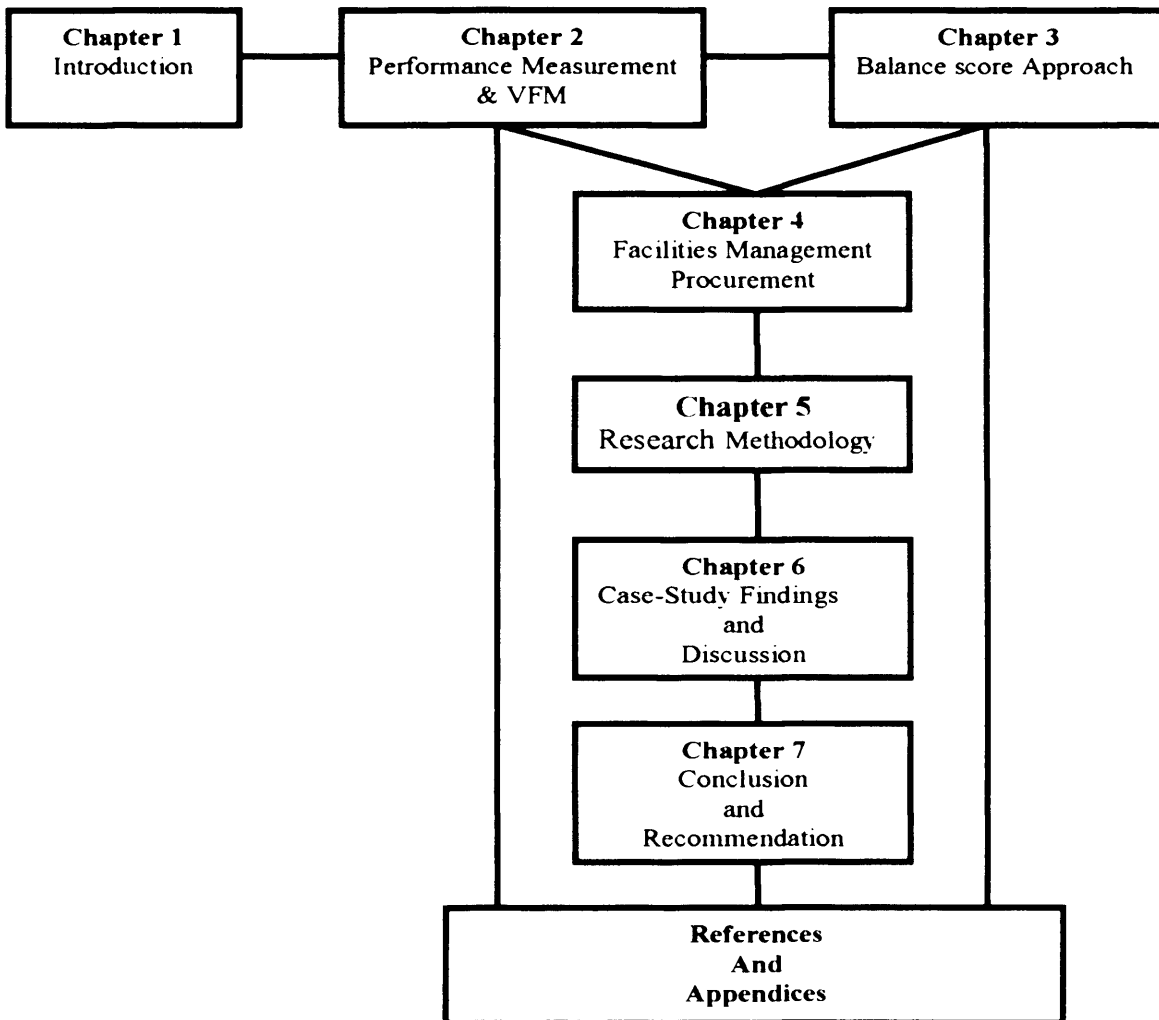
1.6 THE OUTLINE OF THE DISSERTATION

The structure of the dissertation consists of seven chapters (Figure 1.2). The introductory chapter presents the background, statement of problem, aims and objectives, method of study and problem and limitation of the study. Chapter 2, overview of performance measurement within local government, examine the concept of value for money in FM setting and how the concept is managed, delivered and assessed.

Thereafter follows the chapter 3, examined the traditional approach to facilities services performance measurement and then introduce and discussed the new approach i.e. the balance scorecard to performance measurement and its strategic importance. The chapter then examines the attraction of the balanced scorecard and the challenges and difficulties of adopting the balanced scorecard approach within local authority. Chapter 4 provides an outlook to the different facilities management procurement models (i.e. in-house and contracted models) in organising local authorities' facilities services in delivering best value. Chapter 5 and 6 presented the research methodology and findings of the study. The final chapter concludes the dissertation with a discussion on the findings then follows with the recommendations. Thereafter follows the references and appendices.

Figure 1.2

Overview and content of the dissertation



CHAPTER 2: PERFORMANCE MEASUREMENT IN LOCAL AUTHORITY

2.1 INTRODUCTION

Public sector organisations such as the local authorities worldwide have come under increasing pressure to modernise, to improve overall performance and service delivery and to increase accountability to their stakeholders (Hood, 1995; Guthrie and English, 1997) and tougher test announced on 15th June 2005 by watchdog the Audit Commission that all UK local authorities to prove services, are delivering value for money. The pressure comes from the taxpayers, interest groups, politicians at both local and national levels, the government itself and from a general trend in the society of increased competition and performance measurement comparisons between local authorities has also increased in the last few years (Wisniewski, 2004).

This chapter attempts to address the challenges by: firstly reviewing the work of three organizations' influence in the development of performance measurement within local government: the Audit Commission, the National Consumer Council (NCC) and the Institute of Local Government Studies (INLOGOV) and then examine the concept of value for money practice in an FM setting. Secondly the chapter discusses the characteristics of LA's performance rating and how these performances are assessed and rated in the delivery of value for money services.

2.2 PERFORMANCE MEASUREMENT IN LOCAL AUTHORITY

The Audit Commission (1986) considered "performance measurement" as an important factor underpinning the management process. They proposed the framework depicted in Figure 2.1, which they argued was applicable to any service provided by the local authority. Furthermore, the Audit Commission argued that performance in local authorities consisted of two key elements: efficiency and effectiveness. Service efficiency was defined as the "provision of specified volume and quality of service with the lowest level of resources capable of meeting that specification". Service effectiveness, on the other hand, was defined as "providing the right services to enable the local authority to implement its policies and objectives". Figure 2.2 shows the relationship between efficiency and effectiveness. The Commission also had a third "E", economy, in the context of purchases from an outside provider "of the lowest possible cost consistent with the specified quality and quantity".

Figure 2.1:
Management Process for Performance Review

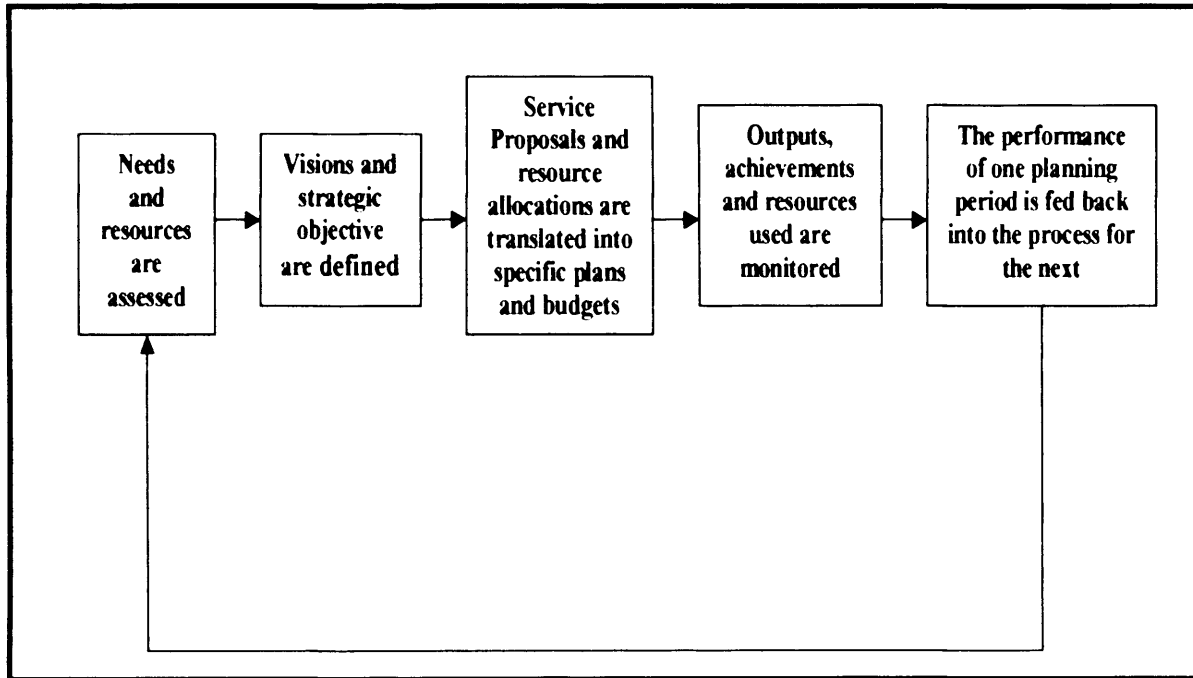
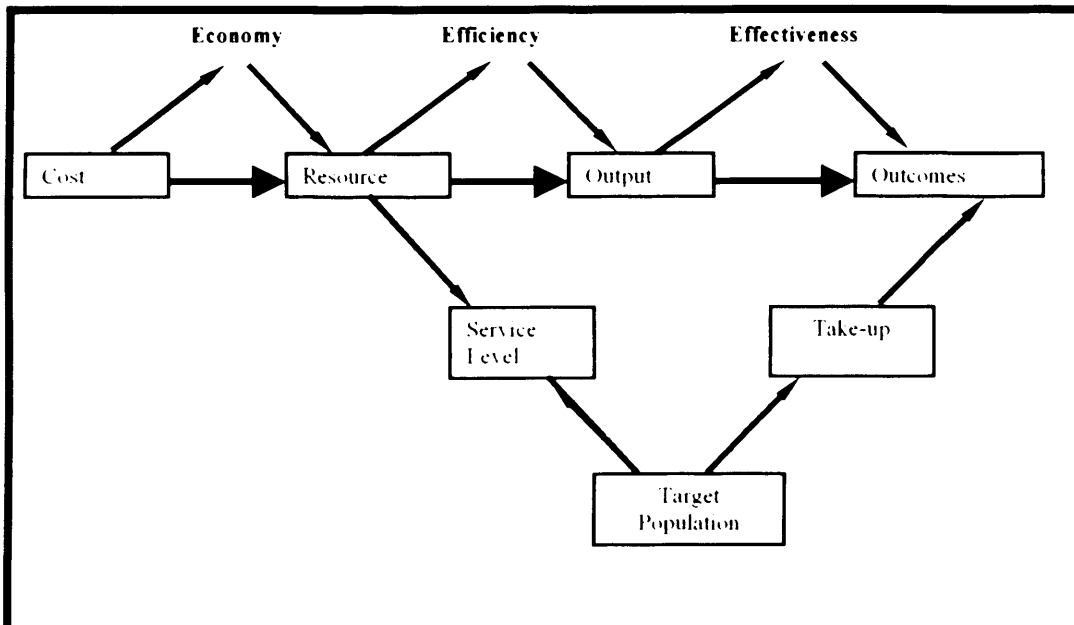


Figure 2.2:
The Four Levels of Performance Measurement



Source: Ghobadian (1993)

The work of the Audit Commission has been valuable in that it has propelled performance measurement to the forefront. However, there are those who have criticized the work of the Audit Commission.

Flynn (1986) argued that the Commission's work helped to turn management focus on economy and efficiency with little attention to effectiveness. Flynn also indicated that the approach was usually adopted as a means of cost-cutting and the Commission's definition of effectiveness was also considered to be inadequate, it did not reflect how effectiveness relates to "providing services that respond to public needs and customer demands".

Pollit (1986) criticized the work of the Audit Commission because it concentrated on means of control rather than ensuring the fitness for purpose or quality of the product. He also argued that economy and efficiency measures prevailed as there were plenty of data available to derive them. However, effectiveness required new data and systems, and therefore received little attention. In practice, the words economy, efficiency and effectiveness proved difficult to define in a way which met with common understanding and allowed different aspects of performance to be distinguished. In fact, different authorities interpret the same words differently.

National Consumer Council (NCC) (1986) attempted to define a matrix of performance measures which represented the consumers' perspective. Effectiveness, they argued that it could be assessed only in relation to the organization's purpose. The purpose of a local authority is to provide specific benefits to specific people. This refocused the arguments from money to the nature, quantity and quality of services, their effect and the extent to which they meet consumer and community needs and preferences. They proposed the following framework:

- identification of factors a consumer considers when assessing a product or service;
- development of performance indicators for aspects which are quantifiable; and
- development of ways of evaluating non-quantifiable aspects, for example surveys, panel meetings and analysis of complaints.

The framework put forward by NCC combined qualitative and quantitative measures. They concluded that a qualitative evaluation set within a broad statistical context is probably the

best way of investigating the achievement of the service. The key advantage of the NCC's proposals was the consideration of effectiveness and quality from the customers' viewpoint. Healey and Potter (1987) praised the NCC's approach, because it encapsulated the four key consumer questions: does the service do what it is supposed to do? what is it like to use? what does it cost? and does it do what it is not supposed to do? Pollit (1986) believed that a fundamental advantage of the NCC's proposal was that it did not attempt to outline efficiency. The proposal shifted attention from inputs and processes to tests of outcomes.

The framework proposed by Institute of Local Government Studies (INLOGOV) is depicted in Table 2.1. The model addressed three important issues: first, intentions, i.e. the direction of service, second, production, i.e. the process by which services are produced and third, market impact, i.e. the sections of the community which the service reaches. INLOGOV identified three areas for the measurement of efficiency: the efficiency of transforming inputs to outputs; the efficiency of distributing output to maximize consumer well-being; and the efficiency of adjusting production to consumer preferences.

Table 2.1:

Framework for Assessing Performance

What are our intentions?	Needs Political priorities Professional appreciation
What resources do we use?	Inputs
How do we produce and deliver services?	Production process
What services are produced?	Products/ Outputs
Whom do services reach?	Market impact
What difference do the services make?	Outcome

Source: Ghobadian (1993)

The debate above suggests that performance measurement in local authority has been associated with efficiency, effectiveness and economy known as value for money and the concept is discussed in its broader context in the section below.

2.3 VALUE FOR MONEY PERFORMANCE IN LOCAL AUTHORITY

2.3.1 VALUE FOR MONEY CONCEPT

The abolition of Compulsory Competitive Tendering (CCT) introduced by the 1979-1997 Conservative Administrations became a central imperative in Labour's 1997 manifesto, but the New Labour Government elected under "moderniser" Tony Blair indicated that CCT had to go, but ministers were insistent that it be replaced with a regime that, while more concerned with quality and performance improvement, would continue to emphasise economy and efficiency in service delivery. That regime was Best Value (also known as Value for Money) service provision, subject of the Government's first major local government legislation, the Local Government Act 1999.

The concept value for money (VFM) in the procurement and provision of public services is now a global, corporate pursuit with increasing complexity and sophistication. There is no shortage of ready-made management consultancy solutions which are meant to help in this area (Akhlaghi, 1996). Akhlaghi (1996) also pointed out that "it is important to note that value for money has an inescapable social and political dimension, as many exercises associated with the concept, such as value for money reviews and audits, often lead to major change, downsizing and outsourcing in the provision of support services in both the private and the public sector organizations that are affected".

The need to ensure value for money in local authority and other public services is a fairly constant theme of exhortation from central government and organisations such as the Audit Commission and National Audit office (Bone, 1992). Bone (1992) further indicated that whatever route is pursued in order to ensure and monitor the achievement of value for money, the essence of the endeavour is usually the need to be effective in today's highly competitive commercial environments.

Packham (2006) in his paper "*Value for Money FM in a Sustainable Environment*" contended that most facilities managers will be familiar with the concept of value-for-money service provision. He further indicated that traditionally (usually around the time of the annual budgetary cycle) facilities managers will have been challenged by the powers that be to either provide more for the same amount of money or to provide the same level of service for less money; if they were really unlucky they might have been asked to do both!

McGuinness and Bauld (2006) in their paper “*In Our Opinion: Value for Money*” pointed out that value for money is a broad concept encompassing a range of concerns, only some of which are quantifiable. The paper also noted that to apply value for money approach correctly, one must understand the concept and its implications. The paper further indicated that a value for money assessment requires a sophisticated and thorough analysis and evaluation of all costs and qualitative factors associated with each competing offer of supply.

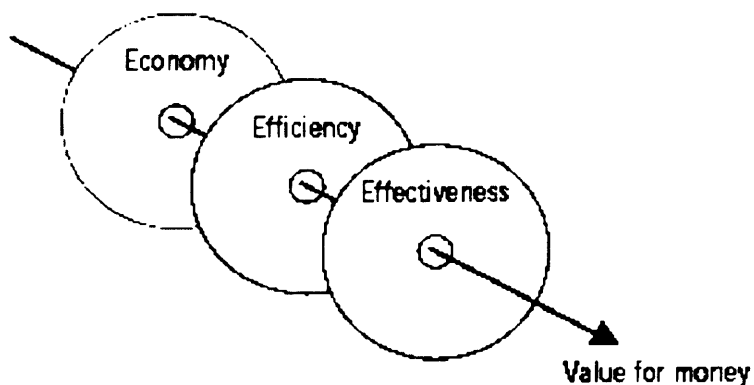
The above debate indicates that researchers and practitioners shed the same views on the concept of VFM but from a different perspective so the study deduced that the concept of value for money in public sector, entails the consideration of the contribution made to advancing government policies and priorities, as well as achieving the best return and performance for the money being spent. On this note this chapter advanced the debate with Bauld and McGuinness’s view on understanding the concept of value for money and its implications and value for money assessment.

2.3.2 DEFINITION OF VALUE FOR MONEY

The Royal Institute of Public Administration (1982) in a seminar entitled “*Value for Money*” defined value for money to revolve around the three Es: *economy* – doing things for low cost; *efficiency* – doing things right; *effectiveness* – doing the right things (see Figure 2.3).

Figure 2.3:

The Three Essential Es of Value For Money



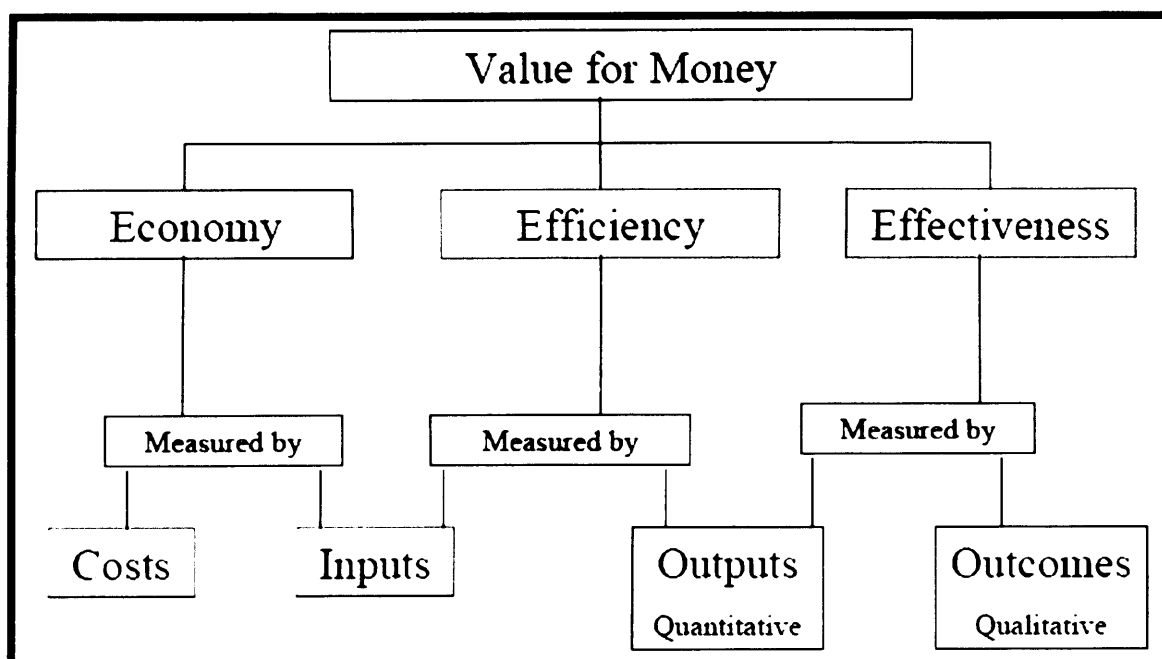
Source: The Royal Institute of Public Administration (1981)

The Audit Commission (1995) contended that value for money (VFM) has long been defined as the relationship between economy, efficiency and effectiveness, sometimes known as the 'value chain' (see Figure 2.4). They explain the meaning of the 3E's as follows:

- Economy is the price paid for what goes into providing a service – for example, the cost per hour of care workers; the rent per square metre of accommodation;
- Efficiency is the measure of productivity – how much you get out in relation to what is put in; and
- Effectiveness is the measure of the impact achieved and can be quantitative or qualitative. For example, satisfaction levels among different sections of the community with tenant participation arrangements (qualitative). Outcomes should be equitable across communities, so effectiveness measures should include aspects of equity.

The Audit Commission report concluded that value for money is high when there is an optimum balance between all the three E's – relatively low costs, high productivity and successful outcomes.

Figure 2.4:
Value Chain



Source: Audit Commission (2005)

The Office of the Deputy Prime Minister (ODPM) (2003) definition of value for money is “a judgement about the price of a service in the light of the perceived value of that service”. The Office further suggested that within value for money there are two main types of assessment: cost effectiveness analysis (CEA) and cost benefit analysis (CBA).

The views of The Audit Commission and The Royal Institute of Public Administration on the definition of value for money revolve around the three E's whereas the Office of the Deputy Prime Minister's definition rests on cost effectiveness and benefits. So here value for money is the term or concept used to assess whether or not an organisation has obtained the maximum benefit from the goods and services they both acquire and provide, within the resources available to them. It not only measures the cost of goods and services, but also takes account of the mix of quality, cost, resource use, fitness for purpose, timeliness, and convenience to judge whether or not, together, they constitute good value.

2.3.3 THE CONCEPT OF VFM AND FACILITIES MANAGEMENT

The nature of local government business means that the various elements of FM services never receive the same prominence as they do in health care (Clark and Rees, 2000). However, under New Labour's Modernising Agenda and recent policy and consultation documents the tide is turning and local government is now finding the spotlight turned on the way it uses its facilities.

In 1988 the Audit Commission (1988a, b) produced two documents on local authority (LA) property, focusing on the need for greater attention to be paid to the strategic and policy implications of property ownership and use. These reports concluded that “property was an under-managed resource and that, while technical skills were often strong, the corporate or strategic function was underdeveloped” (Audit Commission, 2000). More recently the DETR (2000) has confirmed that this remains the case and two further Government initiatives require LAs to place greater strategic importance on managing property assets. First, there is the Government proposal for allocating a “single pot” of capital on the basis of needs and performance and second, the statutory requirements of best value (Local Government Act 1999). Best value's emphasis on efficiency, effectiveness and economy, whilst not referring specifically to facilities management, is creating new demands from this function.

More relevant to facilities management than best value are the 2000 reports by both DETR and the Audit Commission that highlight the need for a strategic focus to be paid to facilities management within local government. The DETR (2000) report provides good practice guidelines for facilities management with the aim to encourage a consistent approach to facilities management across all services and spending blocks. The authors are particularly pleased to see the call in the paper for “an integrated approach between departments and the corporate centre” (DETR, 2000). The Audit Commission's (2000) report acknowledges that successful facilities management spans across the authority and requires strategic considerations. It highlights the fact that some authorities have failed to challenge why they own land and property or review its effectiveness. It is also noted that “senior officers and elected members sometimes lack awareness of the strategic importance of property, the information required to make sensible decisions about how to use it better, or the will to put these into effect” (Audit Commission, 2000).

In 1997, before these reports and legislation were produced, Facilities Management Graduate Centre (FMGC) established a Local Government FM Research Forum. Through their close relationship with these facilities managers and consultations with other LA property professionals, the authors are aware that many authorities have little or no understanding of FM. They are totally unaware of how well integrated support services, with strategic influence, can enable an authority to deliver value for value and best practice. Therefore a 1999 research project into the impact of integrated facilities management on perceived value for money (Clark, 2000) showed that where FM services were integrated there was greater potential to both deliver best value and support the authority as a whole.

2.3.4 VFM PERFORMANCE ASSESSMENT

The Audit Commission (2005) indicated in their inspection report that to assess VFM in local authority, the following two questions must form the sub headings under the question on VFM assessment and these two questions are discussed below.

The first question to be address: “*How do the organisation's costs compare to others, allowing for local context, performance and policy choices*”? This first question is used to develop an understanding of the service costs and how they compare to others, taking account of the local context. The questions draw upon other elements of the first judgement about how effectively the service is meeting the needs of the local community and users:

The starting point will be to know what costs are and whether they are higher or lower than other service providers (using appropriate comparators). This makes use of Performance Indicators (PIs) and other cost data, such as the Annual Efficiency Statements (AES) or the Operating Cost Index (OCI), as 'can openers', which in turn leads to more targeted and effective activity.

The next stage will be to understand the local external factors that affect costs. Social, demographic and economic influences all need to be understood. Further analysis would then follow, looking at unit costs to ascertain whether costs were relatively high or low.

Thirdly, there is a need to understand factors that affect costs that are within the organisation's control. Are a range of discretionary services provided that increase spending and/or do standards of delivery reflect a 'gold standard' with higher costs, or basic quality and lower costs? Is good procurement practice used to manage costs effectively? An allowance will also be made for investment in future improvement, increasing short-term spending, although it may not yet be showing results.

Finally, the organisation's stated priorities and local needs will be taken into account as they apply to the service area. This should take account of service users' needs and priorities. For example, do residents know the cost of services when determining the level of service? How has the learning been applied from other parts of the service, for example, charging for repairs maintenance? Are measures of cost-effectiveness clearly explained to residents?

The second question to be addressed is: "*How is VFM managed, including through partnership and procurement, and taking a long-term view*"? This second question looks at what is done to improve VFM and its impact over time. An assessment of how well the organisation is managing its approach and delivery of VFM will be made. This will be through the priority and focus given to VFM, the effectiveness of processes including procurement (with some emphasis on the process itself but even greater scrutiny of the outcomes achieved) and sustained focus/improvements over time (looking at track record).

As important as having good processes is how focused the organisation (service managers and relevant governance structures) is on VFM. Is there a 'VFM culture', where

opportunities to improve economy, efficiency and effectiveness are constantly sought and pursued? Or is VFM seen as the concern of finance staff and auditors rather than service managers? Effective organisations will have VFM considerations built into routine processes, including annual budget setting. Procurement is a key means of improving VFM when it is done well and decisions about whether to procure from external sources or use in-house provision, how procurement should be structured and when to go to the market should be made based on professional advice.

Out of these two assessments question discussed was borne the Performance Assessment Rating (known as Comprehensive Performance Assessment (CPA)) in 2002 introduced to allow a more in-depth understanding of local authorities' performance. This Performance Assessment Rating methodology is informed by the VFM performance indicators.

2.4 PERFORMANCE ASSESSMENT IN LOCAL AUTHORITY

2.4.1 PERFORMANCE ASSESSMENT RATING

The introduction of performance assessment rating has enabled Central Government to provide a tailored response to local authority by awarding freedoms and flexibilities to those high performing authorities and more support for poorer performers. The idea of performance assessment rating is that all principal local authorities (councils) in England, regardless of size or range of responsibilities, can and should be comprehensively assessed by the independent (through ministerially appointed) Audit Commission and then assigned to one of just five performance categories: initially Excellent, Good, Fair, Weak, Poor; now 4 stars to 0 stars.

Excellent councils i.e. Four Star council, for example, will have shown overall that they deliver high quality services. They have effective leadership and management arrangements, and are clear about their priorities, which are linked to local needs and aspirations. Their finances are well managed and are directed at key priorities. Excellent councils are good at achieving more for their communities through the delivery of value for money projects, often in partnership with others.

Poor councils i.e. zero star council, in almost complete contrast, are likely to offer inadequate services and lack the leadership and managerial capacity to improve the services. Performance management is ineffective and resources are not used to their best advantage.

Most poor councils are trying to make service improvements, but lack the focus and clarity of priorities to do so effectively. Engagement with local people does not translate into positive changes or better services to the community. Without external support, the efforts that many poor Local Councils are making to improve services for their citizens are unlikely to lead to lasting change.

2.4.2 CHARACTERISTICS OF LOCAL AUTHORITY STAR RATINGS

The need to deliver better performance star ratings has never been greater, with the Prime Minister's introduction to the 2004 Spending Review insisting that "for more provided in resources, more is expected in results". Local authority performance star ratings are the most comprehensive results for the quality of facilities services and the scores have consequences: Two stars are required to gain access to Arm's Length Management. Organisation (ALMO) funding and a third star gives ALMO a new freedoms and flexibilities; Zero star ratings bring the possibility of government intervention; and Low-rated organisations report difficulties in recruiting and retaining suitable officers. This section sets out the key features of one-, two- and three-star organisations:

One star (or fair): A one-star Council (Here is a mixed bag of both good and bad service).

- getting better at customer care – doing some repairs by appointment: tenant participation compact on paper – but no real influence for tenants.
- slow on the uptake – lagging behind others on new initiatives like the government's efficiency drive and choice based letting.
- plans to make improvements sound good, but do they all work in practice?
- departments do not communicate or cooperate effectively – the left hand does not know what the right one is doing.
- managers do not listen enough to front line staff.
- accurate information on performance is gathered but not used.

Two stars (or good): A two-star Council (A strong, high profile management team – respected by staff and tenants – is driving through change).

- customers are made to feel welcome.
- mutual respect between councillors and officers.

- strong performance management – the figures are up to date with rent collection rates and repair times improving.
- taken tough decisions on how maintenance is to be funded in future years.
- a learning organisation – using information from complaints and surveys to change things.
- staff members are well briefed – through regular meetings.
- services take account of the local population – levels of age, disability and ethnicity.
- most of the Housing Inspectorate’s checks of good practice are in place.

Three stars (or excellent): A three-star Council (“*These councils teach something new*”)

They do all the things that two star councils do plus they are more reliable and much more ambitious.

- highly self-critical senior managers – they want to do better.
- not standing still – anticipating change by implementing and evaluating new initiatives.
- services are based on facts about stock condition, understanding the changing needs of existing residents and knowledge of future demand levels for housing.
- services are shaped around the needs of the community by age, disability and ethnicity.
- in areas with high black and minority ethnic populations, staff reflect the community.

2.5 CONCLUSION

Performance measurement in local authority has been associated with efficiency, effectiveness and economy known as value for money and the term or concept is used to assess whether or not an organisation has achieved the maximum benefit from the goods and services they both acquire and provide, within the resources available to them. The concept of VFM in an FM setting is to encourage a consistent approach to facilities management across all services and spending blocks, an integrated approach between departments and the corporate centre and finally require strategic considerations.

Performance assessment rating known as comprehensive performance assessment (CPA) introduced to assess the delivery of value for money and therefore enabling Central Government to provide a tailored response to local authority by awarding freedoms and

flexibilities to those high performing authorities and more support for poorer performers. The idea of performance assessment rating is that all principal local authorities (councils) in England, regardless of size or range of responsibilities, can and should be comprehensively assessed by the independent Audit Commission and then assigned to one of just five performance categories: initially Excellent, Good, Fair, Weak, Poor; now 4 stars to 0 stars.

CHAPTER 3: THE NEW APPROACH TO LOCAL AUTHORITY PERFORMANCE MEASUREMENT AND MANAGEMENT: BALANCE SCORECARD

3.1 INTRODUCTION

Public sector organisations, such as local authorities, are increasingly under pressure not only to improve their performance but also to demonstrate such improvement through effective performance measurement is delivering value for money (Wisniewski, 2004). An increasing number are turning to the balance scorecard as way of responding to such pressure and challenges. This chapter examines the traditional approach to facilities services performance measurement in comparison to the new approach i.e. the balance scorecard. The chapter further examines the attraction of the balanced scorecard in local authority, identifies the challenges and difficulties of adopting the balanced scorecard approach and attempts to examine the key management issues that the balance addresses.

3.2 OVERVIEW – BALANCED SCORECARD

3.2.1 CRITISM OF TRADITIONAL APPROACH TO MEASUREMENT

According to Brown and Laverick (1994) indicated that business performance measurement revolution has identified that traditional financial measures do not give a ‘true’ reflection of corporate performance. Stone (1996) pointed out that Non-financial issues, ‘those areas of the discipline which are generally difficult to measure and assess’, are becoming more widely recognised as having an impact on business performance. Letza (1996), Rangone (1997), Bromwich and Mhimani (1994) and Neely (1998) have pointed out the need in many decision-making contexts to integrate financial and non-financial measures to performance and qualitative information.

Amaratunga (2000) highlighted that in many of modern competitive environments, each presenting a series of intangible critical success factors, the assessment of the organisational effectiveness of an organisation cannot be confined to quantitative measures, but must also explicitly include intangible factors. In the last ten years, traditional approach to management and measurement have been increasingly criticised and summarised below:

1. They are rarely integrated with one another or aligned to the business processes (Lynch and Cross, 1991)
2. Measures are often poorly defined (Neely, 1998)
2. Traditional performance measures that enterprises have used may not fit well with the new business environment and current competitive realities (Lee et al, 1995)

3. Misleading information is furnished for decision making (Olve et al, 1999)

The debate above indicates that traditional financial accounting measures offer a narrow and incomplete picture of business performance, and a reliance on such data hinders the creation of future business value and Amaratunga (2000) suggested that financial results should be supplemented with additional ones that reflect customer satisfaction, internal business processes, and the ability to learn and grow. The debate generates the following question: “Is there scope to assess FM performance using an alternative approach, covering both financial and non-financial issues, whilst still preserving the insights into the integrative value of FM”.

3.2.2 A RADICAL NEW APPROACH TO MEASUREMENT

The new approach to measurement and management known as balance scorecard concept was developed as an innovative business performance measurement system, in the belief that “performance measurement approaches, primarily relying on financial accounting measures, were becoming obsolete” (Kaplan and Norton, 1996b). Kaplan and Norton further contended that this innovative approach was able to consider the intangible or “soft” factors that had previously been considered as immeasurable, and as such, of little value.

According to Hepworth (1998) the term “balanced scorecard” reflected the balance between short- and long-term objectives, financial and non-financial measures, lagging and leading indicators and external and internal performance perspectives. The successful application of the BSC in a number of transformation projects identified that it could also be a medium to communicate and align a new strategic approach (Hepworth, 1998). Hepworth further pointed out that the impact of BSC measures considered in isolation would probably be minimal, success is derived from comprehensive visibility of all key influences.

The balanced scorecard had now evolved from an innovative measurement system into a proven management system (Kaplan, 1994). This success was supported strongly by the following case studies: “Diversified holdings company’s chemical division” (Vitale *et al.*, 1994), “Mobil: America’s marketing and refining division” (McWilliams, 1996), and The Pepsi “Dashboard” (Jensen and Gerr, 1994 & 95). Jensen alludes to the BSC business methodology within his “dashboard” framework, but it can be argued that only the measurement facility is fully exploited, the value of linkages appears to have been ignored.

Here it can be said that the quality and depth of the above BSC analysis and the supporting case studies suggests that the concept has significant integrity.

3.2.3 WHY A BALANCED SCORECARD

Balance – a word that indicates the essence of a healthy organisation. Amaratunga (2000) argue that balance is necessary for efficient and effective movement, for the achievement of a rich sound, and for assisting in maximising potential. In the same way, performance measurement systems must achieve a balance, which supports progress against pre-determined objectives, without sub optimisation.

The scorecard's emphasis on non-financial measures is a welcome development and the BSC makes a compelling case for the inclusion of non-financial measures in an organisation's overall measurement system. Amaratunga argue here that non-financial measures, such as customer retention, employee turnover, and number of new products developed, belong to the scorecard only to the extent that they reflect activities an organisation performs in order to execute its strategy, and thus, these measures serve as predictors of future financial performance.

3.3 BALANCED SCORCARD AND LOCAL AUTHORITY

3.3.1 THE ATTRACTION OF THE BALANCED SCORECARD

Clearly, in the context of the UK public sector, the scorecard appears to offer considerable potential to local authorities in terms of contributing both to improved performance and to improved performance measurement. In principle the scorecard offers a co-ordinated approach to ensuring that an authority's declared strategic priorities and goals are visibly linked to corporate, service and business plans which in turn are linked to the search for continuous performance improvement. The "glue" that holds such a performance management system together is the performance information that is required. This is illustrated in Figure 3.1, which shows an over-arching performance management framework.

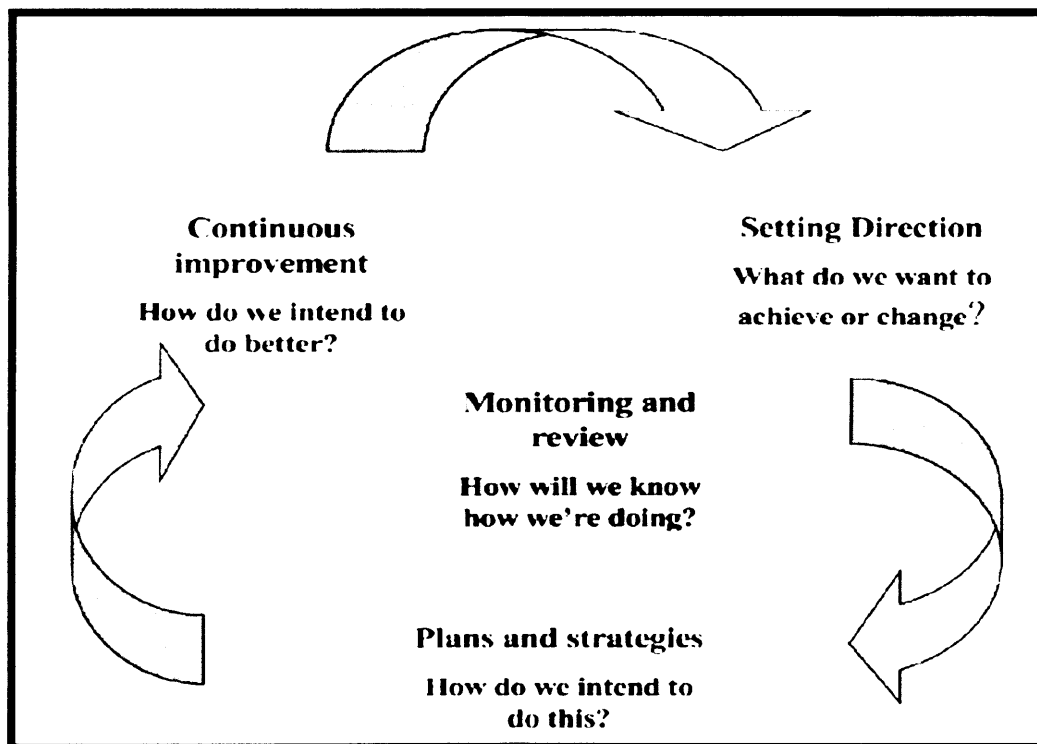
As Kaplan (2001) points out the scorecard offers public sector organisations: a means of closing the gap between vague mission and strategic goal statements and operational activities and measures; and a means of shifting the focus away from individual initiatives and programmes and onto the outcomes that such initiatives are intended to achieve.

In principle, the scorecard would also enable a UK local authority to address a number of issues central to best value. The four scorecard perspectives also clearly relate to key aspects of best value as illustrated in Table 3.1. Potentially, the measurements used in the four scorecard perspectives can be used to satisfy a variety of stakeholders that best value is being delivered or to assist the authority in identifying where best value is not being delivered and further performance improvement is needed.

For all local authorities, the attraction of the balanced scorecard has been the belief that it can be helpful in the search for better performance management and to satisfy a variety of stakeholders that best value is delivered or to assist authority identifying where best value is not being delivered and further performance improvement is needed.

Figure 3.1:

A Performance Management Framework



Source: Wisniewski (2004)

Table 3.1:

Scorecard Perspectives and Key Elements of Best Value

Scorecard Perspectives	Best Value requirements
Customer	To develop a customer/ citizen focus
Processes	To deliver value for money services
Finance	To provide sound financial stewardship
Learning and growth	Achieving continuous performance improvement

Source: Wisniewski (2004)

3.3.2 ISSUES IN USING THE BALANCED SCORECARD

The balanced scorecard was specifically designed to address some of the deficiencies in performance measurement in the private sector (Kaplan and Norton, 1992) and the scorecard design clearly reflects this private sector bias. If the balanced scorecard is to be used effectively in the public sector where there are a number of key issues to be addressed and yet, as Johnsen (2001) comments “The public management context has hitherto received attention regarding use of the BSC”.

(1) THE PURPOSE OF THE SCORECARD

In the private sector, the scorecard is seen as a mechanism for improving performance management – how the organisation manages itself to achieve its strategic goals. For public sector organisations, not only is effective performance management important but so is external performance reporting. Arguably, the issues of accountability to external stakeholders are more important to public sector organisations than to those in the private sector. Local authorities are required to report their performance annually against these scorecards and comparative performance is published across all organisations by central government. However, it is not clear as to whether, and how, such “scorecards” will contribute to more effective performance management.

(2) CORPORATE VERSUS SERVICE SCORECARDS

Again, in the private sector the scorecard is seen as relevant for managing the performance of the whole organisation and then for use in department to ensure alignment of department performance with corporate goals. Whilst this approach has been used in some public sector

organisations, the scorecard has also been adopted independently at department level, such as individual departments or services. Arguably, developing and using a scorecard across an organisation such as a local authority comprising a variety of complex services will be much more difficult than in a private sector company.

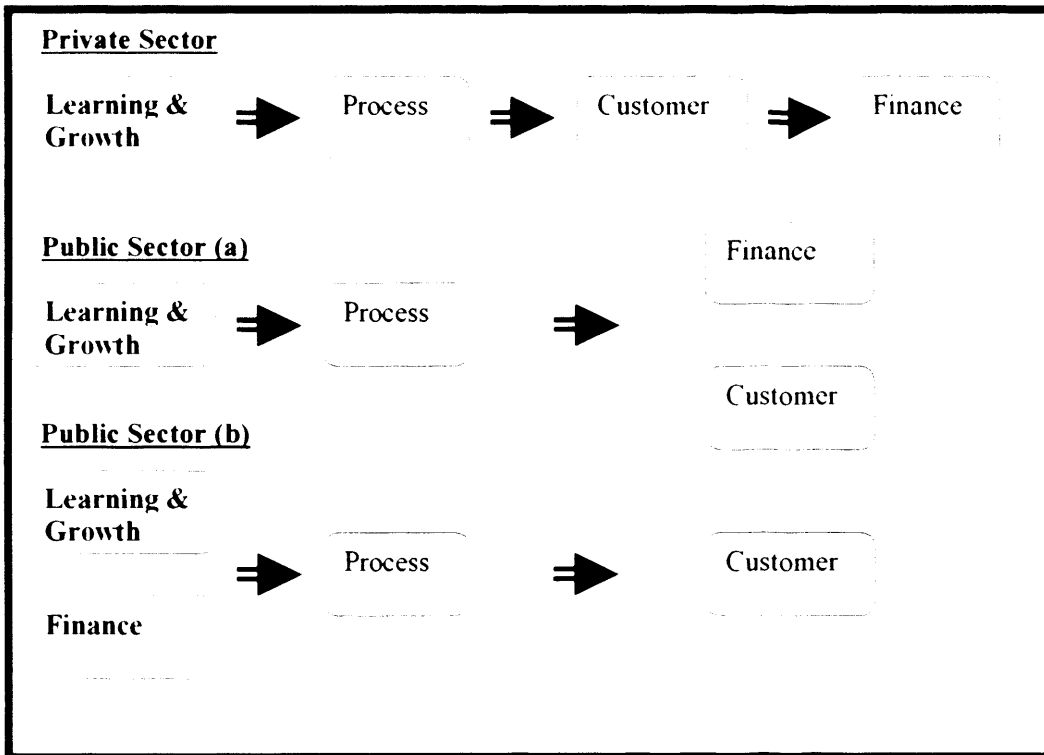
(3) THE RELEVANCE OF THE FOUR “TRADITIONAL” BSC PERSPECTIVES

The four perspectives of a balanced scorecard proposed by Kaplan and Norton were designed for private sector organisations and were an attempt to encourage such organisations to broaden their performance measurement thinking away from merely financial measures. In the public sector, there has always been a tendency to ensure that measures of performance are not simply focused on costs but also try to examine efficiency and effectiveness. There is also an implied logical hierarchy in the perspectives for a private sector company as illustrated in Figure 3.2 where this implied hierarchy is not relevant for a public sector organisation. Here, the customer perspective becomes at least one of the ultimate objectives. Finance could still be seen as a comparable joint objective in terms of achieving value for money with the public funding made available (Figure 3.2, public sector a). However, there are also arguments that finance could be seen primarily as an enabler rather than as an objective (Figure 3.2, public sector b). These alternative hierarchies also have implications for the construction of the strategy map used to build the balanced scorecard.

(4) THE LABEL FOR THE SCORECARD PERSPECTIVES

To what extent do the scorecard perspective “labels” have relevance for a local authority? The “customer” label can be a difficult one for a local authority which may face a multiplicity of “customers” or service users as well as a variety of stakeholders such as the community in general, taxpayers, central government, inspection and audit agencies. In the private sector customers can usually choose where they buy the service but typically customers have little, or no, choice in the public sector. Customer satisfaction measures provide more relevant information in the private sector than in the public sector. The “learning and growth” perspective may also need re-labelling in the public sector. Whilst growth and increasing market share may be a logical strategic goal in the private sector, for at least some public sector organisations a reduction in activity and size may be more appropriate. Similarly, “processes” is not a term commonly in use in local authorities.

Figure 3.2:
Implied Local Hierarchy of a Scorecard



Source: Wisniewski (2004)

(5) THE DIFFICULTIES OF MEASUREMENT

There are real practical difficulties of measuring intangibles, such as service quality, social inclusion, quality of life, that are typical high-level strategic goals for authorities. Even where these can be measured any real change in the numerical values of these measures may take many years, calling into question the usefulness of the scorecard for performance management purposes. There are also measurement difficulties in situations when the service received by the “customer” may be an aggregate of that provided by several organisations. Private sector scorecards are inevitably focussed on the objectives and strategies of a single organisation. Increasingly in the public sector there is an expectation of “joined up working” where several agencies – sometimes including the private sector – are expected to co-ordinate plans and actions in order to deliver to a common objective.

3.3.3 THE BSC MODEL OF KAPLAN AND NORTON

The BSC is a conceptual framework for translating the organisation’s vision into a set of performance indicators distributed among four perspectives. In viewing an organisation in four perspectives (Figure 3.3), the BSC is intended to link short-term operational control to

the long term vision and strategy of the business. The BSC allows managers to look at the business from the four perspectives.

(1) CUSTOMER PERSPECTIVE

This perspective captures the ability of the organisation to provide quality goods and services, the effectiveness of their delivery, and overall customer service and satisfaction. The BSC demands that managers translate their general mission statement on customer service into specific measures that reflect the factors that really matter to customers. In a public organisation model, the principal driver of performance is different than in the strictly commercial environment: namely customer and stakeholder interests take prominence over financial results. In general, public organisations have a different, perhaps greater, stewardship responsibility and focus than do private sector entities (PEA, 1998).

(2) INTERNAL BUSINESS PROCESSES PERSPECTIVE

The business processes perspective is primarily an analysis of the organisation's internal processes which focuses on the internal business results that lead to financial success and satisfied customers' expectations. Internal business processes are the mechanisms through which performance expectations are achieved. Customer-based measures are important, but they must be translated into measures of what the organisation must do internally to meet its customers' expectations, therefore, managers need to focus on those critical internal operations that enable them to satisfy customer needs (Kaplan and Norton, 1992). Key processes are monitored to ensure that outcomes will be satisfactory. Organisations should decide what processes and competencies they must excel at and specify measure for each. The measures should also link top management's judgement about key internal processes and competencies to the action taken by individuals that affect overall corporate objectives. This linkage ensures that employees at lower levels in the organisation have clear targets for actions, decisions, and improvement activities that will contribute to the organisation's overall mission.

(3) INNOVATION AND LEARNING PERSPECTIVE

Customer and internal business process measures identify the parameters that the organisation considers most important for competitive success. The target for success keeps changing and intense competition requires that organisations make continual improvements to their existing products and processes and have the ability to introduce entirely new

processes which expand capabilities (Kaplan and Norton, 1992). This perspective looks at such issues, which includes the ability of employees, the quality of information systems, and the effects of organisational alignment in supporting accomplishment of organisational goals. This perspective also takes on increased importance in organisations that are undergoing radical changes. In order to meet changing requirements and customer expectations, employees may be asked to take on dramatically new responsibilities, and may require skills, capabilities, technologies, and organisational designs that were not available before. Learning growth and innovation issues enable the organisation to ensure its capacity for renewal, a pre-requisite for survival in the long term and to maintain and develop the know-how required for understanding and satisfying customer needs.

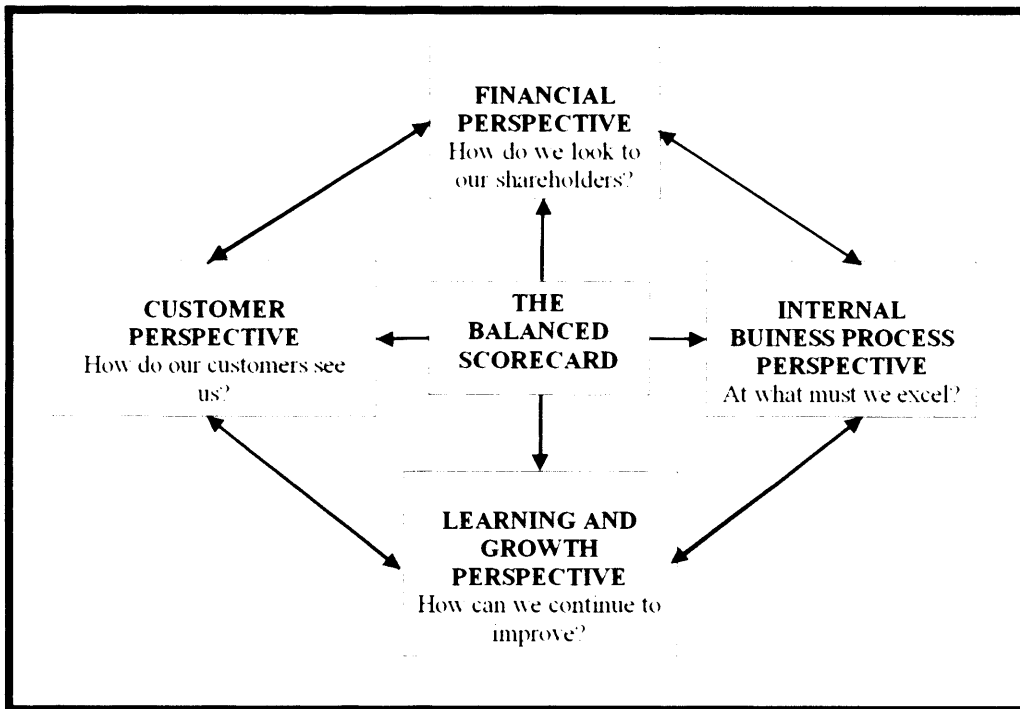
(4) FINANCIAL PERSPECTIVE

Financial performance measures indicate whether the organisation's strategy, implementation, and execution are contributing to bottom-line improvement. It shows the results of the strategic choices made in the other perspectives. In the public arena, the 'financial' perspective differs from that of the traditional private sector (Baldry, 1998). Private sector financial objectives generally represent clear, long-range targets for profit-seeking organisations, operating in a purely commercial environment for public organisations should be measured by how effectively and efficiently they meet the needs of their constituencies (PEA, 1998). Therefore, in the government, the financial perspective emphasises cost efficiency, i.e., ability to deliver maximum value to the customer.

A continuous process centred on the scorecard combines the above four perspectives. The role of the balanced scorecard is to highlight what should be the focal points of the organisation's efforts. Kaplan and Norton (1996b) describe the process as a cycle. The vision is made explicit and shared, and communicated in terms of goals and incentives (Olve et al, 1999). These are used to focus the work, allocate resources, and set targets.

Figure 3.3:

The Balanced Scorecard



Source: Kaplan and Norton (1996a)

3.4 CONCLUSION

The balance scorecard is the answer to assessing FM performances, covering both financial and non-financial issues, whilst still preserving the insights into integrative value of FM. The concept has significant integrity and offers local authority a means of closing the gap between the vague mission and strategic goal statements and operational activities and measures; and a means of shifting the focus away from individual initiatives and programmes and onto the outcomes that such initiatives are intended to achieve.

The attraction of the BSC has been the belief that it can be helpful in search of better performance measurement and increase the economy, efficiency and effectiveness. Notwithstanding the attraction of the BSC there are a number of issues surrounding the use of BSC in local authority including: (1) it is not clear as to whether and how scorecard will contribute to more effective performance management; (2) the variety of complex FM services existing within local authority will make BSC much more difficult; (3) the relevance of the four traditional scorecard perspective; (4) the labelling of the scorecard perspectives; and (5) the practical difficulties of measuring intangibles.

Lastly the BSC has been seen as conceptual framework for translating local authority's vision into a set of performance indicators distributed among the four perspectives: customer, finance, learning and growth and business processes. Here it can be concluded that BSC in the context of the UK public sector appears to offer considerable potential to local authority in terms of contributing both to improved performance and to improve performance measurement and deliver value for money. Overall highlight what should be the focal points of the local authority's efforts in the delivery of value for money.

CHAPTER 4: FACILITIES MANAGEMENT AND FACILITIES MANAGEMENT SERVICES IN LOCAL AUTHORITIES

4.1 INTRODUCTION

Facilities Management in local authorities has the overall aim of ‘creating an enabling environment within which the local economy can prosper, within which quality services can be delivered, people can enjoy a quality of life and value for money can be achieved’, (Alexander, 1999). However, in practice, Facilities Management in local authorities in the United Kingdom has been traditionally considered as a support service, delivered in-house and regarded as a prime candidate for contracting out. This chapter discusses Facilities Management’s different procurement strategy available in organising local authority FM services to delivering best value services.

4.2 FACILITIES MANAGEMENT IN LOCAL AUTHORITY

When managing a public real estate portfolio, one has to bear the interests of various stakeholders in mind. Unlike an investor, a public facilities manager within the local authority does not focus primarily on the financial interests of the real estate. In addition to being an asset, real estate is a facility that needs to support the primary processes of the local authority. At government level this means that facilities should meet the needs of various departments and agencies. Below that, at the level of local authority, facilities are seen as a means of accomplishing the local authority political goals. These goals originate from government (Schaaf, 2002). However, these different interests are not always aligned, and sometimes even are contradictory (Evers *et al.*2002).

Due to the continuously changing political, financial and customer needs, facilities managers in the local authority (i.e. FM outsource team or FM in-house team) operate in a field of tension. Managing public facilities is finding the right balance between the different interests. Schaaf (2002) suggested that as goals and needs of local authority has changed over the years, the way public real estate is organised has changed as well, and how this is done differs strongly from local authority to local authority.

The facility manager’s task in the local authority under best value regime is thus to ensure that all public facilities and services, many of which are closely interrelated, are synchronised to maximise and optimise to benefit the local people. The FM department being in-house or

outsource is thus the contact point for all of these facilities and services, and for reporting malfunctions.

In local authority that FM should extend beyond operational matters to include strategic considerations for the future facility and service provision. Thus the facility manager or department needs to be well versed in the local authority quantitative and qualitative objectives, economic considerations, and the qualities of an effective, comfortable work environment. The Facility manager or department also needs to be aware of the ever-turbulent external environment in which they operate as this also has an effect on their vision of effective strategic facility management.

Alexander (2003) suggested that the option to retain FM in-house or contracting out is a most important aspect of Facilities Management in the public sector concerns in the contribution in the delivery of public services and the creation of an enabling environment and services that respond to the democratic needs of citizens and nurtures a strong, healthy community and thriving local economy.

4.3 LOCAL AUTHORITY FACILITIES MANAGEMENT IN-HOUSE

Facilities management in-house is where a service is provided by dedicated resources directly employed by the client organisation. In the local authority there are several in-house FM models that are used, the most common and traditional being perhaps a decentralised one and other models that are commonly used are partially decentralised and centralised (Alexander, 2003).

Alexander (2003) noted that the decentralised model is one where the organisation, in this case local authority, takes responsibility for all administration, operation and maintenance. The department to a large extent has the responsibility for both the user and managerial-roles. Often one sees that the sector also takes on the role of the owner. Gillesen (2000) highlighted that executive decisions regarding finance are usually made by the central administration, in this case local council. This method of organising the facilities management in local authority can be both advantageous and disadvantageous. On the operational level the staffs are able to form a close relationship with the responsibilities. The disadvantage of this may be that the decentralised model leads to a situation where there isn't

clear and unified structure or a clear division between the responsibilities of the owner, client and the service provider.

Alexander (2003) suggested a partially decentralised model, one where different department within the local authority are responsible for the daily maintenance of the real estate that they possess. A centralised real estate division takes care of the larger projects and specialised tasks. The roles of the user and manager are seen to by the individual authority. Local authority retains the personnel responsibly for the personnel on the operational level and has responsibility for the daily maintenance of the real estate. The central Facilities Management division acts as a consultant for the sector within the local authority regarding larger projects and specialised tasks (Gillesen 2002).

A centralised model is one where the management role is taken care of by a separate real estate organisation. Each sector is responsible for the role of the user, and is considered as “tenant” by the real estate department. The real estate division is an independent department, operating with the same guidelines as the other traditional sectors within the local authority (Gillesen, 2002). Gillesen (2002) further contended that here only one real estate department is responsible for Facilities Management instead of different departments, accommodation costs can be decreased and a higher return on investment can be achieved. Moreover, the department may be in a better position to determine the prospects and volume of future services than all individual users separately (Evers *et al.* 2002).

There are both advantages and disadvantages in centralised and decentralised systems. One advantage of having a central in-house facility management department is that it allows economies of scale to be created. By co-ordinating service and product acquisitions, cost reductions can be achieved. A centralised unit creates synergy among various needs for facilities and these economies of scale lower the costs of occupancy (Krumm, 1999). In addition, compared to decentralised system, central department are able to share information better and collect scarce expertise (Schaaf 2002). Schaaf (2002) also pointed out that there are differences which decisions are decentralised, for example, some local authorities have a centralised facilities management department that makes all real estate decisions, while others make investment decisions based on the quantity and quality needs of the users, who, in turn, pay for their facilities.

4.4 CONTRACTING-OUTING FM IN LOCAL AUTHORITY

Barrett (1995) defines contracting-out as the generic term to describe the process by which a user employs a separate organisation (the supplier), under a contract, to perform a function, which could, alternatively, have been performed by in-house staff. It is important to note that outsourcing is not a synonym for contracting out. According to Barrett (1995), "outsourcing" denotes one type of contracting-out; namely, the process by which a user employs a separate company (the supplier), under a contract, to perform a function, which had previously been carried out in-house; and transfer to that supplier assets, including people and management responsibility. The various alternative terms, and in particular "outsourcing", do have tighter meanings than the term contracting-out. Some of the simpler definitions of outsourcing include:

Outsourcing is generally understood as a situation where the whole or a part of the business unit is transferred to an outside organisation. The outside organisation takes the responsibility of the human resources and financial issues of the outsourced units. The original owner then takes the role of a customer and starts to manage the old personnel with a contract. In reality, the original organisation continues, at least in some ways, but the responsibility of the completed work is the responsibility of the service provider (Tuomela & Puhto, 2001).

The essence of these definitions is that contracting out refers to the concept of looking for expertise to handle certain business functions outside the existing organisation. The decision making process that management must undergo when considering contracting out, hinges on a "make or buy" philosophy. More variables are brought into play when management considers contracting out a product or service that is currently being produced internally (Embleton & Wright 1998). Contracting-out is not new. It is a natural result of specialisation and decision as to whether an organisation should make or buy to ensure the supply of goods or services necessary for an organisation's operation. Increasingly, the term implies longer-term arrangements such as networks, partnering, strategic alliances and joint ventures rather than simple market transactions (Moran & Taylor 1997; Tuomela & Puhto 2001). The term contracting-out is used very broadly in different situations. The term has different meanings depending on the type of contracting out.

According to Atkin and Brooks (2000) there are essentially three main types of contracting-out service providers. They range from the use of an external FM organisation or individual

who manages the client's organisation own employees, through the appointment of a contractor to manage some or all service providers, to an arrangement where all facilities are managed by an external entity offering a single point of responsibility. Figure 4.1 shows the three main types in terms of their contractual and management links.

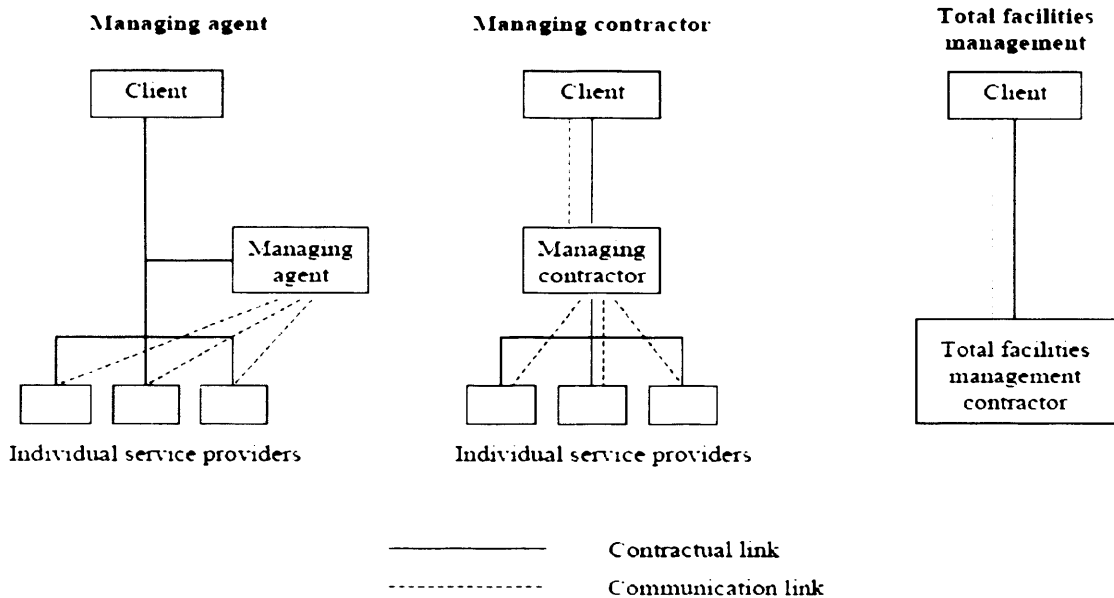
Managing agent arrangement type of procurement is adopted when the organisation has determined that it wishes to retain its own employees, but does not have the skill or expertise with which to manage them efficiently and effectively. By bringing in an external organisation to manage the facilities, the organisation is essentially appointing a client representative. This person will act almost as though he or she were part of the permanent establishment of the client organisation. Under this arrangement, contracts with service suppliers will be with the client organisation (Atkin & Brooks 2000).

Under managing contractor arrangement there is one contract between the client organisation and the appointed contractor. Subcontractors will be under contract to the managing contractor and so will not have a contractual relationship with the client organisation. This means that organisations have a single point of contact with the contractor on all matters pertaining to service provision (Atkin & Brooks 2000).

In total Facilities Management model organisations are able to pass the full responsibility for managing their facilities to a single organisation for a fixed price. This does, however, require the client organisation to provide the contractor with sufficient scope to be able to manage the various services efficiently (Atkin & Brooks 2000).

Figure 4.1:

Three main types of contractual arrangement



Source: Atkin & Brooks (2000)

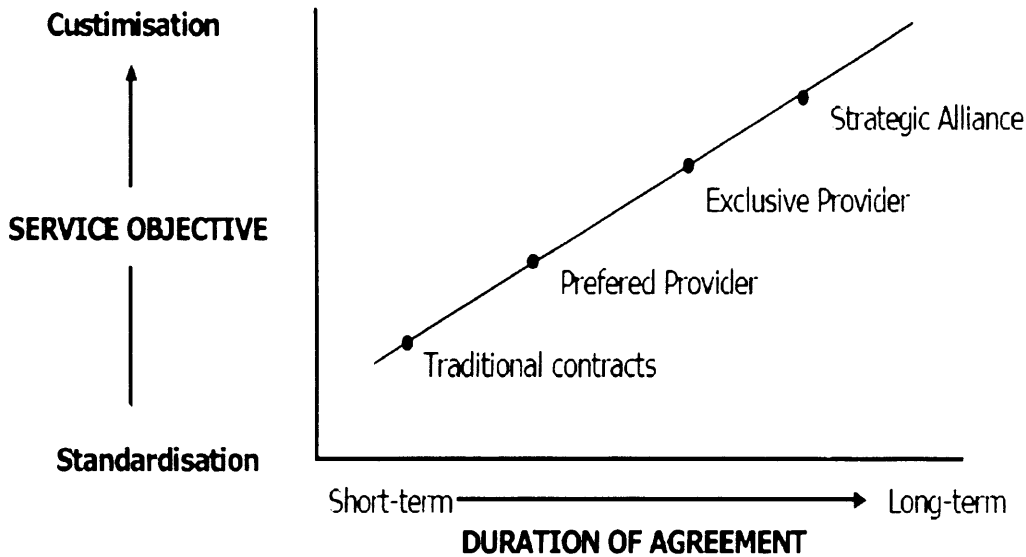
4.5 PARTNERING

Partnering is an alliance between the client, in this case the local authority and the service provider and the cooperation aims to long contracts and equivalent hierarchy between the parties. The partnering gives more power to the service provider and is built on the basis of mutual trust. Tuomela & Puhto (2001) define partnering: Refers to the working relationship between the owner, designer and contractor. Partnering can also be used to identify the relationship between owner and the supplier of a specific good or service. It provides the opportunity to institute longer contracts with the supplier instead of working annual basis.

Once the decision has been made to outsource or contract out services, the public real estate manager has to decide which form of client-vendor relationship best suits his situation. The relationship with external providers can be organised in different ways. Lambert *et al.* (1995) make a distinction between a traditional Contract, a preferred provider relationship, an exclusive provider relationship and a strategic alliance. The choice of relationship depends on the degree of standardisation and the duration of the agreement (Figure 4.2). The more detailed and customer-focused the tasks involved, the more constrained the collaboration with the customer and the greater the attention needed to prepare the relationship.

Figure 4.2:

Choice of Relationship



Source: Lambert et al. (1995)

In a traditional contract the tasks are more standardised, while in a strategic alliance they tend to be more customer-focused. Therefore, the centre of attention in a strategic alliance is usually the relationship itself and not the transaction. Both parties are more open towards each other and feel committed to each other since they share the same goals. A strategic alliance can be described as a collaborative relationship between a client company and a service provider, to offer the agreed services at a global or regional level to all locations and plans of the client company.

While traditional contracts are aimed at achieving cost reduction, strategic alliances are designed not only to reduce costs, but also to improve quality, reduce cycle times and support innovations (Evers et al. 2002). The kind of relationship that the corporate or local authority real estate department formalises with a service provider strongly depends on the objectives the department wants to achieve, as well as the kind of activities to be outsourced. A major advantage of a strategic alliance over a traditional contract is that fewer relationships have to be maintained with different service providers. Instead of concluding contracts with different service providers for each separate transaction at each location, one contract is now signed with one service provider (sometimes with a few, depending on a size and geographical reach of the company). The advantage of having one overall service provider as opposed to several

is that the targets, the decision-making process and the business process of the company, as well as the performance criteria applied by the public real estate manager only have to be explained once. Moreover, a contract with one or just a few service providers makes it easier for a local authority real estate manager to control and evaluate these outsourced activities (Evers *et al.* 2002; Dewulf & Liem 1997).

In a strategic alliance, a service provider may gain this knowledge and achieve the trust required to undertake strategic activities (Evers *et al.* 2002; Dewulf & Liem 1997). The relation between the service provider and the vendor develops over the time. Due to changes in the political context, the public real estate department's financial targets may change as well. This is why it is often hard to make deals with service providers in the long run (Evers *et al.* 2002).

Nowadays many client-vendor relationships are called strategic alliances without anyone knowing for certain what this actually involves. Dewulf and Liem (1997) concluded that the in the local authority strategic alliance will probably not become the new client-vendor relationship of the future, because the client and the vendor can never be partners of equal merit as long as one is paid by the other so an exclusive provider relationship would seem to be more suitable and realistic form of outsourcing for which to aim.

4.6 FM PROCUREMENT AND BEST VALUE IN LOCAL AUTHORITY

Through the Local Government Act 1999 the government has placed a duty on local authorities to consider all relevant procurement options for the future delivery of FM services and to choose the option that produces best value for money (cost and quality) by the most economic, efficient and effective means. Government guidance suggests that an integral part of an authority's approach to best value should be the preparation and adoption of a procurement strategy.

Pitt *et al.* (2006) highlighted that public procurement involves the expenditure of tax payers' money there is a constant need to ensure that the money has been spent economically, efficiently and effectively where it can be shown that money has been spent in this manner it is reasonable to conclude that value for money has been achieved. The HM Treasury's document on procurement (HM Treasury, 2003) states the following: The government aim in procurement decision-making is to secure the maximum improvement in public services

from investment through maintaining an unbiased stance on which procurement route will offer value for money in each case.

Through “Re-thinking Construction” (the Egan Report) Government are keen for local authorities to explore new ways of working and part of the agenda is to try and get away from the adversarial nature of some contracts through working in partnership with the private sector. Clarke et al (2000) indicated that the Government’s Best Value Bill has already made a significant impact upon the role of FM within local authority, hence, the strategic role of FM together with the benefits of a best procurement approach i.e. an integrated approach will need to be carefully considered.

There is no best way to manage public facilities. The best choice is highly dependent on what a local authority wants. If a local authority wants to have a little influence in society as possible, and limits its influence to traditional policy then in-house facilities management will probably also be given very low priority. In these cases, it can be expected that the management of public facilities will be privatised. The range of priorities of local authorities differs, moreover, local authority priorities change over the years. Nevertheless, it is possible to choose a procurement option under best value regime that can help the facility manager to adopt a good approach to facilities management.

Most local authorities are increasingly using contracting out strategy more specifically partnering to improve their competitive advantage and to delivery best value. Through partnering, they are assured of saving money, extending their capabilities and improving the services they provide to citizens and businesses, and many government executives are eyeing these potential benefits hungrily.

4.7 CONCLUSION

The Facilities Management in local authority under best value regime is therefore to ensure that public facilities services are synchronised to maximise and optimise to benefit local people and more importantly is creating an enabling environment within which local economy can prosper, so that quality services can be delivered and people can enjoy a quality of life and value for money achieved.

The choice of a procurement route i.e. in-house or contract-out under best value regime is an important aspect of local authority real estate in the contribution of the delivery of public services and the creation of an enabling environment and services that respond to democratic needs of citizens. In the local authority there was several in-house FM models including: decentralised, partially decentralised and centralised and contract-out FM models including: management agent, management contract, total facilities management and partnering.

It can be concluded that local authorities have a different range of priorities, moreover their priorities change over the years. Nevertheless, an appropriate procurement route under best value should be considered from the core business thinking either to contract-out to quality recovery to partnering or return to the in-house teams depending on local authorities' priorities.

CHAPTER 5: RESEARCH METHODOLOGH

5.1 METHODOLOGH

The use of the balanced scorecard as the research method was to help identify the specific areas that needed improvement in housing performance management and also address the deficiencies in performance management. The Balanced Scorecard key comparative performance indicators i.e. customer, internal business process, financial and learning and growth were used in this dissertation to compare one star (fair) to three stars (excellent) Councils' performances under best value. The intention was to comprehend the management differences between the two Councils' performances. Two Local Councils were selected for the study – A, Slough Borough Council in the Berkshire area with a population of 118,000 classified as one star Council, and B, Westminster City Council, in Greater London area with a population of 230,000 classified as three stars Council.

The two pilot Councils had established an Arms Length Management Organisation to manage and improve all of their housing stock .Both Councils had more than 90 percent of their facilities management services outsourced. The housing stock in Council A was 6698 units in an area of 32.52 km² whereas in Council B was 22,000 units in an area of 21.48 km² Table 5.1 shows example of the two Councils.

Table 5.1: General Overview of the two Councils

Indicator	Council A (Slough Council)	Council B (Westminster City Council)
<i>Surrounding</i>		
Population of city/ district	118,000	230,000
Area of city/ district	32.52 sq km	21.48 sq km
County	Berkshire	Greater London
Type of city/ district	Unitary, Borough	London Borough, City
Housing Stock in city/ district	6,698	22,000
<i>Councils</i>		
Local Authority Housing Management Organisation	Arm Length Management Organisation (ALMO) - People 1st Slough	Arm Length Management Organisation (ALMO) - City West Homes Ltd
Audit Commission Star Ranking	One Stars	Three Stars
FM service in city/ district	Outsourced	Outsourced

Note: All data is from 2006. Arm Length Management Organisation (People): *An ALMO is an organisation set up by a local authority to manage and improve all or part of its housing stock*

Shaw (2003) in his paper contended that valid performance comparisons demanded a rigorous, standardised assessment criteria and methods, especially when they are used to compare organisations. The BSC is a performance measure that focuses on tracking key metrics grouped according to four perspectives (financial, internal business process, customer, learning and growth), which together constitute a balanced view of an organisation (Kaplan and Norton, 1992). The four scorecard perspective also clearly relate to key aspects of value for money. Clear definitions of each perspective in relation to value for money are outlined below:

- financial – to provide sound financial stewardship;
- internal business processes – to deliver value for money services;
- customer - to develop a customer/ citizen focus; and
- learning and growth – achieving continuous performance improvement.

In this dissertation, the author used the same definitions before choosing and confirming the common but feasible key performance indicators (KPIs), which constituted the main characteristics of each perspective. This key performance indicator is known as the key line of enquiry (KLOEs) published by the Audit Commission (see Table A.7) and offered Councils and inspectors the scope to explore how Local Councils' value for money priorities were met and their fit into the broader national agenda.

The dissertation used the KLOEs indicators and modified some indicators to suit the purpose of the study as the main characteristics of the four BSC perspectives. The common comparative indicators now in the BSC framework (see Figure 5.1) were set up to measure the two Local Authorities' performances in the area of achieving VFM. The resulting performance measures, and related critical success factors are shown in Table A.1 to A.5 (see Appendix section). The Audit Commission's performance and improvement standard score were used to measure and score the indicators in BSC to determine the performance standard and direction of travel of the two Councils (see Table 5.2 and Table 5.3).

Figure 5.1:

Comparative BSC council VFM performance measurement framework

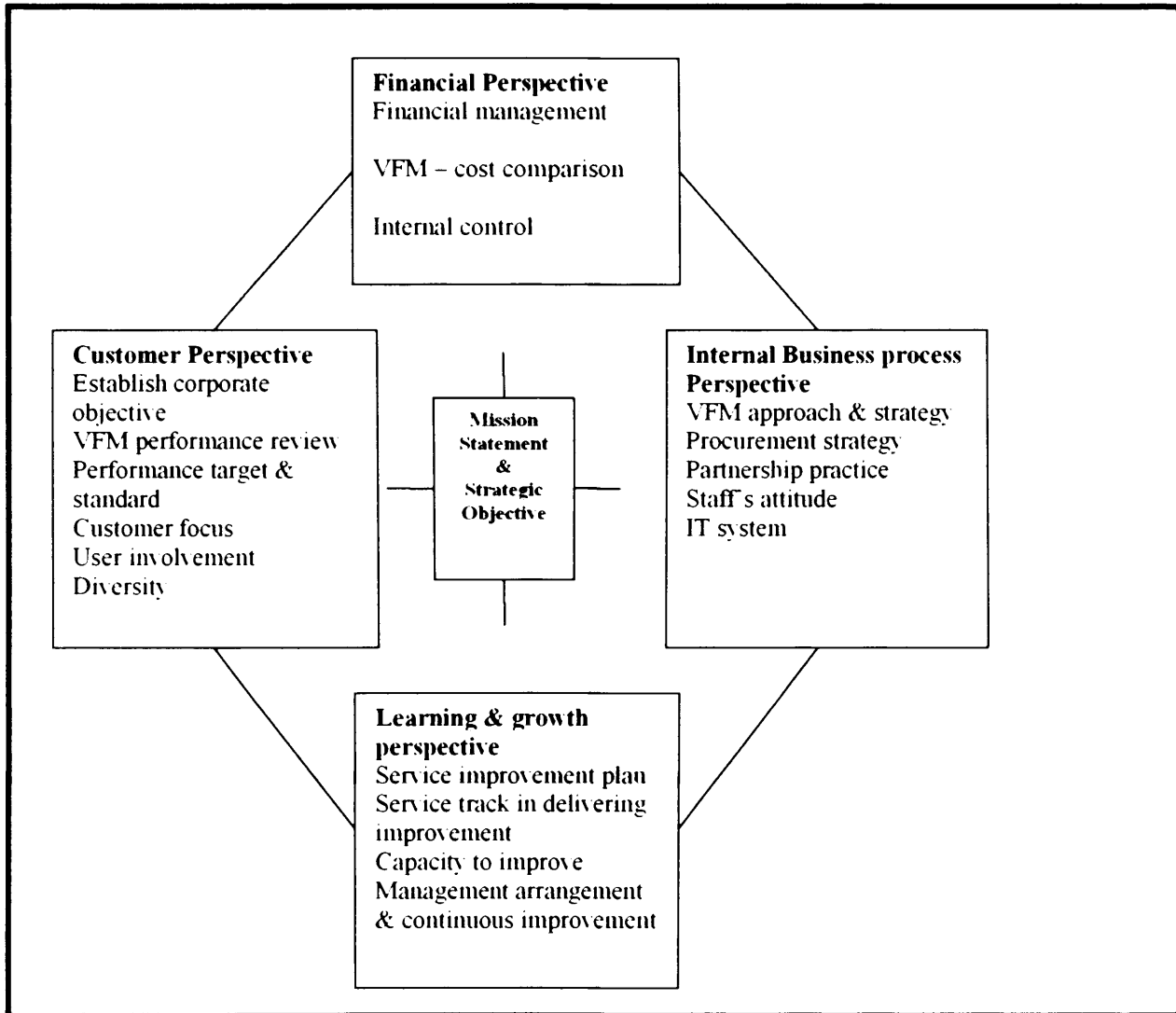


Table 5.2:

Performance Standard Score

1 – Service consistently delivers below minimum requirements – inadequate performance;
2 – Service consistently delivers only at minimum requirements – adequate performance;
3 – Service consistently delivers above minimum requirements – performing well; and
4 – Service consistently delivers well above minimum requirements – performing strongly.

Source: Audit Commission (1995)

Table 5.3:

Improvement Standard Score

1 – Service consistently delivers below minimum requirements – Improving inadequately;
2 – Service consistently delivers only at minimum requirements – improving adequately;
3 – Service consistently delivers above minimum requirements – Improving well; and
4 – Service consistently improving well above minimum requirements –improving strongly.

Source: Audit Commission (1995)

The dissertation also adopted the value chain and modified it to suite the purpose of the study. The BSC perspectives were used as the main measures of the three E's (see Figure 5.2 and Table 5.4) to represent cost, input, output and outcome. This is to demonstrate the achievement of VFM through the use of the four balanced scorecard perspectives.

Figure 5.2:

Value Chain and Balanced Scorecard

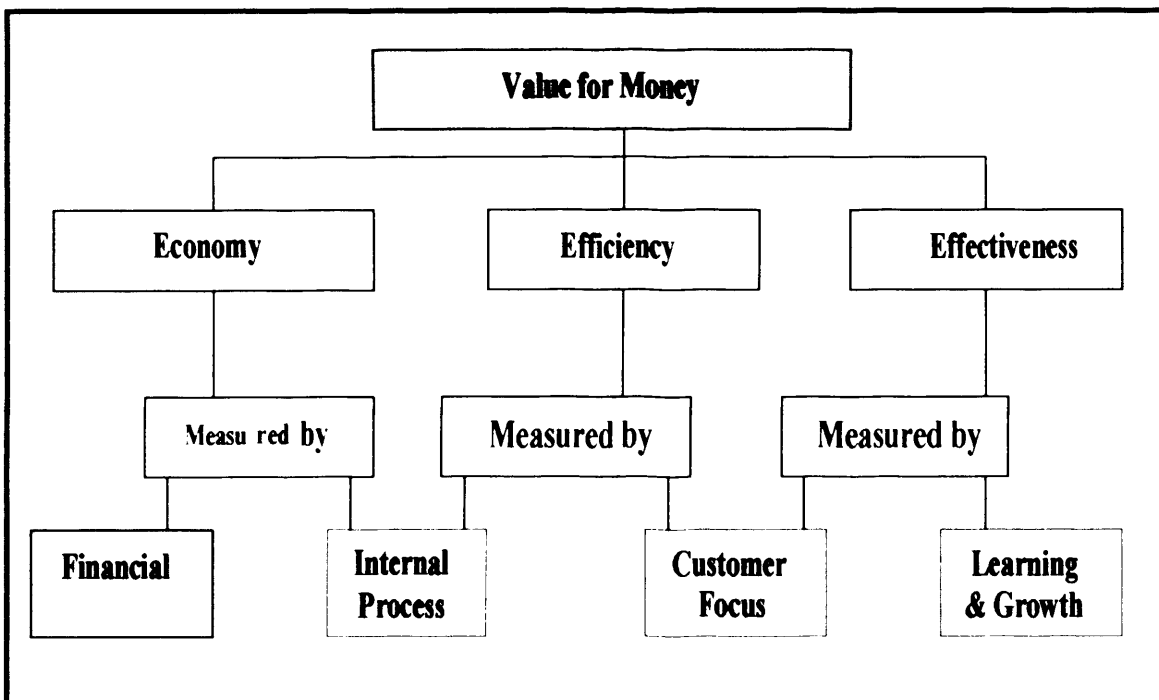


Table 5.4:

Value for Money formula

Achieved VFM – Value Chain:

= Economy +Efficiency = Effectiveness

Achieved VFM - BSC Perspectives:

= Financial + Internal Process + Customer Focus + Learning &
Growth

A detailed questionnaire developed, covering the Council's housing performance management in the area of value for money (see Appendix C for full text of the questionnaire). The questionnaire covered the following areas:

- general information on the Councils ranging from geographical location to size of population;
- definition of VFM and associated benefits;
- customer focus perspective;
- financial stewardship perspective;
- internal business process perspective; and
- learning and growth perspective

There were three parts to the questionnaire. Part one of the aimed at eliciting general information on the two Local Authorities' housing performance management section to establish the common features of the two Councils. Part two looked at the senior managers' within the housing performance management department's perception of the meaning and benefits of VFM. Six VFM meanings and nine benefits were provided and presented on a scale of 1 to 5, with terminal anchors of "strongly agree to strongly disagree".

Part three of the questionnaire aimed at eliciting information on how VFM performance within the housing sector was organised and managed in relation to the four BSC perspectives. A set of questions was asked under each perspective. The answers were evaluated on a scale of 1 to 4, with terminal anchors of "inadequate performance, improvement to performing or improving strongly" in relation to the KLOEs expectation.

CHAPTER 6: CASE-STUDY FINDINGS AND ANALYSIS

6.1 RESPONSES TO THE QUESTIONNAIRE

The case-study questionnaires were posted on the 5th July 2007 to Slough Borough Council and Westminster City Council. Replies were expected back on 31st July 2007, by the 1st August 2007 all the questionnaires returned, considered adequate for the study (Table 6.1 and Figure 6.1).

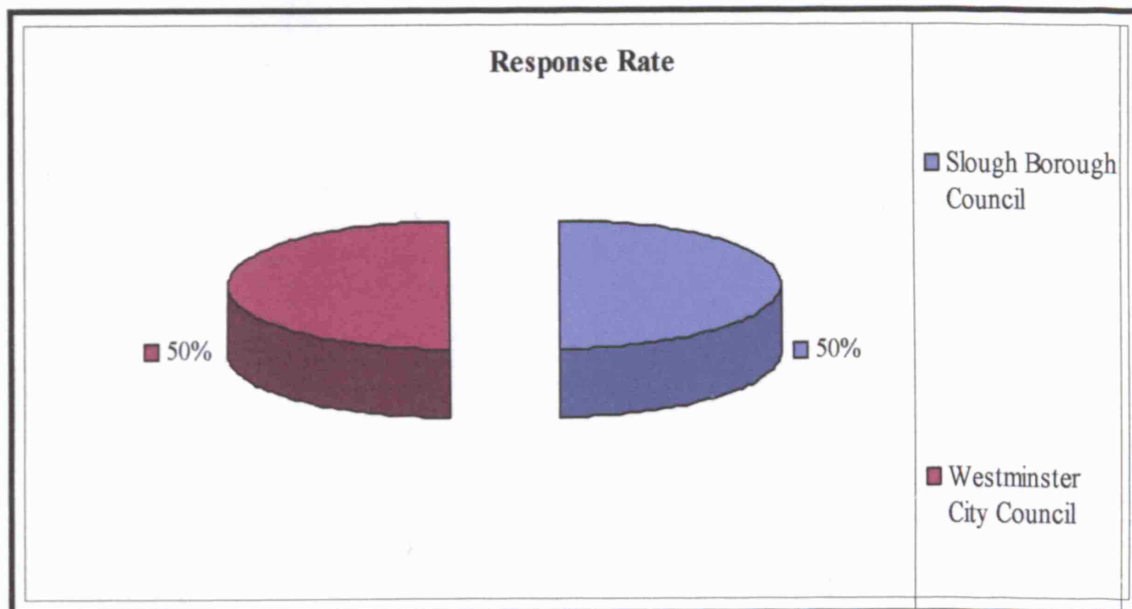
Table 6.1:

Questionnaire Returned

Local Council	Issued	Returned	Response Rate (%)
Slough Borough Council	1	1	50%
Westminster City Council	1	1	50%
Total	2	2	100%

Figure 6.1:

Percentage of Response Rate



6.2 GENERAL INFORMATION

Part one of the questionnaire aimed to find the general information about the two Councils' housing performance management. The response represented in Table B1 as shown in the appendix section of this dissertation. The result shows that Slough Borough Council retains landlord function whilst in Westminster City Council landlord function was retained by the ALMO. The two local authorities housing stock was currently managed by the ALMO known as People First in Slough and CityWest Home in Westminster. It was found that People First's management was made up of 15 members plus 2 co-opted members and 4 senior management members (5 council nominee, 5 independent members, 5 resident members, 2 co-opted members and 4 senior management members) whereas in CityWest Home the management was made up the main board with 16 members (5 council nominees, 5 independent members, 5 resident members and the chief executive) and two subsidiary boards with 15 members each (4 council nominees each, 4 independent members each and 7 resident members each).

The survey discovered that the mission statement for People First was to provide an excellent housing services and decent homes through tenant choice to create pride in Slough community whilst CityWest Home's mission statement was to provide high standard, affordable services to tenants and lessees in Westminster and to create and maintain safe, sustainable and inclusive communities for residents. It was also discovered that People First's strategic objectives in achieving their mission statement includes: to continuously improve the housing management and maintenance services; ensuring excellent and consistent services across all neighbourhoods; ensure all council homes achieve the Government's Decent Homes standard by 2010; actively engage with tenants and leaseholders; providing opportunities to influence policy and operational practice; contribute to the development of safe, supportive and sustainable communities; and ensure People First maximises their capacity and achieves value for money in the implementation of their policies, plans and services. Whereas CityWest Home's strategic objectives to achieve their mission statement includes: to improve the quality of life in the neighbourhoods; to provide excellent customer services and high satisfaction levels; to improve the housing stock and associated infrastructure; and to delivering enhanced value for money.

It was discovered that People First manages 7,618 Slough Borough Council's housing stock, of which 6,699 were tenanted and 919 were sold on long leases whilst in CityWest Home

they managed 21,544 Westminster City Council's housing stock, of which 12,338 were tenanted and 9,206 were sold on long leases.

6.3 PERFORMANCE MEASUREMENT AND THE CONCEPT OF VFM

Part two of the questionnaire aimed at positioning the meaning of VFM and the associated benefits within the two Councils which are discussed here in this section. The response represented in Table B2 and B3 in the appendix section of this dissertation. A list of six VFM definitions and nine benefits were given and respondents were asked to give their opinion as to whether they strongly agree, agree, uncertain, disagree or strongly disagree. This section then moved on and discussed the performance measurement within the two local authorities and concluded with the concept of VFM practices in an FM environment.

It was discovered in the survey that out of six lists of VFM meanings specified in the questionnaire, respondents rated FM services must be fit for purpose and to meet the needs of the local people at right time as their first priority and both scored an average points of 5 each represented 19% each (see Table 6.2 and Figure 6.2). FM services must be at a price that local people can afford received the second highest score and that scored an average points of 4.5 represented 17%. The FM services must be economical i.e. prices must be competitive, efficient i.e. processes must be streamlined and capable of securing continuous improvement overtime were considered as the third priority on the list and scored an average points of 4 each represented 15% each. The result in Table 6.3 below suggests that the six benefits associated with delivering VFM were all very important in the two Local Councils. The variance in opinions between Council A and B was insignificant i.e. ranges from 0 to 2 which the study considered as irrelevant implying that all the benefits outlined in the table were all equally important as far as VFM is concern.

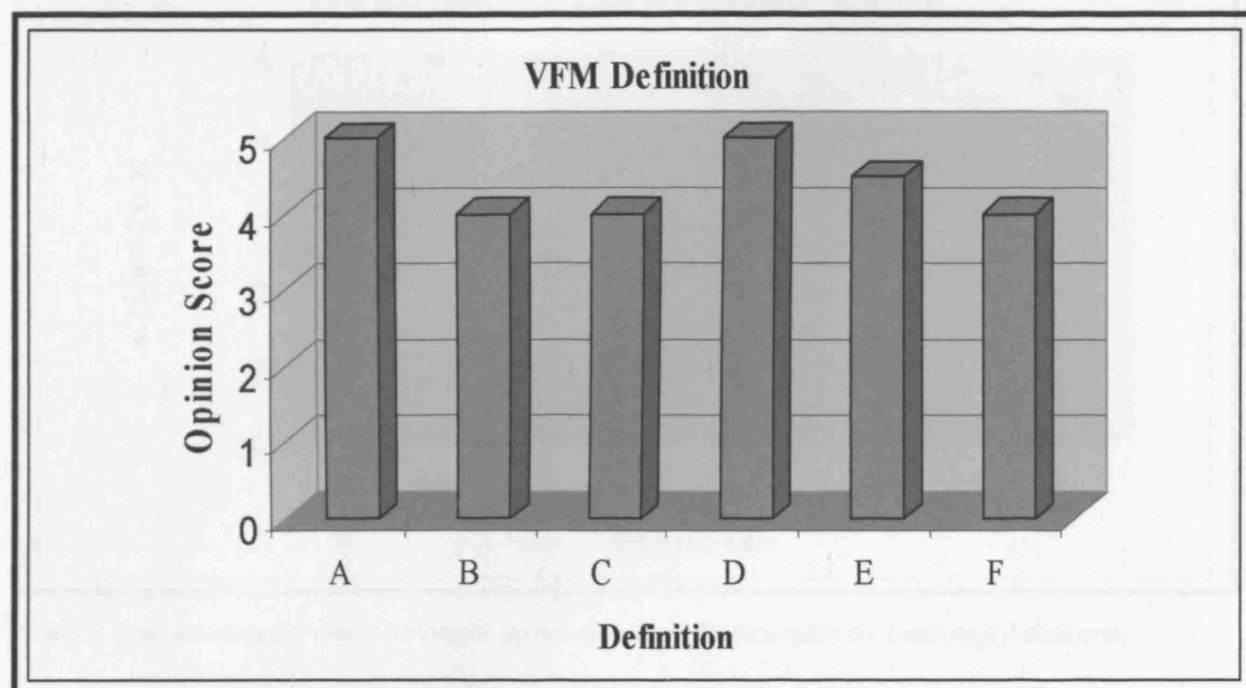
Table 6.2:

VFM Definition

VFM Definition	Av. Score	Variance	Standard Deviation	Score	Percent age (%)
A. Services should be of the right quality i.e. they must be fit for purpose	5	0	0.00	10	19%
B. Services delivered should be economical i.e. from a supplier whose prices is competitive	4	2	1.41	8	15%
C. Services delivered should be efficient i.e. through streamlined processes that link seamlessly with partner organisation.	4	2	1.41	8	15%
D. Services delivered should be effective i.e. they should meet the needs of the local people at the right time.	5	0	0.00	10	19%
E. Services should be at a price local people are willing to pay.	4.5	0.5	0.71	9	17%
F. Services should be capable of securing continuous improvement over time	4	2	1.41	8	15%
Total	26.5	6.5	4.95	53	100%

Figure 6.2:

VFM Definition Opinion Score

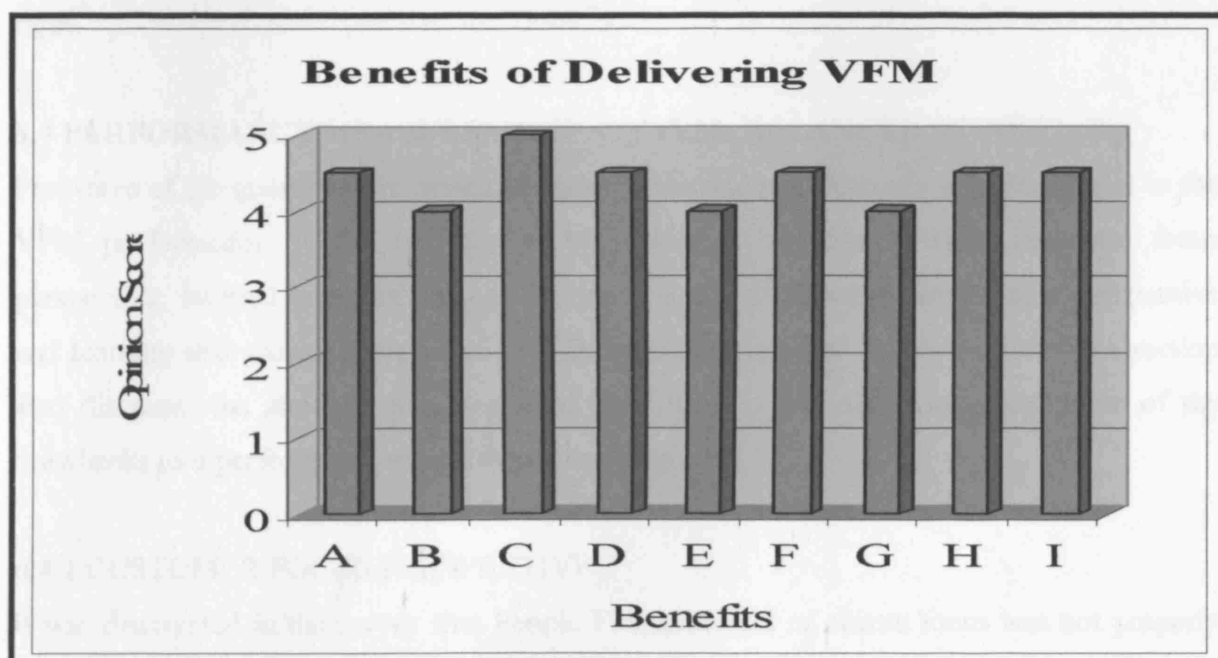


Note: Opinion range from 5-strongly agree through 3-uncertain to 1-strongly disagree

Table 6.3:
Benefit of Delivering VFM

Benefits of Delivering VFM	Average Score	Variance	Standard Deviation	Score	Percentage (%)
A. Openness and transparency of service process.	4.5	0.5	5.71	9	11%
B. Compliance with statues and regulations	4	2	7.41	8	10%
C. Price certainty of services delivery	5	0	5.00	10	13%
D. Timely delivery of services	4.5	0.5	5.71	9	11%
E. Affordability of services	4	2	7.41	8	10%
F. Gaining higher audit commission rating	4.5	0.5	5.71	9	11%
H. Access to extra government funding.	4	2	7.41	8	10%
I. Targeted savings	4.5	0.5	5.71	9	11%
J. Accountability of services delivery	4.5	0.5	5.71	9	11%
Total	39.5	8.5	55.78	79	100%

Figure 6.3:
Opinion Score of Benefits of Delivering VFM



Note: Opinion range from 5-strongly agree through 3-uncertain to 1-strongly disagree

The above evidence leads the study to believe that performance measurement in the two local authorities has been associated with efficiency, effectiveness and economy. This was to assess whether both Councils has obtained the maximum benefits from the goods and services they both acquires and provides, with the resources available to them. This statement agrees with the three government department's views on performance measurement within local authority as discussed in the literature review section. The data from the survey also suggested that VFM had been defined as: "the relationship between economy i.e. prices must be competitive, efficient i.e. processes must be streamlined, effectiveness i.e. must meet the needs of the local people at the right time and securing continuous improvement over time". This definition is in accordance with the Audit Commission's (2005) definition: "value for money defined as the relationship between economy, efficiency and effectiveness". The benefits associated with delivering VFM found in the survey includes: openness and transparency in service processes, compliance with government best value legislation, price certainty, timely delivery, gaining higher audit commission's rating, access to extra funding from the government, meeting targeted savings and accountability of services delivery. The debate points to the conclusion that FM is not a business opportunity but seen as rapidly being recognised as a key element in ensuring that the public is provided with best value services. This in turn has led to the growing recognition of FM as a profession within its own right.

6.4 PERFORMANCE MEASUREMENT SYSTEM: BALANCED SCORECARD

Part three of the questionnaire aimed to uncover the major differences and similarities in the VFM performance of the two Local Authorities in relation to their customer focus perspective, internal business process perspective, sound financial stewardship perspective and learning and growth perspective and findings are discussed in this section. This section also discusses the strategic importance of BSC used in this dissertation and some of the drawbacks as a performance measurement system.

6.4.1 CUSTOMER FOCUS PERSPECTIVE

It was discovered in the survey that People First customer or citizen focus was not properly developed and performing adequately whilst in CityWest Home's customer focus had been firmly developed and performing well (see Table 6.4 and Figure B.1). The differences and similarities in the performances of the two local authorities found in the survey are debated below. It was found from the survey that People First had an approach that understood and

made changes to the FM services through the use of response from feedback and the local people's comments, but the approach did not address all the FM services whereas in CityWest Home the approach was clear and comprehensive that understanding the local people and the community needs through information drawn from regular surveys, consultation needs analysis, partnerships, user feedback and local research, the approach linked all the FM services across all sectors.

Table 6.4:

Customer Focus Perspective

Criteria for Measurement	Max Score	Council A	Council B
Customer Focus	4	2	3
User Involvement	4	2	3
User Satisfaction	4	2	2
Diversity	4	2	3
Best value Review	4	2	3
Corporate Objectives	4	3	3
Average Performance Score	24	13	17

Note: Performance score range from 1- inadequate performance; 2- adequate performance; 3- performing well to 4 -performing strongly.

It was also discovered that within People First, accessibility of FM services to the local people and community existed but was not in a consistent manner (a typical example discovered was that, not all the premises were accessible to people with disabilities and were remote in nature) whereas in CityWest Home all the full ranges of the FM services provided complied with the requirements for physical, remote and intellectual access for local people and in particular met the accessibility needs of all. Therefore it can be said here that People First had not researched or set out a strategy that outlines the best ways to make the FM services accessible to all and that met the needs of the people across the board.

People First had a mechanism that involved users and the local people formally and informally which was used on a regular basis in setting standards in most, but not all of the FM services. Most sections of the community participated in the consultation. Barriers of age, language, physical access or sensory impairment were minimised. Whereas in CityWest Home it was clear that they had a comprehensive mechanism in place to co-ordinate all the

FM services and that widely involved users and the local people in an informal and formal ways and was used proactively on a regular basis to set standards where they applied in different aspects of the services. The views of the local people and target communities in particular, were actively sought out and acted on. The mechanism was comprehensive and well known and was clear to the users and the public, the FM services were widely publicised and easily understood by all. CityWest Home's arrangement enabled the local people to participate regardless of age, language, physical access or sensory impairment and the FM service provides feedback to the local residents and others about the results of the consultation. The above debate leads the study to believe that People First's approach to user involvement has not been firmly established because the approach does not cover a wider area of the FM services and was very low in enabling the local people to participate whilst CityWest Home's approach was comprehensive, well known, clear and understood by the user and the public and enabled the local people to participate regardless of age, language, physical access or sensory impairment and more overall feedback information to the local residents on the performance of the FM services.

From the survey it was established that People First's approach to customer satisfaction was encouraging because of the move away from a low to a higher satisfaction level within a period of two financial years i.e. from 65% in 2005/06 financial year to 67% in 2006/07 financial year but below the government standard of 70% and over. The same was the case in CityWest Home, "their approach was strong", said by the senior management due to the movement from a low to a higher satisfaction level of 63.43% in 2005/06 financial year to 68.93% in 2006/07 financial year and surveys were carried out in all the FM service areas on regular basis. The overall customer satisfaction level of the two Councils was below the government standard which allows the study to conclude that the residents in both local authorities were fairly satisfied with the standard of the FM services provided but falls below the government standard.

From the survey it was evident that People First's delivery of the FM services understood the local community and made use of census and other information, including that of stakeholders and partners, to plan, deliver and improve the FM services, but that was not consistent across all aspects of the service. The FM service focused on ethnicity rather than diversity in its wider sense, understanding of diversity was still being developed within the organisation (a typical example was that the majority of the staff had only just received

training to help them understand equality impact assessments). Whereas in CityWest Home it was seen that they had in place a racial equality scheme and equal opportunities policy including a comprehensive racial harassment policy. It was found that CityWest Home had a programme of equalities and diversity training for all staff, Tenant Management Organisation (TMO) and resident associate (RA) and partners in place. They had a clear corporate communication policy that took into account equality, diversity and communications and accessibility issues. The discussion point to the conclusion that People First has not researched the stage to embrace equality and human rights and ensure that all users, or potential users, have fair and equal access to the FM service whilst with CityWest Home they had research and gone beyond the stage of embracing diversity in the FM services to the local people.

The findings suggested that People First conduct best value reviews on a quarterly basis on all their FM services and publish both past and current performance, compare performances with that of other local authorities and identify action plans, priorities and targets for improvement and reviewed over a five year cycle. It was discovered that People First had conducted 15 best value reviews so far at the start of the FM contract and only 10 has been implemented. Whereas in CityWest Home best value reviews were conducted on an annually basis on all the FM services and published past and current performance, compare their performance with that of other local authorities and identify action plans, priorities and targets for improvement. CityWest Home had conducted 13 best reviews and fully implemented 11 and 2 are partially implemented. The above debate implies that both local authorities conduct best value reviews on a regular basis, compare their performance to other local authorities and identity an action plan. CityWest Home has implemented 85% of their reviews whereas People First have implemented only 67%.

People First's strategic objective, addresses clearly, best value initiative and the same with CityWest Home (see Table B1) and led the study to confirm that both Councils were in tune with government's legislation on best value, that all local council's corporate or strategic objectives must incorporate best value initiatives.

6.4.2 INTERNAL BUSINESS PROCESS PERSPECTIVE

It was found from the survey that People First’s internal business process performance had delivered a minimum requirement for the users, and was not cost-effective or contributing significantly to the wider outcome for the community. (see Table 6.5 and Figure B.2). This was due to the fact that they had not fully developed their VFM strategy and had not yet acquired all the detailed information they needed in respect of their costs to help develop that approach. The partnering arrangement in place had not delivered any savings due to the lack of client input, lack of good partnership environment, lack of open discussion and more overall lack of understanding of the partnership requirement.

Table 6.5:
Internal Business Process

Criteria for Measurement	Max Score	Council A	Council B
VFM Strategy	4	1	3
Procurement	4	3	3
Partnership	4	1	3
Performance Management System	4	1	3
ICT	4	1	3
Leadership	4	2	3
Staff’s Attitude	4	2	3
Total Score	28	11	21

Note: Performance score range from 1- inadequate performance; 2- adequate performance; 3– performing well to 4 –performing strongly

People First had a robust system for performance management in place that was relatively new but was not consistent in driving improvement, not routinely monitoring services to check efficiency and moreover monitored overall performance with reference to targets and benchmarking but did not routinely compared costs. The use of ICT was improving in some areas but was underdeveloped in other areas and leadership at senior management level was still developing around the skills to effectively lead the staff team and achieve a consistently improved services. Staff attitude toward promoting and delivering VFM was found to be very high but training and awareness were very low.

The CityWest Home FM services was consistently delivering above minimum requirements for the users, was cost-effective and made contributions to the wider outcome for the

community (see Table 6.5 and Figure B.2). This was due to the fact that they had a good VFM strategy in place that had been linked to their corporate objective articulating how the savings outlined in their delivery plan would be achieved. Effective partnership working was adopted through good communication, good understanding of the partnership requirement of achieving and reducing costs while at same time improving services, clear definition of objectives and expectations, good partnership environment, open discussion and these had helped their efficiency target of £1.4 million in 2005/06 to be achieved. The use of ICT was effective to deliver service objectives and had also achieved efficiencies in operations as well as provided management information about service and non-service users, and about how they perceive those services and also as part of their integrated approach to improving access to the service for the users. CWH had an active, visible and effective management and leadership, recognised by staff, partners and other stakeholders. The leadership, from senior managers and councillors and board members, sets the tone of the organisation by creating a climate of openness, transparency and mutual respect. Staff was supported to perform to the best of their ability. Evidence shows that staff had positive attitude toward promoting and delivering VFM. This was done through staff awareness training. Positive staff attitudes to driving costs down and at the same time receiving same standard of services were evident.

The only area found that was very impressive about People First was that they had a robust procurement strategy in place that was based upon modern principles of procurement to deliver better value for money. It also set out a methodology for a joint procurement i.e. using a London based consortium to procure projects like the replacement windows in their programme over the last three years. Tenants were involved in interviewing and assessing the contractors. Contractors were assessed on a matrix of cost and quality with quality being the major factor leading to a contractor partnership arrangement where experience and procurement advantages were being shared. The same case was evident in CityWest Home, they had a robust procurement strategy in place that maximised value by employing professional, innovative and modern procurement and supply chain techniques to reduce total cost, to gain a better understanding of forward requirements and to focus on fit for purpose specifications and to develop the "in house" professional purchasing and supply chain expertise.

The above debate suggests that CityWest Home had better VFM strategy, procurement and good partnership arrangements in place that drive improved FM services and moreover, a

higher good leadership culture and staff training toward achieving and improving VFM, whilst in People First VFM strategy had not been fully developed. The partnership arrangement not been properly established, the performance management system in place not consistent to driving improvement, the use of ICT underdeveloped, leadership culture to promote improved service was still developing and staff training and awareness toward VFM was very low but they had a robust procurement strategy in place that had delivered better value for money.

5.4.3 FINANCIAL PERSPECTIVE

Providing a sound financial environment through the use of a good financial management system, cost comparison system, internal control of risks and budget control in the two Local Authorities are the subject for discussion in this section. It was found that People First financial environment in achieving VFM had performed adequately whilst CityWest Home's had performed well (see Table 6.6 and Figure B.3). The differences in the financial performances standard in the two Local Authorities set the tone of the discussion of this section.

Table 6.6:

Financial Perspective

Criteria for Measurement	Max Score	Council A	Council B
Financial Management	4	3	3
VFM - Cost comparison	4	1	3
Internal Control	4	1	3
Total Score	12	5	9

Note: Performance score range from 1- inadequate performance; 2- adequate performance; 3- performing well to 4 -performing strongly

People First lack the understanding of the external factors that affect their costs. They had no clear understanding of costs in relation to the quality of the FM services, limited understanding of why some costs were high, less clarity about other unit costs, no discussion or research into how high cost areas could be reconfigured without a loss of quality. They had not been able to make any savings to the cost of services to their tenants. People First approach to risk management was less robust, a framework for risk management was found to be in place but not yet implemented. The risk register was not complete and identified

risks had yet to be assessed. Responsibilities to manage the elements of risk had not been comprehensively assigned. Management had not received risk management training and were ill informed about risks management. People First's budget monitoring arrangements was strong, and managers were delegated with budget responsibilities and support given to individual managers with budgetary management through regular meetings. Sound financial management procedures were found to be in place, the control of finances was robust with good quality financial management, budgets were closely managed and good information was provided to managers on costs and performance with budgets.

CityWest Homes had an effective budget setting process which saw that the budget had been prepared alongside the delivery plan, ensuring that resources were matched and reflected the aims set out in the ten-year financial business plan. Budgets and capital programmes were soundly based and designed to deliver their strategic priorities. CWH regularly review their arrangements to ensure that they remain fit for purpose. They used the benchmarking organisation House Mark to help understand and benchmark their costs. CWH was aware of the reasons for their higher costs and the external factors that affected their costs and understood the relationship between costs to quality. They also had a strong approach to risk management with the risk register reviewed and updated regularly and the risks were proactively managed. The staff members with the specific responsibility for risk management had received risk management awareness training and were well informed.

The above comparison indicates that CityWest Home had a better understanding of their costs and the external factors that affected it, understood the relationship between costs to quality, had a sound financial management procedure in place that had performed well and had a strong approach to risk management to achieve VFM whereas People First lack the understanding of their cost, poor approach to tackling risks, but they demonstrated good budget monitoring and control. Sound financial management procedures were found to be in place that had performed well. Therefore this section concludes that CityWest Home's financial performance to achieving VFM had delivered above minimum requirements whilst People First performance below minimum requirements.

6.4.4 LEARNING AND GROWTH PERSPECTIVE

This section discusses the two Local Authorities' continuous performance improvement of the FM services. It was discovered that People First's FM services had improved adequately whilst CityWest Home's had improved strongly (see Table 6.7 and Figure B.4). The differences in the improvement travels are then discussed in more detail below.

Table 6.7:

Learning and Growth Perspective

Criteria for Measurement	Max Score	Council A	Council B
Service Improvement Plan	4	2	4
Service Track	4	2	4
Capacity To Improve	4	2	4
Continuous Improvement	4	1	3
Total Score	16	7	15

Note: Improvement requirement range from 1-Improving inadequately; 2- Improving adequately; 3- Improving well to 4 –Improving strongly

People First had a robust service improvement plan that set out the actions needed, the timescale, the officer responsible and outcomes with which to measure progress. The plan contained the detailed actions and targets to achieve People First higher level targets. The plan addresses service weaknesses and sets challenging targets in most of the FM service areas. Whereas in CityWest Home their service plan was robust, well monitored and VFM formed an important element of the service improvements plan. The plan emphasised strongly on achieving value for money. For the short to medium-term the improvement plan agreed with CWH priorities. This was supported by a ten-year financial business plan that served and set the financial context within which decisions were made. Their budget was prepared alongside the improvement plan, ensuring that resources needed to carry out the activities were matched. The plan had close links to the Council's Housing Strategy, HRA business plan and the Council's 'One City' vision document. In producing the improvement plan residents, employees, the tenant management organisation were all consulted. The differences found in the two approaches were that CWH's improvement plan had closely been linked to Westminster City Council's Housing Strategy, business plan and the Council's 'One City' vision document. Residents, employees and the tenant management organisation

were all consulted in producing the improvement plan. The budget had been prepared alongside the improvement plan. Other than these differences all other areas addressed were the same to those of with People First's.

People First had demonstrated a track record to delivering improvements in the FM services for tenants. Improved VFM services had been delivered in a number of service areas, some of the service users had noticed improvements in their FM services, a typical example was tenants expressed concerns from surveys about their care-taking service following consultation with the tenant representatives, People First then introduced a far more comprehensive care-taking service that had delivered cleaner and more pleasant estates. Another example was that the performance of the responsive repairs had also improved, 99 per cent of urgent jobs had been completed within the service standard and above the target at 98 per cent and routine jobs now took less time to complete at 10.24 days. Both these services a year ago performed at much lower levels than this and were priorities identified with tenants for action. . Improvements were occurring but at a very slow rate and not across all the FM services. CityWest Home, had demonstrated a track record of delivering changes and improvements to the FM services. Value for money had been improved in a number of key areas over the last three years which had led to significant savings. The suggested improvements by the audit commission inspection including the partnering arrangements to deliver the major works programme, bringing in-house the project management of the major works programme, and the setting up of the supply chain team. The implementations of those improvements took place quickly and across all the FM service areas and that had resulted in a significant savings to the Council and the tenants. The differences found here were the pace of implementation of the improvement plan across all areas of the FM services and the evidence of significant financial savings made, these were strong in CityWest Home and adequate in People First.

People First had the capacity to improve their FM services, the need for a significant investment in training was evidence but staff training needs had not yet been embedded and training had not been well targeted. People First used ICT, but not as effectively as it could have been to deliver the service objectives and improvements, to achieve efficiencies in operations and had not been developed as part of their integrated approach to improving access to the FM service for the users. People First and the main FM service provider are in the process of procuring handheld computer technology to improve the performance of the

FM services. People First had an effective procurement strategy and action plan based on a modern method of procurement and had engaged effectively in a strategic partnering with the main FM service provider, but no evidence of improvements in the FM services. CWH had a strong capacity to improve through an effective relationship with the partnership organisation to improve the FM services and finances were continually been managed effectively. The ICT was used effectively to deliver service objectives and improvements, a number of IT initiatives that had seen tangible improvements for customers and had been used to achieve efficiency savings in operations as well as to provide management information about service. It was discovered that ICT had been well developed as part of their integrated approach to improving access to the service for the users and potential users. A strong approach to using modern procurement methods that focused on VFM to improve the FM services was in place and appropriate skills had been brought into CWH to build capacity in procurement issues. A supply chain manager had been recruited on an interim basis to build the capacity in the supply chain management, i.e. an enabling skill to be developed amongst the permanent members of the staff. CWH had engaged effectively in strategic partnering, with evidence of improvements in the FM services. The effective relationship with the partnership organisation to improve the FM service, staff training and motivation and the used of ICT effectively to deliver the service objectives and improvements and to improving access to the service for the users were strong in CityWest Home and adequate in People First.

People First was found to be a learning organisation, they had learnt from their own internal processes including the use of feedback from service users, from other external organisations for example learning from their consultants in respect of partnering and work to achieve the Decent Home Standard, also from other better performing organisations in benchmarking clubs used this information to improve their performance with for example the void project turnaround times, but sharing what had been learned with others across all areas of the FM services to improve the service. Whereas in CityWest Home, they had learned from their own experiences and from that of others, as a result of user feedback, including complaints, compliments, comments and suggestions; staff feedback, including suggestions; assembling and sharing best practice of others; service providers in the public; outcomes of Best Value and external inspections – audit commission inspection. CWH had learned from other high performing local authorities in shaping their FM services. There were a number of examples of co-operation and learning from other bodies sharing with others across all areas of the FM services, for example it had driven areas of good practice in relation to tenant management

organisation activities and shared that across the board to improve the FM services. The major differences found here were the sharing of knowledge and using this continuously to improve the FM services were strong in CityWest Home and improving well in People First.

6.4.5 STRATEGIC IMPORTANCE AND DRAWBACKS OF THE BSC

It was discovered that the balanced scorecard was the answer to assessing the FM performance in the two local authorities because it covered both financial and non-financial issues. The balanced scorecard also appeared to offer considerable potential to the two local authorities in terms of contributing both to improved performance and to improved performance measurement. The balanced scorecard also offered a co-ordinated approach to identifying whether or not the authorities' strategic priorities and goals are visibly linked to the corporate, service and business plans which in turn linked to the search for continuous performance improvement. Finally it was also discovered that balanced scorecard was seen to highlight what should be the focal points in relation to the four perspectives of the local authority's efforts in the delivery of value for money.

Some issues with BSC were identified in the survey, as the two local authorities were required to report their performance annually against comparative performance by central government, however, it was not clear as to whether, and how, the balanced scorecard would contribute to a more effective performance management. Kaplan and Norton (1992) indicated that an implied logical hierarchy in the balanced scorecard perspectives for a private sector company was relevant whereas in the study it was discovered that implied hierarchy was not relevant for the two local authorities because the customer perspective was seen as at least one of the ultimate objectives and finance was seen as a comparable joint objective in terms of achieving value for money or seen as primarily as an enabler rather than as an objective. Therefore these alternative hierarchies had an implication for the construction of the strategy map used to build the balanced scorecard.

Here it can be said that the analysis of the use of the BSC and the supporting findings from the case studies suggests that the concept had significant integrity in respect to identifying clear areas that needed strategic attention and focusing on these areas, irrespective of the issues outlined above.

6.5 FACILITIES MANAGEMENT PROCUREMENT

It was discovered in the study that most of the FM services were found to be outsourced to FM service provider(s) in both Councils (see Table B1 in the appendix section) including cleaning, response repairs, (Empty) voids property repairs, aids and adaptation services, gas services, estate management and sheltered housing management. The only FM services found to be retained in-house were the improvement programmes and project management. The managing agent arrangement was the procurement type found to be adopted in both Councils where the ALMOs was the management organisation and the client being the Council and the service provider was the FM organisation. This procurement type was opted for because the both Councils had determined that they wish to retain their own employees, but do not have the skill or expertise with which to manage them efficiently and effectively. Therefore an external organisation such the ALMOs was brought in to manage the facilities and act almost as though they were part of the Council.

From the survey it was discovered that People First practice a traditional contract form of client-vendor relationship where the task was more standardised and the contract was aimed at achieving cost reduction, while in CityWest Home a strategic alliance was evident where they were more customer-focused and contract was designed not only to reduce costs, but also to improve quality, reduce cycle times and support innovations and a more collaborative relationship between the Council and the service provider, to offer the agreed services at the local level to all locations.

The above debate leads the study to believe that the type of partnership arrangement and client-vendor relationship to adopt could lead to ensuring that public facilities services are synchronised to maximise and optimise to benefit the local people and more important to create an enabling environment within which the local economy can prosper, within which quality services can be delivered, people can enjoy a quality of life and value for money can be achieved.

6.6 BALANCED SCORECARD PERSPECTIVES AND VALUE FOR MONEY

The case study findings with the help of the balanced scorecard allows the study to believe that People First's have serious issues with their internal business process: undeveloped VFM strategy, the partnership arrangement not properly established, inconsistent performance management system, underdeveloped ICT, undeveloped leadership culture and

low staff training and awareness. The financial perspective was seen as the second area under performing, the issues include costs are not compared properly, understanding cost and the factors that affect it was low and undeveloped approach to tackling financial risks. The third was the learning and growth, issues include the knowledge sharing across the board to improve the FM services was low, learning from the partnership to improve the FM services was, training and motivation low and continuous improvement was low. The customer focus approach was doing well but few issues came up during the survey: no strategy to make the FM services accessible to meet needs of the people across the board, user involvement approach not firmly established and the user satisfaction level below the government standard, embracement of equality and human rights are limited and implementation of best value review not encouraging. In comparison to CityWest Home, the only area found to be not performing was the customer focus where the user satisfaction level was below the government standard. Apart from this all the other areas were found to be performing well and above the minimum requirement.

This information is now put into perspective to test whether both Local Authorities had achieved VFM or not. With reference to the value chain and the balanced scorecard perspectives, the study had indicated that value for money is high when there is an optimum balance between all the four perspectives i.e. customer focus, internal process, financial and learning and growth perspectives (see VFM formula in Table 5.4).

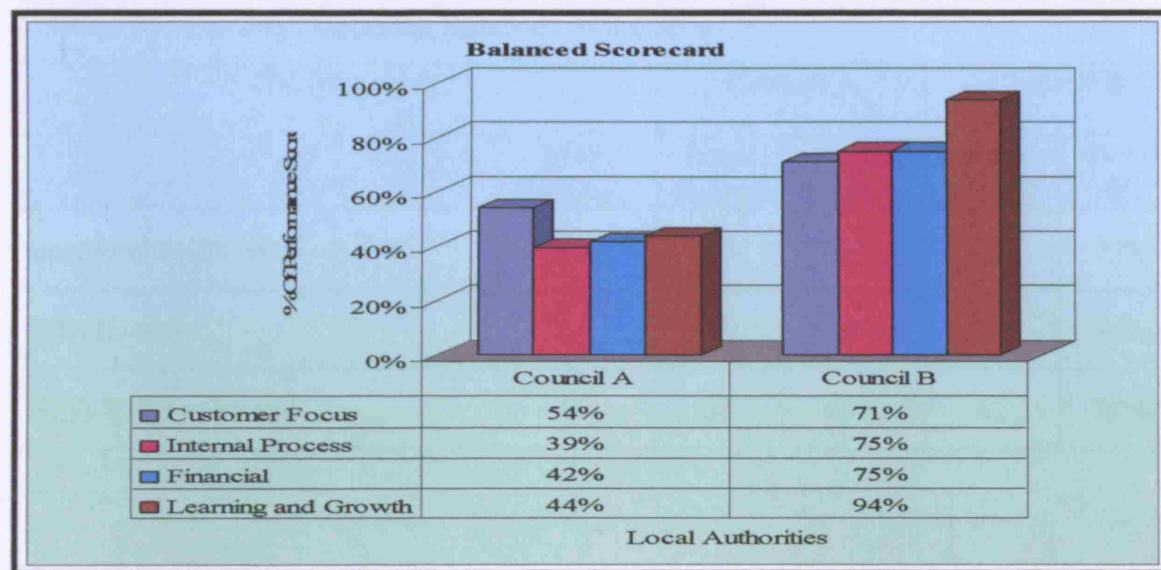
Table 6.8:

Balanced Scorecard Perspectives

Criteria for Measurement			Council A		Council B	
Perspectives	Max Performance Score	% of MPS	Total Point Scored	% of TPS	Total Point Scored	% of TPS
Customer Focus Perspective	24	100%	13	54%	17	71%
Internal Process Perspective	28	100%	11	39%	21	75%
Financial Perspective	12	100%	5	42%	9	75%
Learning and Growth Perspective	16	100%	7	44%	15	94%
Total	80	100%	36	45%	62	78%

Figure 6.4:

BSC Perspectives Score



The result in Figure 6.9 and 6.10 indicates that CityWest Home have scored 62 points out of 80 performance points which represented 78%, meaning that they have achieved VFM because their overall performance demonstrated an optimum balanced between economy, efficiency and effectiveness i.e. a balanced between the customer perspectives, financial perspective, internal process perspective and learning and growth perspective. In contrast, People First scored 36 points, which represented 45%, meaning that VFM had not been achieved because their overall performance result did not demonstrate an optimum balanced of the 3E's. These results confirmed strongly why Westminster City Council has a three stars and Slough Borough Council has a one star (see Figure 6.5).

Table 6.9: The 3E's and The Four BSC Perspectives

VFM Measures			Council A		Council B	
	Max. Point	% of MP	Point Scored	% Of PS	Point Scored	% Of PS
Economy (F)	12	15%	5	6%	9	28%
Efficiency (IP+CF)	52	65%	24	30%	38	36%
Effectiveness (LG)	16	20%	7	9%	15	19%
High VFM achieved	80	100%	36	45%	100	78%

Note: F= Financial, IP = Internal Process, CF = Customer Focus and LG = Learning and Growth

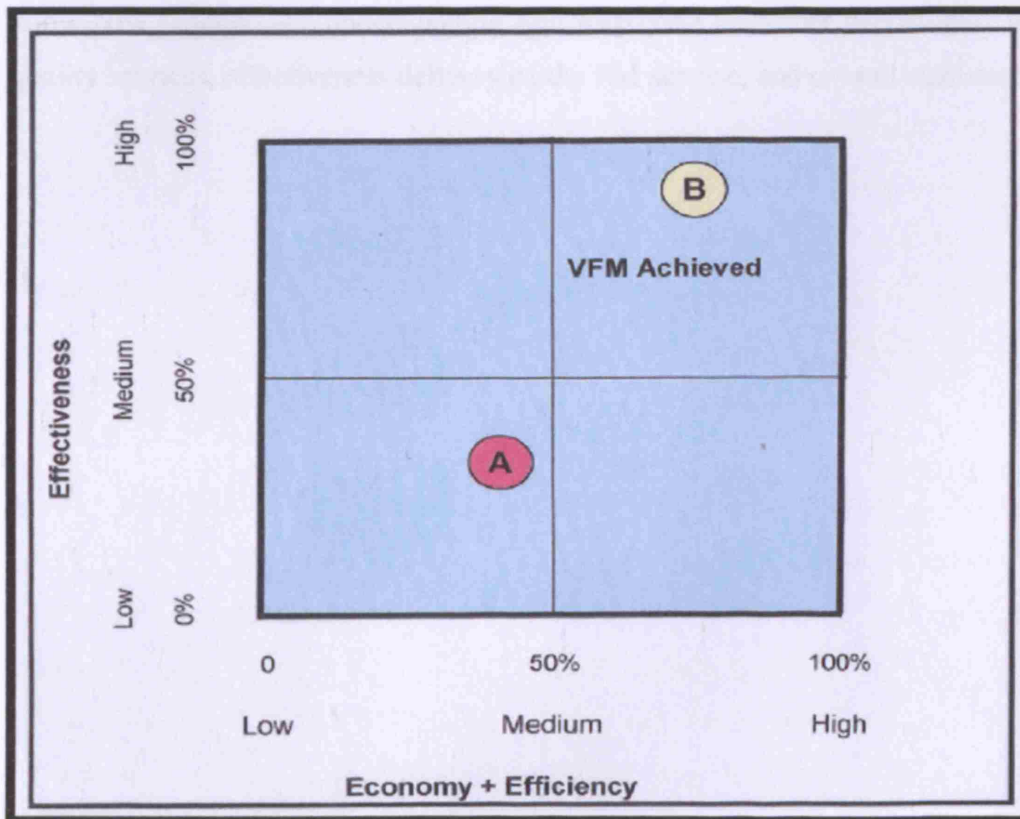
Table 6.10:

Achieve VFM through Optimum Balanced of the 3E's

VFM Measures		Council A		Council B	
	Max. Point	Point Scored	% Of PS	Point Scored	% Of PS
Economy +Efficiency	64	29	45%	47	73%
Effectiveness	16	7	44%	15	94%
High VFM achieved	80	36	45%	62	75%

Figure 6.5:

Scoring Chart



From the above discussion it can be deduce that BSC addresses a number of issues central to best value, identify areas where best value is not being delivered and tells whether or not value for money has been achieved through the four perspectives whilst value chain only tells whether or not an optimum balance between the 3E's has been achieved but does not point out areas in performance measurement needing improvement. This leads the study to conclude that BSC is an effective performance measurement system for the Management Organisation to Slough and the FM service provider to maximise the opportunities to deliver value for money in a comprehensive and co-ordinated way. BSC was also identified as an effective system in exploiting the partnership arrangement to increase the capacity to improve value for money. The BSC has been seen to provide useful information to deliver VFM to the community and to climb the star ladder including helping to focus on the internal business results that lead to financial success and satisfy customers' expectations; to focus on cost efficiency and financial stability, i.e., ability to deliver maximum value to the customer; to focus on the capacity to renew, survive in the long term and to maintain and develop the know-how required for understanding and satisfying customer needs; and to help provide quality services, effectiveness delivery of the FM service, and overall customer satisfaction.

CHAPTER 7: CONCLUSION AND RECOMMENDATION

7.1 CONCLUSION

Performance measurement in the local authority is associated with efficiency, effectiveness and economy known as “value for money” and the concept is used to assess whether or not an organisation has obtained the maximum benefit from the goods and services it both acquires and provides, within the resources available to it. The idea of performance assessment within Local Authorities in England is to assess their performance and assign one of the five performance categories: initially Excellent, Good, Fair, Weak, Poor; now 4 stars to 0 stars. The balance scorecard is seen as the answer to assessing Local Authorities FM performance, covering both financial and non-financial issues. For all Local Authorities, that attraction of the balanced scorecard is to assist in identifying where best value is not being delivered and further performance improvements are needed.

The facility management in the Local Authority under best value regime is thus to ensure that public facilities services are synchronised to maximise and optimise to benefit the local people and more importantly to create an enabling environment within which the local economy can prosper, within which quality services can be delivered, people can enjoy a quality of life and value for money is achieved. In Local Authorities there are different ranges of priorities, moreover Local Authorities’ priorities change over the years. Nevertheless, an appropriate FM procurement route under best value should be considered from the core business thinking either to contract-out or return to the in-house teams depending on Local Authorities’ priorities.

The use of the balanced scorecard as the research method is to help in the search for better performance management, identify specific areas that need improvement and to address the deficiencies in performance management. The Balanced Scorecard key comparative performance indicators i.e. customer, internal business process, financial and learning and growth were used in this dissertation to compare one star to three star Councils’ housing performance management under best value. The intention was to comprehend the management difference between the two Councils’ performances in the area of best value. Two Local Councils were selected for the study – A, Slough Borough Council in the Berkshire area with one star and B, Westminster City Council, in Greater London with three stars.

Value for money was found to be the relationship between economy i.e. prices must be competitive, efficiency i.e. processes must be streamlined and effectiveness i.e. must meet the needs of the local people at the right time and securing continuous improvement over time” and the benefits associated with VFM includes: openness and transparency in service processes, compliance with government best value legislation, price certainty, timely delivery, gaining higher audit commission’s rating, access to extra funding from the government, meeting targeted savings and accountability of services delivery.

People First had not researched or set out a customer focus strategy that outlined the best way to make the FM services accessible to all meeting the needs of the people across the board. People First’s approach to user involvement had not been firmly established because it did not cover a wider area of the FM services and very low in enabling the local people to participate regardless whereas in City West Home, their approach was comprehensive, well known, clear and understood by all and enabled the local people to participate regardless of age, sex, language, physical access or sensory impairment and fed back information to the local residents on the performance of the FM services. The FM services satisfaction level in the two Local Authorities was below the government standard. People First had not researched the stage to embrace equality and human rights and to ensure that all users and potential users, have fair and equal access to the FM service whilst in CityWest Home, they had researched and gone beyond the stage of embracing diversity in the FM services to the local people. CityWest Home had implemented 85% of their best value reviews whereas People First had implemented only 67% of theirs. Both the two Local Authorities had met the government’s legislation on best value. Here the study leads to the conclusion that CityWest Home’s customer focus performance to achieving VFM had delivered above minimum requirement whilst People First had delivered below minimum requirements.

CityWest Home had a better VFM strategy, good procurement and partnership arrangement in place that droved improved FM services and moreover a good leadership climate and staff training toward achieving and improving VFM whereas in People First, the VFM strategy had not been fully developed, the partnership arrangement not properly established, the performance management system in place not consistent in driving improvement, the use of ICT underdeveloped, leadership culture to promote improved service was underdeveloped and staff training and awareness toward VFM was very low but good procurement arrangements were in place and had performed very well. Here the study leads to the

conclusion that CityWest Home's internal business process performance to achieving VFM had delivered above minimum requirements whilst People First had delivered below minimum requirements.

CityWest Home had a better understanding of their costs and the external factors that affect the costs, understanding the relationship between costs to quality, had sound financial management procedures in place that had performed well and had a strong approach to risk management and managers had received risk management awareness training with risk management embedded in their corporate business processes to achieve VFM whereas in People First, there were a lack of understanding of the cost, poor approach to tackling risks, no managers or members of staff had received risk management training or awareness, risk management not embedded in their corporate business process but they demonstrated good budget monitoring and control. Sound financial management procedures were found to be in place that had performed well. Here the study draws the conclusion that CityWest Home's financial performance to achieving VFM had delivered above minimum requirements whilst People 1st had delivered below minimum requirements.

CWH improvement plan had closely been linked to Westminster City Council's Housing Strategy, business plan and the Council's 'One City' vision document and residents, employees, the tenant management organisation were all consulted in producing the improvement plan and budget had been prepared alongside the improvement plan and implement done quickly whereas in People First, they had an improvement plan in place but issues with implementation of the plan across all areas of the FM services. The effective relationships with the partnership organisation to improve the FM services, staff training and motivation and the use of ICT effectively to deliver and improve the FM service objectives and to improve access to the service for users and potential users were strong in CityWest Home and adequate in People First. Sharing of knowledge and using that continuously to improve the FM services were strong in CityWest Home and had improved well in People First. Here the study concludes that CityWest Home's learning and growth performance in improving VFM had delivered above minimum requirements whilst People First had delivered below minimum requirements.

The above results leads the study to believe that the most critical areas identified by BSC that needed immediate action were People First's internal business process because little had been

done, their financial perspective had not performed very well, the third was their learning and growth had not improved well and finally their customer focus was below the minimum requirement. Whereas in CityWest Home the customer focus was performing above minimum requirement. Concerns regarding their user satisfaction level arose and needed immediate attention, other than that all the other areas was performing well and above the minimum requirement.

The above points the study to conclude that BSC is necessary because it addressed a number of issues central to best value, identified areas where best value has not being delivered and tells whether or not value for money has been achieve through the four perspectives whilst value chain only tells whether or not an optimum balance between the 3E's has been achieved but does point out deficiencies in performance measurement. BSC is an effective performance measurement system for both the Management Organisation to Slough and the FM service provider to maximise the opportunities to deliver value for money in a comprehensive and co-ordinated way and to exploit the partnership arrangement to increase the capacity to improve value for money. The BSC has been seen to provide useful information to deliver VFM to the community and to climb the star ladder.

7.2 RECOMMENDATION

While this study is based on case study approach and the results cannot be generalised without a degree of caution, the study proposes the following recommendations for implementation:

Internal Business Process:

1. Developing a value for money strategy that maximises the delivery of value for money in a comprehensive and co-ordinated way;
2. Fully develop the partnership arrangement with the FM service provider and others through an open discussion, an environment of trust, understanding of the partnership requirements and to involve them in policy development;
3. Create a leadership climate of openness, transparency and mutual respect and to support staff to perform to the best to their ability;
4. Develop the use of ICT in all areas of the FM services to deliver the services objectives and improve access to the FM services for users.

Financial Stability:

5. understanding of costs and the external factors that affect it, the relationship between cost and quality and comparisons of cost to other organisations or government benchmarks must be enhanced.
6. fully develop the approach to risk management and complete the risk management framework and assign risk managers to manage the individual risks identified;

Learning and growth:

7. staff training and awareness toward VFM must be enhanced and encouraged and an introduction of staff incentive scheme to encourage people to participate.
8. to rise to the challenge for continuous improvement and encourage learning and growth;

Develop Customer Focus:

9. Fully establish the customer focus approach to enable the local people to participate regardless of age, sex, language, physical access or sensory impaired, to provide feedback information of the FM services and to make the services accessible to meet the needs of all; and

Finally to implement the Balanced Scorecard as a strategic performance management framework to compare performance to identify both service and management problems at same time identifying improvement opportunities. Further use to measure housing performance in local authorities may reveal the factors that most contribute to performance while encouraging development and implementation of relevant Local Authorities' policies or priorities.

A further research into how balanced scorecard can be used effectively as a practical tool in managing Local Authority's housing performance was also recommended.

REFERENCES

- Akhlaghi F. (1996), "Ensuring value for money in FM contract services", *Facilities*, Vol. 14, No. 1/2, pp. 26–33
- Alexander (2003). *Local Authority Facilities Management in the United Kingdom*, Nordic
- Amararatunga, D. & Baldry, D. (2000a), "Assessment of Facilities Management Performance in Higher Education Properties", *Proceedings of BVFM VI: The Sixth FMGC Conference on best value FM Research: More from the Leading Edge*, Sheffield, UK.
- Amaratunga D. (2000), "Building Performance Evaluation in Higher Education Properties: A Facilities Management Approach", *Research Papers*, vol. 3, no. 14
- Atkin B. and Brooks A. (2000). *Total Facilities Management*, The Further Education Funding Council and Blackwell Science Ltd., London, UK, 2000, pp. 180
- Audit Commission (2006), "Comprehensive Performance Assessment (CPA) scorecard"
- Audit Commission, *Improving Value for Money in Local Government*, HMSO, London, 1995.
- Audit Commission, *Managing Services Effectively – Performance Review*, Management Paper No. 5, HMSO, London, December 1989.
- Audit Commission, (1988a), 'Local Authority Property: A Management Handbook', Audit Commission/HMSO.
- Audit Commission, (1988b), 'Local Authority Property: A Management Overview', Audit Commission/HMSO.
- Audit Commission (2005), "Value for money within housing Supplementary guidance".
- Audit Commission, *Performance Review in Local Government – A Handbook for Auditors and Local Authorities*, HMSO, London, 1986, Introduction.
- Audit Commission, (2000), 'Hot Property: Getting the Best from Local Authority Assets', Belmont Press.
- Baldry, D., 1995, "Strategic Property Management in Not-For-Profit Organisations", *Proceedings of R.I.C.S. Construction and Building Research Conference*, Edinburgh, U.K., pp. 29-37.
- Barrett (ed.) (1995), "Facilities Management –Towards Best Practice edited by Barrett", Peter. Blackwell Science Ltd, London, UK, 1995, pp. 256.
- Boland, T. and Fowler, A. (2000), "A systems perspective of performance management in public sector organizations", *International Journal of Public Sector Management*, Vol. 13 No. 5, pp. 417-46.

Bone, C. (1992), *"Achieving Value for Money in Local Government: Meeting the Charter's Challenge"*, Longman, UK.

Bowerman, M. and Ball, A. (2000), "Great expectations: benchmarking for best value", *Public Money and Management*, Vol. 20 No. 2, pp. 21-6.

Bromwich M & Mhimani A. (1994), "Management Accountancy Pathways to Progress", London, CIMA Publishing.

Brown D. M and Laverick S. (1994) "Measuring corporate performance", *Long range planning* 27(4) 89-98.

Clark, L. and Rees, D. (2000), "Professional facilities management in public sector organisations", *Facilities*, Vol. 18, No 10/11/12, pp. 435-443

DETR (2000), "Asset Management of Local Authority Land and Buildings", Good Practice Guidelines.

Dewulf G. and Liem K. (1997), "Strategic Alliances, "Facilities Management –European Practice", edited by Keith Alexander, Arko Publishers, The Netherlands. pp.55-57.

Dorsch, J.J. and Yasin, M.M. (1998), "A framework for benchmarking in the public sector: literature review and directions for future research", *International Journal of Public Sector Management*, Vol. 11 No. 2/3, pp. 91-115.

Enbleton P.R. and Wright P. C. (1998), "A Practical Guide to Successful Outsourcing. Empowerment in Organisations", Vol. 6 No 3, 1998, pp.94-106.

Evers F., Schaaf V., Geert P. and Geert D. (2002), *Public Real Estate –Successful Management Strategies*. DUP Science, Netherlands. pp.124.

Fitzgerald, L., Jonston, R., Brignall, T.J. and Voss, C. (1991), *Performnace Measurement in Service Business*, CIMA, London.

Flynn, N., "Performance Measurement in Public Sector Services", *Policy and Politics*, Vol. 3 No. 14, 1986, pp. 389-404.

Ghobadian A. (1993), *Performance Measurement in Local Government – Concept and Practice*, *International Journal of Operations & Production Management*, Vol. 14 No. 5, 1994, pp. 35-51.

Gibson V.M (1996), *Outsourcing Can Save Money and Increase Efficiency*, Benefits Administration

Gillesen C. (2002), *Experiences with reorganising municipal real estate management – contracting-out services as possibilities for a more efficient real estates management in the public sector*. Report on the course SAA 1075, NTNU, Trondheim, pp 51.

Guthrie, J. and English, L. (1997), "Performance information and program evaluation in the Australian public sector", *International Journal of Public Sector Management*, Vol. 10 No. 3.

Healey, M. and Potter, J., (1987) "Making Performance Measurement Work for Consumer", in *Performance Measurement and the Consumer*, National Consumer Council, London.

Hepworth, P. (1997), "The balanced scorecard: can it deliver British army food services policy and provide a sound mechanism for performance evaluation?" A project submitted in part fulfilment of requirements for the award of the degree of BSc (Hons) in Hotel and Catering Management, University of Surrey.

Hood, C. (1995), "The new public management in the 1980s: variations on a theme", *Accounting, Organisations and Society*, Vol. 20 No. 2/3, pp. 93-110.

Johnsen A. (2001), "Balanced scorecard: theoretical perspectives and public management implications", *Managerial Auditing Journal*, Vol. 16 No. 6, pp. 319-30.

Jensen, B. and Gerr, G. (1994/95), "Seismic shifts in HR management: a case study in mapping radical change at Pepsi", *Employment Relations Today*, Winter, pp. 407-17.

Kaplan, R.S. (2001), "Strategic performance measurement and management in non-profit organisations", *Non-profit Management and Leadership*, Vol. 11 No. 3, pp. 353-70.

Kaplan, R.S. and Norton, D.P. (1992), "The balanced scorecard – measures that drive performance", *Harvard Business Review*, Vol. 70 No. 1, pp. 71-9.

Kaplan, R.S. and Norton, D.P. (1996a), "Using the balanced scorecard as a strategic management system", *Harvard Business Review*, Vol. 74 No. 1, pp. 75-85.

Kaplan, R.S. and Norton, D.P. (1996b), *The Balanced Scorecard: Translating Strategy into Action*, Harvard Business School Press, Boston, MA.

Krumm, P. (1999), *Corporate Real Estate Management in Multinational corporations*, ARKO Publishers, Nieuwgein, pp. 209.

Lambert S., Potecte J. and Waltch A. (1995), *Generating High-Performance Corporate Real Estate Services*, Report No.52 in the Series by the International Development Research Council, July 1995.

Lee, H., Kwak, W. and Han, I. (1995), "Developing a business performance evolution system: an analytic hierarchical model", *The Engineering Economist*, Vol. 40 No. 4, pp. 343-57.

Letza S. R. (1996) "The design and implementation of the balance business scorecard: Analysis of three companies in practice", *Business Process Re-engineering & Management Journal*, 2(3), pp 54-76.

Lewis, J. (1999), *The EFQM Excellence Model*, Woodward Lewis, London

Lynch, R.L. and Cross, D.F. (1991), *Measure up: The Essential Guide to Measuring Business Performance*, Mandarin, London.

McGulnness K. and Bauld S. (2006), "*In Our Opinion: Value For Money*" Canada's magazine on public sector purchasing.

McWilliams, B. (1996), "The measure of success", *Across The Board*, February, pp. 16 -20.

Newing, R. (1994), "Benefits of a balanced scorecard", *Accountancy*, November, pp. 52-3.

Moran, M. and Taylor, J. (1997), *Managing Risk and Outsourcing* –Article, *FM Journal* 1997, USA. pp.28-31.

National Consumer Council, *Measuring up: Consumer Assessment of Local Authority Services: A Guideline Study*, National Consumer Council, London, 1986.

Neely A. (1998), *Measuring business performance*, economist Books, London.

Olve, N., Roy J. and Wetter, M. (1999), *Performance Drivers: A Practical Guide to Using the Balanced Scorecard*, John Wiley & Sons, Chichester.

PEA (1998), *Guide to a BSC Performance Management Methodology*, Procurement Executives' Association, USA.

Pollit, C., "Performance Measurement in Public Services: Some Political Implications", *Parliamentary Affairs*, July 1986, pp. 315-29.

Rangone A. (1997) "Linking organisational effectiveness, key success factors and performance measures: an analytical framework", *Management Accounting Research*, pp 207-219.

Royal Institute of Public Administration (RIPA), *Value for Money Audits*, proceedings of a seminar with Peat, Marwick, Mitchell & Co., RIPA, 1982.

Schaaf P. (2002), *Public Real estate Management –Challenges for Governments. An International Comparison of Public Real Estate Strategies*, DUP Science, Delft, The Netherlands. 2002.

Stone C. L. (1996) "Analysing business performance: counting the "soft" issues, *Leadership and organisational development journal* 17(4), pp 21-28.

The Office of the Deputy Prime Minister - ODPM (2003) *Local Government Act 1999: Part 1, Best Value and Performance Improvement*, ODPM Circular 03/2003, London: Office of the Deputy Prime Minister.

Tuomela, A. and Puhto, J.(2001), *Service Provision Trends of Facility Management in Northern Europe*, Helsinki University of Technology Construction Economics and Management Publications 199, 2001. 104 p. Volume 14 · Numbers 1/2 · January/February 1996 · pp. 26–33.

Vitale, M., Mavrinae, S.C. and Hauser, M. (1994), "DHC: the chemical division's balanced Scorecard", *Planning Review*, pp. 17, 44-5.

Williman, N. (2001), "Your Research Project: A step-by-step guide for the first-time researcher", SAGE Publication, London.

Wisniewski, M (2004), "Developing balance scorecards in local authority: a comparison of experience", *International Journal of Productivity and Performance Management*, Vol. 53 No. 7, pp. 602-610.

Wisniewski, M. and Dickson, A. (2001), "Measuring performance in Dumfries and Galloway constabulary with the balanced scorecard", *Journal of the Operational Research Society*, Vol. 52, pp. 1057-66.

Wisniewski, M. and Stewart, D. (2001), "Using the statutory audit to support continuous improvement in Scottish local authorities", *International Journal of Public Sector Management*, Vol. 14 No. 6/7, pp. 540-55.

Wisniewski, M. and Stewart, D. (2004), "Performance measurement for stakeholders; the case of Scottish local authorities", *International Journal of Public Sector Management*, Vol. 17 No. 3, pp. 222-33.

APPENDICES

APPENDIX A

Table A.1:
Strategic Fit of VFM critical success factors, and corresponding measures

Critical success factor	Measures/ tools
Mission Statement	To address best value initiative and strategic fit
VFM Strategic Fit to the four dimensions	Strategic fit to customer objective i.e. to develop a customer/ citizen focus and meeting statutory legislation under best value Strategic fit to financial measures i.e. to provide a sound financial environment that services demonstrate value for money Strategic fit to internal process measures i.e. having effective leadership, management arrangement and clear priorities to deliver value for money. Strategic fit to learning & growth perspective to learning and growth strategic objective that reflect continuous improvement and prospective for improvement

Table A.2
Customer-related VFM critical success factors, and corresponding measures

Critical success factor	Measures/ tools
Corporate objective	Corporate objective to address best value initiative
Best value performance review	Performance review plan in place to include timetable, procedure, content for a review
Performance standard & targets	Performance indicators in place to set out standard to be met in relation to best value targets
Customer focus	A holistic and comprehensive approach in place to understand and respond to user needs and make services accessible and also for user consultation - Evidence
User/ resident involvement	Mechanism that involve users or non-user in informal and formal that enable participation of service standard and provides feedback
User satisfaction level	Number of residents/ total number involved in decision
Diversity	Government standard over 70% satisfaction with service Comprehensive & thorough service approach to diversity

Table A.3:
Internal process-related VFM critical success factors and corresponding measure

Critical Success factor	Measures/ tools
VFM approach/ Strategy	Must have an approach that addresses the object, methodology and responsibility of value for money and efficiency strategy
Procurement	Effective procurement practice that demonstrate achievements and improvement of value for money
Partnership	Effective procurement practice that demonstrate achievements and improvement of value for money
Leadership	Active, visible and effective management and leadership that have a good understanding and are clear about the culture and values of the organisation necessary for value for money delivery
Staff's attitude	Positive staff's attitude on promoting and delivering value for money
IT Support	Effective IT system that delivers services objective and value for money

Table A.4:
Financial related VFM critical success factors and corresponding measures

Critical success factors	Measures/ tools
Financial Management	Savings against target savings in the years Meeting government efficiency gain (2 1/2%) in the year Effective financial plan which demonstrates that it has the financial capacity to deliver the services aim, priorities and works programme
Cost comparison - VFM	Clear and accurate information on overall service and unit costs and how these compare to others and to the quality and services, uses this information to review cost effectively Positive relationship between costs and the range, level and quality of services provided
Internal Control	Risk management system in place, trained personnel to manage the system System in place to control the partnership/ council's budget

Table A.5:
Learning-and growth-related VFM critical success factors and corresponding measure

Critical success factors	Measures/ tools
Service improvement plan	<p>A clear vision plan for services which set out what the organisation wants to achieve over the long term (5-10years) and translate into ambitions, aims and objectives for the future of the service.</p> <p>Should have set ambitious targets (robust and SMART) to improve efficiency and VFM</p> <p>Effective use of resources and outcomes to improve value for money services - evidence</p> <p>Implementation of changes derived from inspections, peer reviews, best value reviews or service planning which has delivered clear benefits- example</p>
Capacity to Improve	<p>Has the people, skills, effective IT system and capability it needs to deliver its service priority as a result of its systematic forward planning.</p> <p>Procurement strategy base not solely on lowest cost option but on achieving greatest benefits to the public.</p> <p>Secures and maximises internal/ external funding opportunities to support delivery of local services related priorities and improve value for money</p>
Management arrangement and continuous improvement	<p>Management arrangement that support learning, using feedback and organisation's strength and weakness to continuously improve the services</p>

Table A.6:
VFM Performance Standard

BSC Perspective to measure Local Authority VFM Performance		
Perspective	Indicator / Standard	
Customer	Corporate objective	Corporate objective to address best value initiative
	Best value performance review	Performance review plan in place to include timetable, procedure, content for a review
	Performance standard & targets	Performance indicators in place to set out standard to be met in relation to best value targets
	Customer focus	A holistic and comprehensive approach in place to understand and respond to user needs and make services accessible and also for user consultation - Evidence
	User/ resident involvement	Mechanism that involve users or non-user in informal and formal that enable participation of service standard and provides feedback
	User satisfaction level	Number of residents/ total number involved in decision
	Diversity	Government standard over 70% satisfaction with service
Internal Process	VFM approach/ Strategy	Comprehensive & thorough service approach to diversity, no service discrimination on race, ethnic origin, disability, nationality, gender, sexuality, age, class
	Procurement	Must have an approach that addresses the object, methodology and responsibility of value for money and efficiency strategy
Financial	Partnership	Effective procurement practice that demonstrate achievement and improvement of value for money
	Leadership	Effective procurement practice that demonstrate achievement and improvement of value for money
	Staff's attitude	Active, visible and effective management and leadership that have a good understanding and are clear about the culture and values of the organisation necessary for value for money delivery
	IT	Positive staff's attitude on promoting and delivering value for money
	Financial balance	Effective IT system that delivers services objective and value for money
	Financial savings	Nil budget variation in the years
	Efficiency gains	Savings against target savings in the years
	Expenditure per capital	Meeting government efficiency gain (2 1/2%) in the year
	Cost comparison	Expenditure per capital of the residential population against government target
		Clear and accurate information on overall service and unit costs and how these compare to others and to the quality and services, uses this information to review cost effectively
		Positive relationship between costs and the range, level and quality of services provided
	Financial Plan	Effective financial plan which demonstrates that it has the financial capacity to deliver the services aim, priorities and works programme

<p>Learning & Growth</p>	<p>Service improvement plan</p>	<p>A clear vision plan for services which set out what the organisation wants to achieve over the long term (5-10years) and translate into ambitions, aims and objectives for the future of the service. Should have set ambitious targets (robust and SMART) to improve efficiency and value for money</p>
<p>Service track in delivering improvement</p>	<p>Effective use of resources and outcomes to improve value for money services - evidence</p>	<p>Implementation of changes derived from inspections, peer reviews, best value reviews or service planning which has delivered clear benefits- example</p>
<p>Capacity to Improve</p>	<p>Have the people, skills, effective IT system and capability it needs to deliver its service priority as a result of its systematic forward planning. Procurement strategy base not solely on lowest cost option but on achieving greatest benefits to the public. Secures and maximises internal/ external funding opportunities to support delivery of local services related priorities and improve value for money</p>	<p>Management arrangement that support learning, using feedback and organisation's strength and weakness to continuously improve the services</p>
<p>Management arrangement and continuous improvement</p>	<p>Management arrangement that support learning, using feedback and organisation's strength and weakness to continuously improve the services</p>	<p>Management arrangement that support learning, using feedback and organisation's strength and weakness to continuously improve the services</p>

Table A.7

Key Line of Enquiry

KEY LINE OF ENQUIRY (KLOE)	This question is for context only. It will not result in a judgement; it will inform all other judgements
<p>1. What has the service aimed to achieve in terms of:</p> <p>1.1 community and user needs?</p> <p>1.2 regional and national priorities?</p> <p>1.3 wider corporate ambitions, strategies and priorities for improvement?</p>	<p>Describe the aims of the council and links between service aims and their contribution to improving services for local people and visitors in relation to broader ambitions and plans for the area, traced through business plans for the arts, sports, parks, children's play, museums, libraries, archives, and tourism, cultural strategies, community strategies, Local Strategic Partnerships and Local Area Agreements</p> <p>Make clear, where appropriate, which service aims in the sector explicitly support local and national priorities for health, safer and stronger communities, economic vitality, learning and improving the quality of life for local people, in particular for children and young people, older people and target groups.</p> <p>Make clear, where appropriate, the service's aims in meeting local needs and aspirations and its contribution to delivering national and regional agendas. Outline the extent to which the service understands the local cultural market in terms of provision from other sectors, the aims and objectives of bodies such as regional development agencies and cultural agencies in the region, and how feedback and communication from local people influence the shape and delivery of local services</p> <p>Outline the extent to which the council has stimulated cultural provision through the private and voluntary / community sectors, through partnerships, procurement and through its enabling role in addition to its role as a direct provider. Outline the position the council has adopted in relation to other providers in the cultural marketplace, its place alongside other key players and stakeholders.</p> <p>Describe any relevant contextual data and intelligence relevant to informing the council's aims for this service – eg demographics.</p>
<p>KEY LINE OF ENQUIRY (KLOE)</p> <p>Access, customer care and user and / or community focus.</p> <p>2.1 Are the needs of citizens and users at the heart of the design and delivery of the service now and in the future?</p>	<p>A service that consistently delivers above minimum requirements for users, is cost-effective and makes contributions to wider outcomes for the community.</p> <ul style="list-style-type: none"> • Decisions relating to planning, managing and delivering cultural services are based on a comprehensive understanding and knowledge of the needs of the local community drawn from regular surveys, consultation, needs analysis, partnerships, user feedback, and local research. • Services are user-focused and are reviewed, improved and changed in direct response to feedback from local people. A holistic and comprehensive approach is taken to planning across the cultural sector, linking arts, sports, museums, libraries, parks across the sector and with shared priorities. <p>A service that delivers only minimum requirements for users, and is not especially cost-effective nor contributes significantly to wider outcomes for the community.</p> <ul style="list-style-type: none"> • Decisions relating to planning, managing and delivering services are based on some understanding and knowledge of local needs from surveys and other consultations, but gaps in understanding means that service planning and delivery to meet local needs is not fully effective. • There is evidence of service reviews and improvements and changes to services in response to feedback and local people's comments, but this does not take place across all services. There is some joined up service planning and delivery but also some independent and "silo" working.

	<ul style="list-style-type: none"> In addition to its role as a service provider the council can show -where relevant - that it has been proactive and effective in procuring, supporting, prioritising, and working with others in providing services as appropriate to the local context and cultural marketplace. The council is effective in shaping and influencing the cultural market and in drawing together all the key players and providers Councilors, managers and staff have a broad and high level of awareness of local needs and ensure that these are well represented in the plans, range and provision of services provided or funded by the council Services use a wide and contemporary range of information on the ethnicity, vulnerability and disability of service users to ensure services are planned, prioritised and delivered in a non-discriminatory way. Children and young people, older people and target communities are regularly and widely consulted in a planned and systematic way and as a result have opportunities to express their interests and aspirations in relation to cultural sector opportunities and experiences. Services work well together across the range of service areas to ensure that children and young people have access to affordable cultural activities and that they are able to access opportunities for physical activity. The full range of services provided complies with requirements for physical, remote, and intellectual access for local people and in particular meet the access needs of children, young people, older people and target communities. All services are located in appropriate locations and settings and opening times are convenient for all people who want to use the service through adaptations and alterations, and services comply with DDA regulations. Services can be accessed and booked via remote means such as websites, email and phone and there is widespread publicity about this to local people resulting in improved take up of services Library services exceed Public Library Service Standards (promoted by DCMS for library services) requirements for Access and IT There is clear and widespread evidence to show that all services develop and change in response to feedback, user comments, and complaints from users and local people. Feedback is encouraged in all service areas and responses are acted on in a positive way. 	<ul style="list-style-type: none"> The council can show that it has taken some steps to procure, support, prioritise, and work with others to provide services as appropriate to the local context and cultural marketplace. The council is effective in shaping and influencing parts of the cultural market and in drawing together a number of key players and providers. There is a general awareness of local needs among councillors, managers and staff and this informs many areas of services on offer. The lack of a detailed or higher level of awareness means that not all aspects of services are user-focused. Services use a reasonable range of information including the ethnicity, vulnerability and disability of service users, and services are planned, prioritised and delivered in a non-discriminatory way Children and young people, older people and target communities have opportunities to express their interests and aspirations with regard to the cultural sector, but consultation is sometimes irregular or lacks co-ordination Services work reasonably well together in a number of areas in trying to ensure that children and young people have access to affordable cultural activities, but there are some gaps which result in lack of opportunities for some Many but not all services comply with requirements for access for local people and the access needs for children, young people, older people and target communities are not effectively addressed across these categories of potential users. The large majority of services are located in appropriate locations and settings, and opening times in the majority are convenient for users. Physical access has been made possible for service users through adaptations and alterations and the majority of services meet DDA regulations. Services can be accessed and booked via remote means such as websites, email and phone, but lack of publicity means that take up is not as good as it could be. Library services meet PLSS for Access and IT. There is evidence to show that the majority of services develop and change in response to feedback, user comments, and complaints from users and local people. Feedback is encouraged across services and responses are acted on consistently.
<p>2.2 Is the service accessible, responsive and based on a robust understanding of local need?</p>		

	<ul style="list-style-type: none"> The service takes steps to ensure it has a broad and up-to-date understanding of the reasons for non-use or under-use of provision and has taken appropriate steps to respond to these. The service has a clear and timely understanding of its markets and this informs planning and promotion Children and young people have access to a wide range of varied safe, affordable, formal and informal play opportunities in their neighbourhood within easy reach of home. Older people and target communities are well served by local provision which is appropriate, accessible and tailored to meet their needs 	<ul style="list-style-type: none"> There is some evidence that the service understands the reasons for non-use or under-use of provision and some steps have been taken to address these where appropriate. The service has a partial understanding of its markets and this goes some way to inform planning and promotion Children and young people have access and opportunities to a number of varied safe, affordable formal and informal play opportunities within easy reach of home. Service provision for older people and target communities is available but not consistent across all service areas and there is not a fully effective match between provision and needs.
<p>2.3 Are service standards clear and comprehensive and have users been involved in setting them where appropriate?</p>	<ul style="list-style-type: none"> Service standards for all cultural services are comprehensive and well known and are clear to users and the public; they are widely publicised and easily understood by all, and translation and interpretation is provided where appropriate. Standards cover services across the range of the council's work in the sector. There is a broad range of current clear evidence to show that users and local people have been widely involved in setting standards where they apply in different aspects of services, and the views of children and young people, older people, and target communities in particular have been actively sought out and acted on. 	<ul style="list-style-type: none"> Service standards exist for most large service areas and they are available to users and non-users, at least on request. There is some translation and interpretation where necessary and users are generally sure about what levels of service to expect. There is evidence to show that users and local people have been involved in setting standards in most, but not all, areas of service where they apply, and the views of children and young people, older people, and target communities have been acted on.
<p>2.4 Are there appropriate arrangements for consulting, engaging and communicating with users and non-users?</p>	<ul style="list-style-type: none"> A wide range of mechanisms exist for involving local people in formal and formal ways and used proactively on a regular basis, covering both users and non-users of services. These arrangements enable local people to participate regardless of age, language, physical access or sensory impairment. The service provides feedback to consultees and others about the results of consultation. 	<ul style="list-style-type: none"> A mechanism exists for involving local people formally and informally and is used on a regular basis, including both users and non-users of services. Most sections of the community participate in consultation and barriers of age, language, physical access or sensory impairment are minimised

	<ul style="list-style-type: none"> • Appropriate and specific arrangements are made so that children and young people, older people, and target communities can be involved in consultation and communication processes as a matter of course. • Cultural services are widely represented in corporate consultation initiatives and in consultations of quality of life, learning, health and safe communities. 	<ul style="list-style-type: none"> • There is evidence of arrangements to involve children and young people, older people, and target communities in consultation processes, but their views are not proactively sought out and as a result the potential in their involvement is not maximised • Cultural services are represented in most but not all corporate consultation initiatives and consultations on quality of life, learning, health and safe communities.
<p>Diversity</p> <p>2.5 Does the delivery of the service embrace equality, diversity and human rights and ensure that all users, or potential users, have fair and equal access?</p>	<ul style="list-style-type: none"> • The service understands its local community well and uses census and other information, including the input of local stakeholders and partners, across service areas on an ongoing basis to plan, deliver and improve its services • The service is highly effective in its work with local communities to ensure fairness, equity and representation in service take up in service areas. Those from marginalised groups are confident that their voices are and will be heard in most cases • The service has a thorough and comprehensive approach to diversity and no aspects of the service discriminate directly or indirectly on the grounds of race, ethnic origin, disability, nationality, gender, sexuality, age, class, appearance, religion, beliefs, responsibility for dependants, unrelated criminal activities, or any other matter which causes a person to be treated with injustice. • The staff mix across all services reflects the community being served; all managers and staff have been given proper training and information to make sure that policies and procedures in service delivery do not discriminate. 	<ul style="list-style-type: none"> • The service understands its local community and makes use of census and other information including that of stakeholders and partners, to plan, deliver and improve its services, but this is not consistent across all aspects of service or ongoing • The service works with local communities but there are some inconsistencies in ensuring fairness, equity or representation in service take-up. Marginalised groups are not confident that their voices are heard. • The service does not discriminate directly or intentionally against any person or other organisation on the grounds of race, ethnic origin, disability, nationality, gender, sexuality, age, class, appearance, religion, beliefs, responsibility for dependants, unrelated criminal activities, or any other matter which causes a person to be treated with injustice. • The staff mix across service areas reflects the community being served in the majority of service areas; most managers and staff have received training and information to ensure that policies and procedures work in ways that do not discriminate.

	<ul style="list-style-type: none"> The service can demonstrate that it has an integrated approach to equality, diversity and human rights across all service areas and is reflected in its decision-making, policies and practices for both service delivery and employment. The human rights and equality implications of proposed decisions or actions are spelt out and considered Diversity, equality and human rights implications of service decisions or actions are considered in all cases before action is taken, for example, when agreeing and adopting policies, procedures and strategies, or in consultations with local people. The service is proactive in raising awareness with managers and front-line staff across all service areas beyond responding to legal challenges and complaints when they happen. All services have risk assessed their policies for human rights and equalities and keep abreast of current case law and make changes where appropriate. Procurement policies are inclusive and only contractors and consultants who can demonstrate a full commitment to equality and diversity are appointed. Their performance is regularly and effectively monitored and informs procurement and contract management 	<ul style="list-style-type: none"> Diversity, equality and human rights implications of proposed service decisions or actions are considered before action is taken. Service policies and practices have been reviewed for the equalities and human rights implications. Some changes have been made as a result and good progress is being made in addressing remaining weaknesses. Diversity, equality and human rights implications of service decisions are considered before action is taken but not on a consistent basis, for example when agreeing and adopting policies, procedures and strategies, or in consultations with local people. The service makes efforts to raise awareness with managers and front-line staff across many service areas beyond responding to legal challenges and complaints when they happen Most services have risk assessed their policies for human rights and equalities, keep abreast of current case law and make changes where appropriate. Procurement policies are inclusive and the majority of contractors and consultants can demonstrate some commitment to diversity in service provision, but do not achieve high levels of compliance. There is regular performance monitoring but this does not inform procurement and contract management as fully as it might.
<p>Service outcomes for users and the community</p> <p>2.6. Is the organisation delivering what it promised to?</p>	<ul style="list-style-type: none"> The service can show a lengthy and consistent rate of progress across all service areas in achieving its cultural sector objectives and aspirations. It is proactive in using a wide range of partnerships with the private, public and voluntary sectors including schools and colleges to meet its objectives. Service areas make an effective, broad and significant contribution to meeting the council's local and national priorities 	<ul style="list-style-type: none"> The service has made progress to achieve many of its objectives and aspirations across most service areas. The service uses a number of partnerships with the public, private and voluntary sectors to meet its objectives, but this may be reactive rather than proactive. Services make an impact on the council's adopted local and national priorities and objectives but this is not as broadly

<p>3.1 How do the organisation's costs compare to others, allowing for local context, performance and policy choices?</p> <p>3.1.1 How do the service costs compare with others?</p> <p>3.1.2 What external factors affect costs and how do adjusted costs compare?</p> <p>3.1.3 Are costs commensurate with service delivery, performance and the outcomes achieved?</p> <p>3.1.4 Do costs and resource allocation reflect policy decisions?</p> <p>3.1.5 Is accurate information on costs and services collected and is this used to decide priorities and strategically manage resources?</p>	<ul style="list-style-type: none"> • There is clear and accurate information on overall service and unit costs, how these compare to others and to the quality of services. Reasons for differences are clearly understood and the service/organisation systematically uses this information to review cost effectiveness. • Overall costs compare favourably to other organisations providing similar services and standards of services and a lowering for the local context. • There is a positive relationship between costs (including overheads and capital costs) and the range, level and quality of services provided – reflected in high quality services. • Unintended high spending is identified and addressed effectively • Resources have been allocated in accordance with policy decisions and are used to target and deliver organisational priorities. Areas of higher spending are also in line with stated service priorities and the investment has resulted in improved decision making process. • Capital spending decisions are always taken with full information on the revenue implications and financial forecasts of their longer term impact • The service has a well managed capital programme (if any) with projects completed on time and within budget. • Cost data is timely, accurate and consistently used to improve services. 	<ul style="list-style-type: none"> • There is some information on service costs, how these compare to other providers and to the quality of services, but the reasons for differences are not fully understood or used consistently to review cost effectiveness. • Overall costs and unit costs for key service areas are not significantly higher than others providing similar levels and standards of services, allowing for the local context • Where costs are low (including overheads and any capital costs) services provided are of an average range, level and quality. • Significant unintended high spending is identified and addressed. • There is a positive relationship between costs (including overheads and capital costs) and the range, level and quality of services provided • Service capital projects (if any) are generally completed on time and in budget. • Policy decisions do not consistently reflect resource availability and/or a location.
--	---	---

<p>3.2 How is value for money managed, including through partnership and procurement and taking a long term view?</p> <p>3.2.1 Are modern procurement methods and partnerships applied that result in demonstrable value for money and delivering outcomes that meet the needs of users and/or the community?</p>	<ul style="list-style-type: none"> • Procurement strategies fully embrace and practically apply partnering and other modern procurement frameworks. • The service/organisation uses effective procurement practice. Procurement decisions are taken on an objective basis within a transparent framework that follows good practice. • Demonstrable improvements in value for money have been achieved through procurement/partnership or internal reviews without unintended loss of service quality (or quality increased at no extra cost). Options for joint procurement and working with partners are identified and acted upon to improve value. • Service users recognise that services have been designed to best meet their needs and aspirations within the financial constraints. • The scope for improving cost-effectiveness is kept under review and scrutiny and innovative approaches are used where appropriate. There are clear policies and effective processes for reviewing and improving value for money. Internal reviews are targeted at high cost service areas and lead to improved value for money. 	<ul style="list-style-type: none"> • The council has effective procurement practices in place and has a strategy that reflects good practice. • Recent procurement examples delivering improving value for money through lower costs and/or improved service • Consideration is given to the likely impact on service users of changes in spending levels. • Processes for reviewing and improving value for money are in place, including setting targets. Service managers use appropriate information to review value for money and report to the appropriate council committees/governance structure. Areas of high spending identified are subject to review and scrutiny and action to address the results • Service reviews have led to some improvements in cost-effectiveness or efficiency.
<p>3.2.2 Do value for money considerations focus on the costs and benefits to the customer?</p> <p>3.2.3 Are management arrangements focused on value for money, and are they underpinned by robust mechanisms to drive and monitor progress, and review impact?</p>		

**APPENDIX B
DATA BASE**

Table B1:

General Information

General Information	
Part One, General information on the two Case-study Local Councils	
Question	
Q1. Name of County	Council A – Slough Borough Council Slough Borough Council
Q2. Council Retain Landlord Function	Yes
Q3. LA Housing Stock Currently Managed	All managed by ALMO(s) - People 1 st Slough
Q4. ALMO(s) or Mixed Management made of up?	Main Board (15) plus 2 Co-opted Members plus 4 Senior Management Team Council nominee = 5 Independent = 5 Resident = 5 Co-opted Tenant Members = 2 Senior Management Team plus The Chief Executive = 4
Q5. ALMO(s) Mission Statement	To provide excellent housing services and decent homes through tenant choice to create pride in our community.
Q6. ALMO(s) Strategic Initiatives	<ol style="list-style-type: none"> 1. To continuously improve housing management and maintenance services, ensuring excellent and consistent services across all neighbourhoods; 2. Ensure all council homes achieve the Government's Decent Homes standard by 2010; 3. Actively engage with tenants and leaseholders, providing opportunities to influence policy and operational practice; 4. Contribute to the development of safe, supportive and sustainable communities; and 5. Ensure People 1st maximises its capacity and achieves value for money in the implementation of its policies, plans and services.
	Council B – Westminster Council City Westminster City Council No, by the ALMO All managed by ALMO(s) - City West Homes Main Board (16 Members) Two Subsidiary Boards (15 Members Each) Council nominee = 5 = 4 each Independent = 5 = 4 each Resident = 5 = 7 each The Chief Executive = 1
	To provide a high standard, affordable services to tenants and lessees in Westminster and to create and maintain safe, sustainable and inclusive communities for residents.
	<ol style="list-style-type: none"> 1. Improve the quality of life in the neighbourhoods 2. Excellent customer services and high satisfactions levels 3. Improve the housing stock and associated infrastructure 4. Delivering enhanced value for money

Q7a. Functions delegated to ALMO (s)	<ol style="list-style-type: none"> 1. Stock investment decisions and repairs ordering; 2. Consulting and informing tenants on matters which are the ALMO's responsibility 3. Promoting tenant participation, including involving tenants in monitoring and reviewing service standards; 4. Estate management, care taking and housing related support services under the Supporting People programme. 5. Managing lettings, voids and under-occupation; and 	<ol style="list-style-type: none"> 1. Housing management of the City Council's residential stock, including rent collection, leasehold management, repairs ordering; 2. Maintenance of the City Council's residential stock including stock condition surveys, preparing and monitoring the investment programme, planned maintenance and responsive; 3. Financial management of the revenue and capital costs in the Housing Revenue Account which they control; 4. Resident Involvement; 5. Management and promoting the council's Home Ownership services; 6. Managing and maintaining the housing management computer system; 7. Contributing to the City Council's Housing Strategy and working in partnership in developing and implementing the Council's strategic initiatives; and 8. Managing the Council's agreements with Tenant Management Organisations
Q7b. What FM services Managed by ALMO(s)	<p>Housing management of the Council's 7,618 housing stock, of which 6,699 are tenanted and 919 have been sold on long leases.</p>	<p>Housing management of the Council's 21,544 housing stock, of which 12,338 are tenanted and 9,206 have been sold on long leases.</p>
Q8a. FM services provision Outsourced	<p>Cleaning, Response repairs, (Empty) Voids Property Repairs, Aids and Adaptation Services, Gas Services, Estate Management and Sheltered Housing Management</p>	<p>Cleaning, Response repairs, (Empty) Voids Property Repairs, Aids and Adaptation Services, Gas Services, Estate Management and Sheltered Housing Management</p>
Q8b. FM services provision done In-house	<p>Improvement Programmes, project management</p>	<p>Improvement Programmes, project management</p>

Table B2:
Definition of VFM

Meaning of VFM in the Case-study Areas			
Part Two, Section A: Opinion of the following definition of VFM			
Definition of Value For Money	Response Score		Score
	Council A	Council B	
Q1. Services should be of the right quality i.e. they must be fit for purpose		5	5
Q2. Services delivered should be economical i.e. from a supplier whose prices is competitive		5	5
Q3. Services delivered should be efficient i.e. through streamlined processes that link seamlessly with partner organisation.		5	5
Q4. Services delivered should be effective i.e. they should meet the needs of the local people at the right time.		5	5
Q5. Services should be at prices local people are willing to pay.		5	5
Q6. Services should be capable of securing continuous improvement over time		5	5

Note: *Opinion range from 5-strongly agree through 3-uncertain to 1-strongly disagree*

Table B3:

Advantages of Delivering VFM

Benefits of delivering VFM			
Part Two, Section B: Opinion of the following benefits to deliver VFM			
Benefits of Delivering Value For Money	Response Score		Total Score
	Council A	Council B	
Q1. Openness and transparency of services process.		5	5
Q2. Compliance with statutes and regulations i.e. government legislation on best value.		5	5
Q3. Price certainty of services delivery		5	5
Q4. Timely delivery of services		5	5
Q5. Affordability of services		5	5
Q6. Gaining higher audit commission rating		5	5
Q7. Access to extra government funding.		5	5
Q8. Targeted savings		5	5
Q9. Accountability of services delivery		5	5

Note: *Opinion range from 5-strongly agree through 3-uncertain to 1-strongly disagree*

Table B4:

Customer Perspective

Customer Perspective Part Three, Section B: To develop a customer/ citizen focus		
Evident that: <ul style="list-style-type: none"> • The services are accessible, customer care exists and user and / or community focus. • Diversity in service provision • Government legislation on best value are met 		
Criteria for Comparison	Council A (Slough Borough Council)	Council B (Westminster City Council)
Q1. Customer Focus: Holistic and comprehensive approach to understand and respond to user needs and to make service accessible all.	Yes, but no clear evidence existed, there was an evidence of an approach that understands and makes changes to the FM services through the use of response from feedback and local people's comments, but the system does not cut across all the FM services. Accessible of the local people and community to the FM services existed but not in a consistent manner i.e. it does not cut across all the FM services. Example, not all the premises are accessible to people with disabilities and are remote in nature, People 1st has not researched or set out a strategy that outlines the best ways to make services accessible to all.	Yes, a clear evidence of a comprehensive approach that understood the local people and the community needs which were drawn from regular surveys, consultation needs analysis, partnerships, user feedback, and local research. The approach is linked to all the FM services across all sectors and with shared priorities. Councillors, managers and staff have a broad and high level of awareness of the local needs; these needs were well represented in their delivery plan. Evident in their delivery plan of the full range of the FM services provided complied with the requirements for physical, remote, and intellectual access for local people and in particular meets the accessibility needs of all.
Q2. User involvement: Mechanism that involve users or non-user in informal and formal that enables participation of FM service standard and provides feedback.	Yes, Evidence of a mechanism existed for most of the large FM service areas and is available to users and non-users on request. There is some translation and interpretation where necessary and users are generally sure about what levels of service to expect. There was an evidence that users and local people have been involved in setting standards in most, but not all, areas of FM service where they apply. A mechanism exists for involving local people formally and informally and is used on a regular basis, including both users and non-users of services. Most sections of the community participate in consultation and barriers of age, language, physical access or sensory impairment are minimised.	Performance well (score = 3) Yes, Evident of a comprehensive mechanism in place for all the FM services, comprehensive and well known and are clear to users and the public; the FM services are widely publicised and easily understood by all , and translation and interpretation is provided where appropriate. The mechanism that is in place show a clear evidence that users and local people have been widely involved in setting standards where they apply in different aspects of services, and the views of the local people and target communities in particular have been actively sought out and acted on. . . The mechanisms has involved the local people in a informal and formal ways and used proactively on a

		<p>regular basis, covering both users and non-users of services. This arrangement enables local people to participate regardless of age, language, physical access or sensory impairment. The service provides feedback to the local residents and others about the results of the consultation.</p> <p style="text-align: center;">Performance well (score = 3)</p> <p>CityWest Home's approach to customer satisfactions were strong, surveys were carried out in all the FM services areas on regular basis. The overall FM service satisfaction level was above the government standard.</p> <ul style="list-style-type: none"> • 05/06 = 63.43%, • 06/07 = 68.93%
<p>Q3. User satisfaction: Overall user/ resident satisfaction level of FM services quality and standard - Government standard over 70%?</p>	<p>People 1st (Slough) approach to customer satisfaction were encouraging but the overall FM services satisfaction level was below the government standard of 70%.</p> <ul style="list-style-type: none"> • 05/06 = 65% • 06/07 = 67% 	<p>The delivery of the service understands its local community well and uses census and other information, including the input of local stakeholders and partners, across service areas on an ongoing basis to plan, deliver and improve its services. CityWest Home had in place own race equality scheme and equal opportunities policy including a comprehensive racial harassment policy. CityWest Home had a programme of equalities and diversity training for all staff, Tenant Management Organisation (TMO) and resident associate (RA) and partners. CityWest H has a clear corporate communication policy that takes into account equality, diversity and communications and accessibility issues. Performance well (score = 3)</p>
<p>Q4. Diversity: Comprehensive and thorough service approach that embrace equality and human rights and ensure that all users, or potential users, have fair and equal access?</p>	<p>The delivery of the FM service here understands its local community and makes use of census and other information, including that of stakeholders and partners, to plan, deliver and improve its services, but this is not consistent across all aspects of service or ongoing. People 1st (Slough) does not have an understanding about its service users with which to shape the FM services and it is more focused on ethnicity than diversity in its wider sense. Understanding of diversity is still being developed within the organisation. The majority of staffs are only just receiving training to help them understand equality impact assessments and the use of such assessments is not comprehensive.</p>	<p>Yes, CityWest Home conducts best value review on a annually basis on all the FM services and publish annually the Best Value performance plans that report on past and current performance, compare their performance with that of other local authorities and identify action plans, priorities and targets for improvement and review all of their functions over a five year cycle. Copies of their reviews sit in their</p>
<p>Q5. Best value review: Performance review plan in place and undertaking best value performance review on the FM services standard? The Government has defined Best Value as a duty to deliver services to clear standards – covering both cost and quality – by the most economic, efficient and effective means available. Implementation</p>	<p>Yes, People 1st (Slough) conduct best value review on quarterly on all the FM services. Publish quarterly the Best Value performance plans that report on past and current performance, compare their performance with that of other local authorities and identify action plans, priorities and targets for improvement and review all of their functions over a five year cycle. People 1st has conducted</p>	<p>Yes, CityWest Home conducts best value review on a annually basis on all the FM services and publish annually the Best Value performance plans that report on past and current performance, compare their performance with that of other local authorities and identify action plans, priorities and targets for improvement and review all of their functions over a five year cycle. Copies of their reviews sit in their</p>

of all the best value reviews conducted.		delivery plan. CityWest Home has conducted 13 best review and fully implemented 11 and 2 are partially implemented. Performance well (score = 3)
Q6. Corporate objective: Corporate objective must address best value initiative.	People 1 st (Slough)'s strategic/ corporate objective addresses clearly best value initiative (see Table B1). Performance well (score = 3)	CityWest Home's strategic/ corporate objective addresses clearly best value initiative (see Table B1). Performance well (score = 3)

Note: Performance requirement range from 1 - inadequate performance;

; to 4 performing strongly;

Table B5:

Internal Business Process Perspective

Internal Business Process Perspective

Part Three, Section C: To deliver efficient, effective and cost-effective FM services

Evident that:

- VFM strategy in place
- Effective procurement and partnership practice and arrangement
- Effective performance management system that drives VFM in place that monitors, reviews and report back.
- Effective IT system that delivers VFM
- Good management and leadership culture and positive staff's attitude on delivering VFM

Criteria for Judgement

Q1. VFM Strategy: An approach that addresses the object, methodology and responsibility of VFM and efficiency strategy

Council A (Slough Borough Council)

Yes, but not fully developed their VFM strategy. People 1st have not yet got all the detailed information it needs in respect of its costs to help develop this approach. The absence of the VFM strategy means that its approach to delivering improved VFM is not wholly co-ordinated and People 1st may be missing connections between activities that would maximise the impact.

Council B (Westminster City Council)

Yes, CWH has a VFM strategy in place that is linked to corporate objectives set out in their delivery plan. In May 2005/2006 CWH developed a VFM strategy as part of its preparation of their delivery plan for that year. The strategy complemented the objectives set out in their delivery plan and articulated how the savings outlined in the delivery plan would be achieved. Three key factors behind CWH's VFM strategy driving for efficiency saving and value for money: 1. the need to contribute to savings set out in Westminster City Council's Annual Efficiency Statement (AES); 2. secondly, the overall HRA medium-term position shows a continuing retrenchment of income due to subsidy loss, and the potential for it to go into deficit by 2008/09 if

<p>expenditure continues at existing levels with no deficiencies; 3. striving to make best use of resource - financial and human - to achieve the best outcomes for residents. Their strategy demonstrates a clear corporate commitment to continually improving the efficiency of the organisation.</p>	<p>Performance well (score = 3)</p>	<p>Yes, City West Homes have a robust procurement strategy that maximises value by employing professional, innovative and modern procurement and Supply Chain techniques to: <i>reduce total cost, alternative procurement methods</i> i.e. working with 3rd party procurement organisations e.g. PFH and LAPN to maximise purchasing power and achieve best value; <i>relationship management program</i> i.e. working with internal and external supply chain focus groups to gain a better understanding of forward requirements and to focus on Fit for purpose specifications; <i>sustainable capability development</i> i.e. development of "in house" professional purchasing and supply chain expertise. CWH has a strong approach to using modern procurement methods. CWH use of this strategy has drive quality and efficiency savings. City West Homes have a dedicated procurement team that ensure sustainable and best value delivery across the business. Their main objectives are to ensure that best value at across the life cycle of the project by: 1. collaborative working; 2. building effective relationships working with partners; 3. effective competition; 4. market analysis 5. continually benchmarking; 6. delivery and reporting of savings. Performance well (score = 3)</p>
<p>Q2. Effective Procurement practice that demonstrate achievement and improvement of VFM - Procurement</p>	<p>Inadequate performance(score=1)</p> <p>People 1st have a robust procurement strategy. The procurement strategy is based upon modern principles of procurement and seeks to use partnerships to deliver better value for money. It also sets out a methodology for joint procurement. People 1st have experienced in the use of joint procurement having used a London based consortium to procure replacement windows in its programme over the last three years. Its use of modern procurement is driving up quality. In setting up the constructor partnership for the Example is in the Decent Home Standard programme a number of bids were invited from which a short list was produced of contractors who met the criteria agreed with tenants. Tenants were involved in interviewing and assessing the contractors. Contractors were assessed on a matrix of cost and quality with quality being the major factor. This led to a constructor partnership where experience and procurement advantages are being shared. For example joint procurement is taking place to obtain good quality products at the best price.</p>	<p>Performance well (score = 3)</p> <p>No, the partnering arrangement in place is not delivering VFM or any savings; typical example is that the partnering contractor with the major repairs contractor is not delivering VFM due no detailed work to identify how the savings might be made although a start on more</p>
<p>Q3. Effective partnership practice that demonstrate achievements and improvement of VFM - Partnership</p>	<p>Yes, there are effective relationships with the Council and other partners. Partnering contracts are in place in key service areas such as major works, and there are proposals for partnering contracts in responsive repairs. These have and will include open book</p>	<p>Yes, there are effective relationships with the Council and other partners. Partnering contracts are in place in key service areas such as major works, and there are proposals for partnering contracts in responsive repairs. These have and will include open book</p>

	<p>efficient workforce deployment i.e. multi-skill working has been made and no work has been carried out to examine in detail the ratio and nature of the work carried out and to examine how the contractor may be able to carry this out more efficiently. These are due to lack of client input, lack of good partnership environment, lack of open discussion and more overall lack of understanding of the partnership requirement.</p> <p style="text-align: center;">Inadequate performance(score=1)</p>	<p>accounting and joint saving mechanisms. These will help to maximise capacity in these service areas. Effective partnership working adopted in CWH through good communication, good understanding of partnership requirement of achieving and reducing costs while at same time improvement services, clear definition of objectives and expectations, good partnership environment, open discussion. That helped CWH met their efficiency target of £1.4 million in 2005/06. Performance well (score = 3)</p>
<p>Q4. Effective housing management performance management system that drives, monitors and review VFM - Performance Management System</p>	<p>Yes, People 1st have a robust system of performance management in place, the system is relatively new. Staff and managers prepare information for a monthly flyer that measures performance against 12 key performance indicators. The indicators measure performance in collection of rent, lettings, repairs, decent homes, condition of estates, leasehold service charge collection, complaints and response to telephone callers. This is an effective system to advise Board, staff, tenants and other stakeholders of performance on a regular monthly basis. Corrective action is taken in response to variations in performance; this may not always be consistent with driving improvement. The system performance is now starting to be considered as part of the day job by most staff. A person 1st is not routinely monitoring services to check efficiency. The performance management framework monitors overall performance with reference to targets and benchmarking but there is no routine comparison of costs.</p> <p style="text-align: center;">Inadequate performance(score=1)</p>	<p>Yes, there is an effective performance management framework which is embedded across the organisation that drives VFM. It details key VFM performance indicator target which when achieved on an annual basis, trigger incentive payment. Managers and staff have good access to a suite of national and local performance information - the bulletins. Monthly Information Packs (MIP) are produced for the Executive Management Team, the Board and the Council's delegated monitoring officer (the Director of Housing). The framework has a strategic focus on delivery against established plans, standards, targets and deadlines, especially where these are not being met, takes corrective action in response to variations in performance, and reviewing progress systematically.</p> <p style="text-align: center;">Performance well (score = 3)</p>
<p>Q5. Effective IT system that delivers services objective and value for money – IT System</p>	<p>The use ICT within People 1st is improving in some areas but is underdeveloped in others. The ICT strategy and action plan is leading to an update of the housing management system at no cost from its IT supplier. The ALMO indicated that an inheritance of an IT system that has not been updated for some considerable time. People 1st has acquired business objects software and some</p>	<p>Yes, There have been a number of IT initiatives that have seen tangible improvements for customers. CWH uses ICT effectively to deliver service objectives and improvements which have achieved efficiencies in operations as well as to provide management information about service and non-service users, and about how they perceive those services. It is also part</p>

	<p>staff are now able to use this to run reports from data on the housing management database with which to better understand performance. However, there are also other capacity issues around ICT. For example ICT is not being used to monitor ASB and there is no repairs link between the main repairs contractor and the 'My Council' office used by personal callers. People 1st use ICT, but not as effectively as it could to deliver service objectives and improvements, or to achieve efficiencies in operations, or to provide management information about service users and non-users.</p>	<p>of an integrated approach to improving access to the service for users and potential users. All housing related ICT systems are managed and supported from within CWH. It also manages on behalf of WCC the OHMS system for the Housing Options Service. Innovations have included the creation of the CRM system, the graphical repairs ordering system, and online payments. However there is no IT strategy as yet, but one will be developed once CWH has chosen an appropriate contractor following a procurement exercise. This will help ensure that CWH uses IT to maximise capacity in delivering service improvement and efficiencies. Performance well (score = 3)</p>
<p>Q6. Leadership of the service? - Leadership</p>	<p>Inadequate performance(score=1)</p> <p>People 1st have a mixed quality and calibre of leadership and management from officers, councillors and/or board members. Leadership at senior management level is still developing. Senior management at People 1st is developing its leadership of the staff team led by an Acting Chief Executive who demonstrates strong leadership skills. But other members of the senior management still have to develop the skills to effectively lead the staff team and achieve a consistently improving service.</p>	<p>CWH have active, visible and effective management and leadership, recognised by staff, partners and other stakeholders. The leadership, from senior managers and councillors and/or board members, sets the tone of the organisation by creating a climate of openness, transparency and mutual respect. People in the organisation are supported to perform to the best of their abilities. Leaders, having set the vision, aims and priorities for the service, have communicated these so that staff and partners have a good understanding and are clear about the culture and values of the organisation necessary for delivery. Performance well (score = 3)</p>
<p>Q8. Positive staff's attitude on promoting and delivering VFM - Staff's attitude</p>	<p>Evidence of improved staff morale, clarity of roles for staff and clear responsibilities. Staff attitude on promoting and delivering VFM is high but training is very low, good reflection of staff's attitude to driving cost down.</p>	<p>Evidence of good positive staff's attitude on promoting and delivering VFM done through staff awareness training. Good reflection of staff's attitude to driving cost down and same time receiving same standard of services. Performance well (score = 3)</p>

Note: Performance requirement range from 1 - inadequate performance;

; 3 performing well to

Table B. 6:

Financial Perspective

Financial Perspective Part Three, Section D: To provide a sound financial stewardship		
Evident that:		
<ul style="list-style-type: none"> • Good financial management system in place • Cost comparison system in place • Internal control through risks management and budget control 		
Criteria for Comparison	Council A (Slough Borough Council)	Council B (Westminster City Council)
Q1. Financial Management - Financial system to manage, achieve financial and efficiency savings.	<p>There is a formal process for amending budgets but this needs to be used consistently</p> <p>There are sound financial management procedures in place. For example a pressures and savings report is produced and included in financial monitoring information to the Board and Finance Sub-Committee. This identifies adverse trends in financial performance and is formally signed off by the Acting Chief Executive and a director from the Council.</p> <p>The control of finances is robust with good quality financial management. Budgets are closely managed and good information is provided to managers on costs and performance with budgets. People 1st medium term financial strategy is fully integrated with their service plan. Budgets and capital programme are soundly based. Performance is actively managed against budgets throughout the year, through People 1st's budget monitoring reports. People 1st regularly review its arrangements to ensure they remain fit for purpose.</p> <p style="text-align: right;">Performance well (score = 3)</p>	<p>CWH has an effective budget setting process which sees the budget being prepared alongside the delivery plan, ensuring that resources are matched and reflect the aims set out in the ten-year financial business plan. The financial performance of partnerships is regularly reviewed, linked to outputs, and the results shared with partners and acted upon</p> <p>CWH has developed a more integrated budget and business planning process during 2005/06, utilising a ten-year business plan. This enabled the board to make strategic decisions on efficiencies required to maintain a reasonable capital programme and high quality services for both the short and medium-term. CWH medium term financial strategy is fully integrated with their delivery plan. Budgets and capital programme are soundly based and designed to deliver strategic priorities. CWH regularly review its arrangements to ensure they remain fit for purpose.</p> <p style="text-align: right;">Performance well (score = 3)</p>
Q2. VFM - Cost comparison	<p>People 1st have gained the understanding of external factors that affects its costs but has more work to do in this respect. It is benchmark with London ALMOs and other local authorities in respect of some services to gain meaningful comparisons. It lacks the level of understanding for other service areas not clear if costs</p>	<p>CWH use the benchmarking organisation HouseMark to help understand and benchmark their costs. CWH obtained further benchmarking information from other 33 other organisation in the financial year 2004/2005 to compare costs. CWH is aware of the reasons for it higher costs. For example: CWH believe that local</p>

<p>offices are important in delivering services and helping local communities. Having 28 local contact points (14 estate offices and 14 TMOs) has a cost impact which the external benchmarking has demonstrated. CWH has made a significant contribution to the Council's efficiency targets. For the period 2006-2009 CWH and the council have agreed to efficiencies of £4.5 million from management costs and £6.9 million for repair costs. The ALMO forecasts that it will exceed its 2005/06 efficiency target of £1.4 million. In 2004/05 it made a contribution of £193,000 and 2006/07 achieved £2 million. Achieving VFM and reducing costs while at the same time improving services is a well understood tenet within the organisation and among its partners. FM services are striving to reduce costs by improving efficiency through various means, for example, by increasing productivity, reducing administrative overheads, improving partnership working or using alternative methods of procurement.</p>	<p>related to the quality of services are reasonable. People 1st's understanding of why some costs are high is limited. It is able to drill down into costs in respect of services it receives from its partners, but its ability in other service areas is much more limited. For example there is no benchmarking of the leaseholder service, the understanding around repair costs is limited and it has not compared the quality of the service with others in the benchmarking club. There is less clarity about other unit costs. People 1st does not have a clear understanding of the costs underlying the repairs contract because detailed information on overheads is only supplied on an annual basis by the contractor and there is no clear understanding of the split between planned and responsive maintenance. People 1st have not been able to make savings in the cost of services to tenants. There has been no discussion or research into how high cost areas could be reconfigured without a loss of quality or whether high costs might be reduced and the quality of services improved.</p>	<p>Performance well (score = 3)</p>
<p>CWH has a strong approach to risk management with the risk register reviewed and updated regularly. The risks are proactively managed. For example, the possible lack of support for the CWH in the future as a result of the 'options appraisal' was re-prioritised as a risk category one (the highest risk category). One of the methods used to mitigate this risk is to fully engage in the process and use it as an opportunity to promote the company. Nevertheless this remains a high risk area for the future of the CWH. All staff have been given appropriate training and guidance to enable them to take responsibility for managing risk within their own working environment. The members with specific responsibility for risk management have received risk management awareness training. CWH can demonstrate that it has embedded risk</p>	<p>Inadequate performance(score=1)</p> <p>The approach to risk is less robust. There is a framework for risk management and training has been provided to improve the capacity of the Board and senior management to identify and manage risk within the contract. But the framework has not yet been implemented. The register is not complete and identified risks have yet to be assessed. Responsibilities to manage elements of risk have not been comprehensively assigned. Management have not received risk management training. People 1st can not demonstrate that it has embedded risk management in its corporate business process. Budget monitoring arrangements are strong. People 1st have delegated budgets responsibilities to managers and regular meetings take place to support individual managers with budgetary management. Key financial systems have been</p>	<p>Q3. Internal Control: risks management and training and system to control finance or budget</p>

documented.	Inadequate performance(score=1)	management in its corporate business process. Performance well (score = 3)
-------------	---------------------------------	---

Note: Performance requirement range from 1- inadequate performance;

3 performing well to

Table B. 7:

Learning and Growth Perspective

Learning and Growth Perspective

Part Three, Section E: To continuous performance improvement and prospects for improvement

Evident that:

- Services improvement plan in place
- Capacity to improve and learn
- Continuous improvement

Criteria for Comparison

Q1. A clear vision plan for service set out what the organisation wants to achieve over the long term (5-10years) and translate into ambitions, aims and objectives for the future of the service. Should have a set ambitious targets (robust or SMART) to improve efficiency and VFM -

Service improvement plan

Council A (Slough Borough Council)

Yes, service plan is robust and sets out the actions needed, the timescale, the responsible officer and outcomes with which to measure progress. People 1st have taken an approach that makes the plan clear and accessible. The plan is an annual plan that contains actions against the strategic objectives. The plan addresses service weaknesses and sets challenging targets in most areas. The plan contains detailed actions and targets to achieve the organisations higher level targets. The Service Plan identifies business critical indicators that are actively managed. These include for example delivery of DHS, improved VFM from repairs, action to tackle the VFM of services provided by partners. These plans link to the Service Plan and set out detailed actions, timescales and measurable outcomes and are leading to improved services for tenants.

Council B (Westminster City Council)

Yes, service plan is robust and well monitored and VFM forms an important element of the service improvements plan. For the short to medium-term the delivery plan agreed with company priorities. This is supported by a ten-year financial business plan that serves to set the financial context within which decisions are made. The delivery plan has close links to the Council's Housing Strategy, HRA business plan and the Council's 'One City' vision document. In producing the delivery plan residents, employees, the TMOs were all consulted. The delivery plan is linked to a database that is used to monitor and report performance against the delivery plan. This helps provide a clear and co-ordinated direction for the organisation. The main improvement plan is contained within the delivery plan and lists all the activities that need to be carried out. It also lists the savings, where appropriate, that should be achieved. There is a particularly strong emphasis on achieving value for money. It identifies responsibilities, performance

Q2. Effective use of resources and outcomes to improve VFM services and Implementation of changes derived from inspections, peer reviews, best value review or service planning which has delivered clear benefit -**Service track in delivering improvement**

Improving well (Score =3)

Yes, People 1st have demonstrated a track record in delivering improvements of services for tenants. Improved VFM services are being delivered in a number of services areas. Some service users have noticed improvements in their FM services. Tenants expressed concern from surveys about the caretaking service following consultation with tenant representatives, People 1st introduced a far more comprehensive caretaking service that has deliver cleaner and more pleasant estates. Performance with responsive repairs has also improved, 99 per cent of urgent jobs are completed within the service standard and above the target at 98 per cent and routine jobs now take less time to complete at 10.24 days. Both these services a year ago were performing at much lower levels than this and were priorities identified with tenants for action. Improvements were happening but at a very slow pace and not across all the FM services that has not reflected in any savings.

indicators and timescales for activities. The budget is prepared alongside the improvement plan, ensuring that resources needed to carry out the activities are matched.

Yes, CWH had a track record of delivering changes and improvements to the FM services. The progress made on the partnering contracts and the introduction of a strategic alliance agreement which sets out the roles and responsibilities of partners, with residents named in the agreement as 'interested parties'. Value for money has been improved in a number of key areas over the last three years which have led to significant savings. The suggest improvement by the audit commission inspection included the partnering arrangements to deliver the major works programme, the bringing in-house of the project management of the major works programme, and the setting up of the Supply Chain Team. The implementations of the above recommendation were done quickly and across all areas and that resulted in a significant savings.

Q3 Has the people, skills, effective IT system and capability it needs to deliver its FM service priority as a result of its systematic forwarding planning, procurement strategy base not solely on lowest cost option but on achieving greatest benefits, secures and maximises internal and external funding opportunities to support the delivery of local services related priorities and improve VFM - **Capacity to improve**

Yes, People 1st had a capacity to improve. Staff training needs had not yet been embedded and training had not been well targeted but People 1st evident a significant investment in training and that had been cost effective i.e. having largely been run in-house. It also showed how training programmes were linked back to the service plan. People 1st had improved staff morale. Morale had improved over the last six months and staff surveys have identified positive areas around improved team working, clarity of roles for staff and clear responsibilities. People 1st used ICT, but not as effectively as it could to deliver service objectives and improvements, to achieve efficiencies in operations and

CWH had a strong capacity to improve. There was an effective relationship with the partnership organisation to improve the FM services. Finances were continually been managed effectively and staffs were still been trained and motivated. Used ICT effectively to deliver service objectives and improvements, there had been a number of IT initiatives that had seen tangible improvements for customers. ICT had been used to achieve efficiencies savings in operations as well as to provide management information about service and non-service users, and about how they perceived those services. ICT well developed as part of their integrated approach to improving access to the

to provide management information about service users and non-users. ICT was but had not been developed as part of their integrated approach to improving access to the FM service for users and potential users. People 1st and the main repair contractor were in the process of procuring handheld computer technology to improve performance of the mains repairs services. People 1st have an effective procurement strategy and action plan based on a modern method of procurement. People 1st had pursued joint procurement with appropriate partners and improvements in value for money are being secured. People 1st had engaged effectively in strategic partnering with the main contractor, with no evidence of improvements in the FM services.

Q4. Management arrangement that support learning, using feedback and organisation's strength and weakness to continuously improve the FM services.

People 1st are a learning organisation. It had learnt a lot in a short space of time from the contract with some of its partners and this had led to much improved services for tenants. People 1st had learned from its own internal processes including the use of feedback from service users. People 1st had also learned from other external organisations for example learning from its consultants in respect of partnering and work to achieve the Decent Home Standard. It had also learned from other better performing organisations in benchmarking clubs and had for example used this information to improve its performance with the void project turnaround times. The application of what had been learnt does not cover all areas of the services.

Improving well (Score = 3)

service for users and potential users. CWH had a strong approach to using modern procurement methods that focused on VF:M to improve the FM services. Appropriate skills had been brought into CWH to build capacity in procurement issues. A supply chain manager has been recruited on an interim basis to build capacity in supply chain management. This was an enabling skill to be developed amongst the permanent members of the staff. It had also enabled CWH to lead the development of the London-wide approach to procurement and supply chain management issues. CWH had engaged effectively in strategic partnering, with evidence of improvements in FM services.

CWH is a learning organisation. It had learnt from its own experiences and from that of others, as a result of user feedback, including complaints, compliments, comments and suggestions; staff feedback, including suggestions; assembling and sharing best practice of other; service providers in the public; outcomes of Best Value and external inspections – audit commission inspection. CWH had learnt from other high performing local authorities in shaping its services. There are a number of examples of co-operation and learning from other bodies. CWH shares learning with others across all areas of the services, for example it had driven areas of good practice in relation to Tenant Management Organisation activities.

Note: *Improvement requirement range from 1-Improving inadequately;*

; 3 Improving well to

Figure B.1:
VFM Customer Focus Performance Score

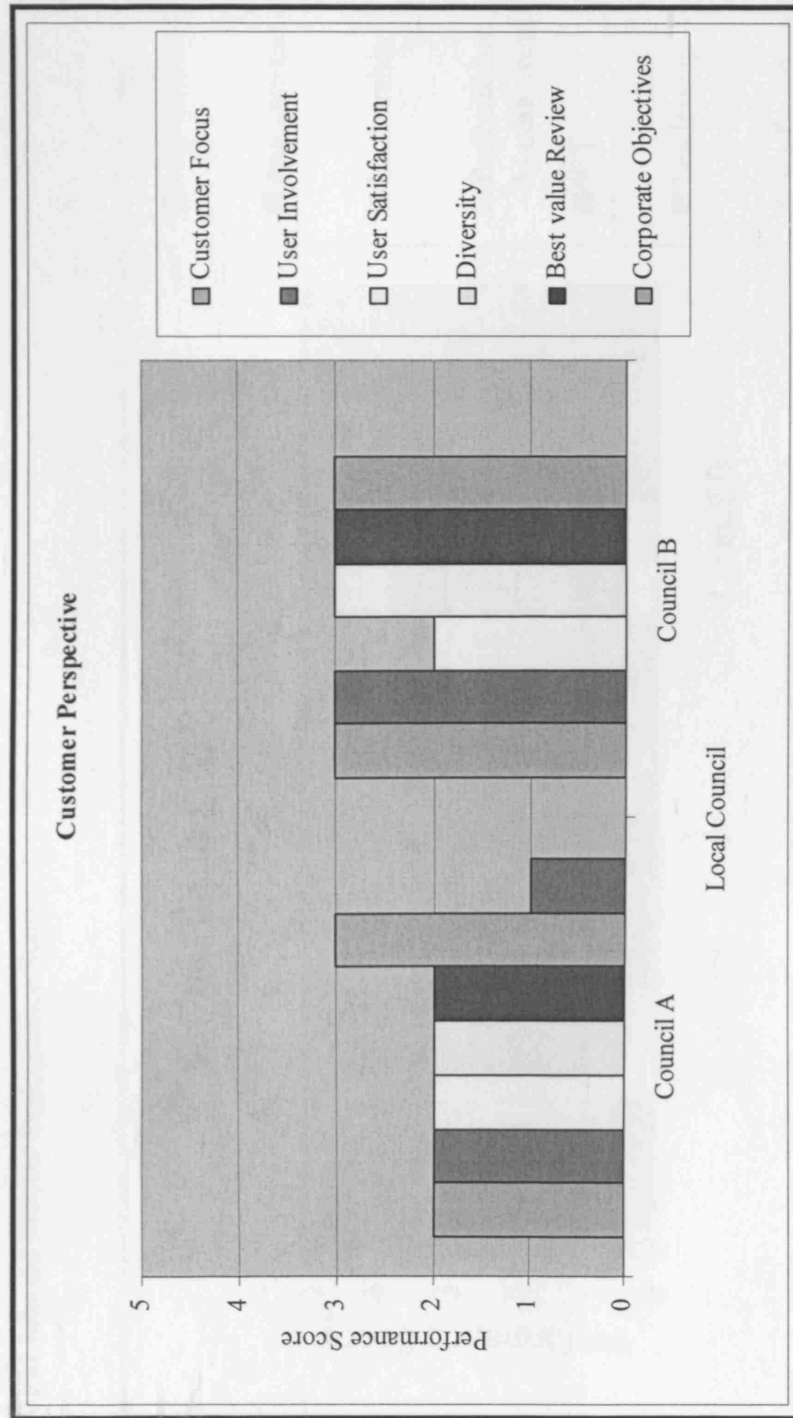


Figure B.2:
VFM Internal Process Performance Score

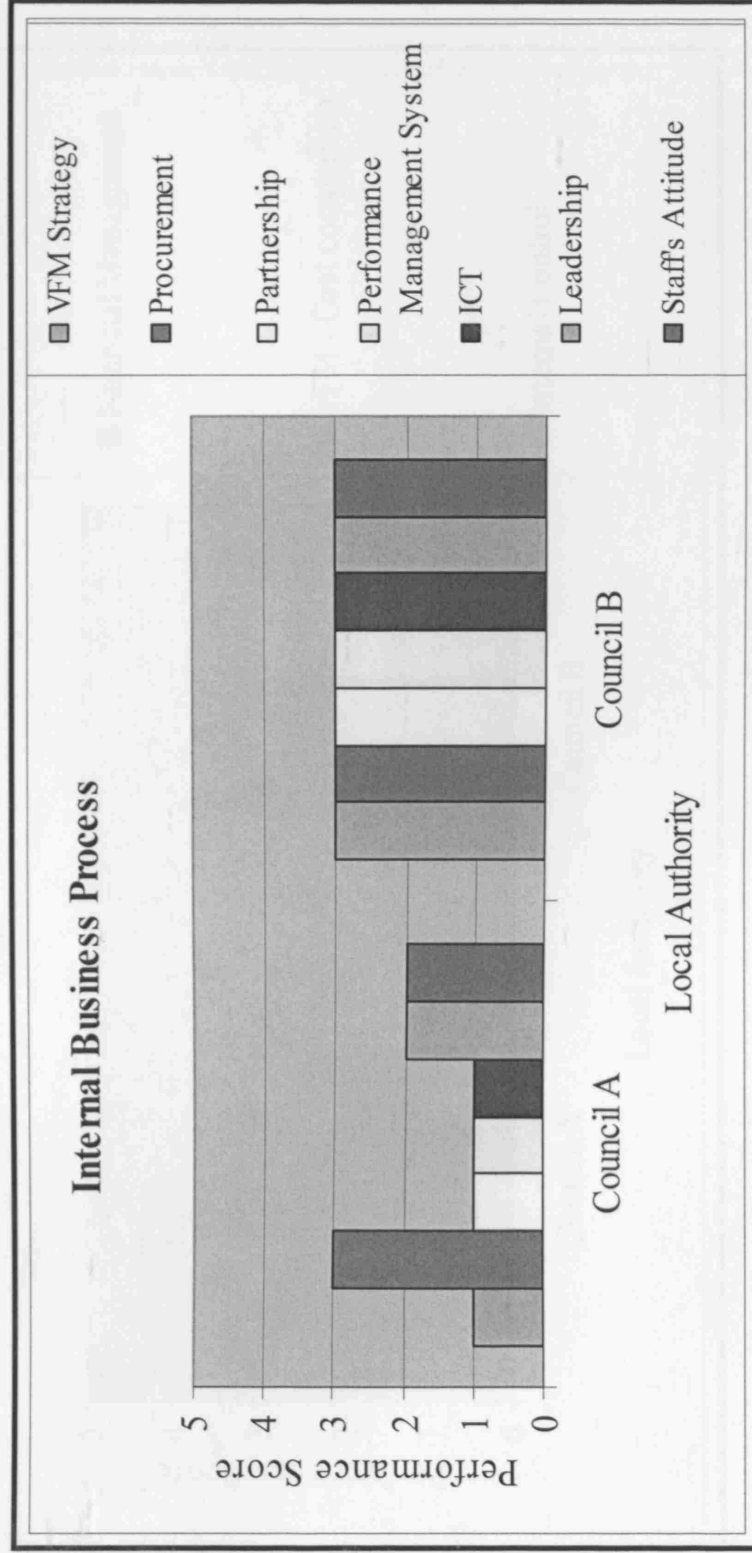


Figure B.3:
Financial Perspective

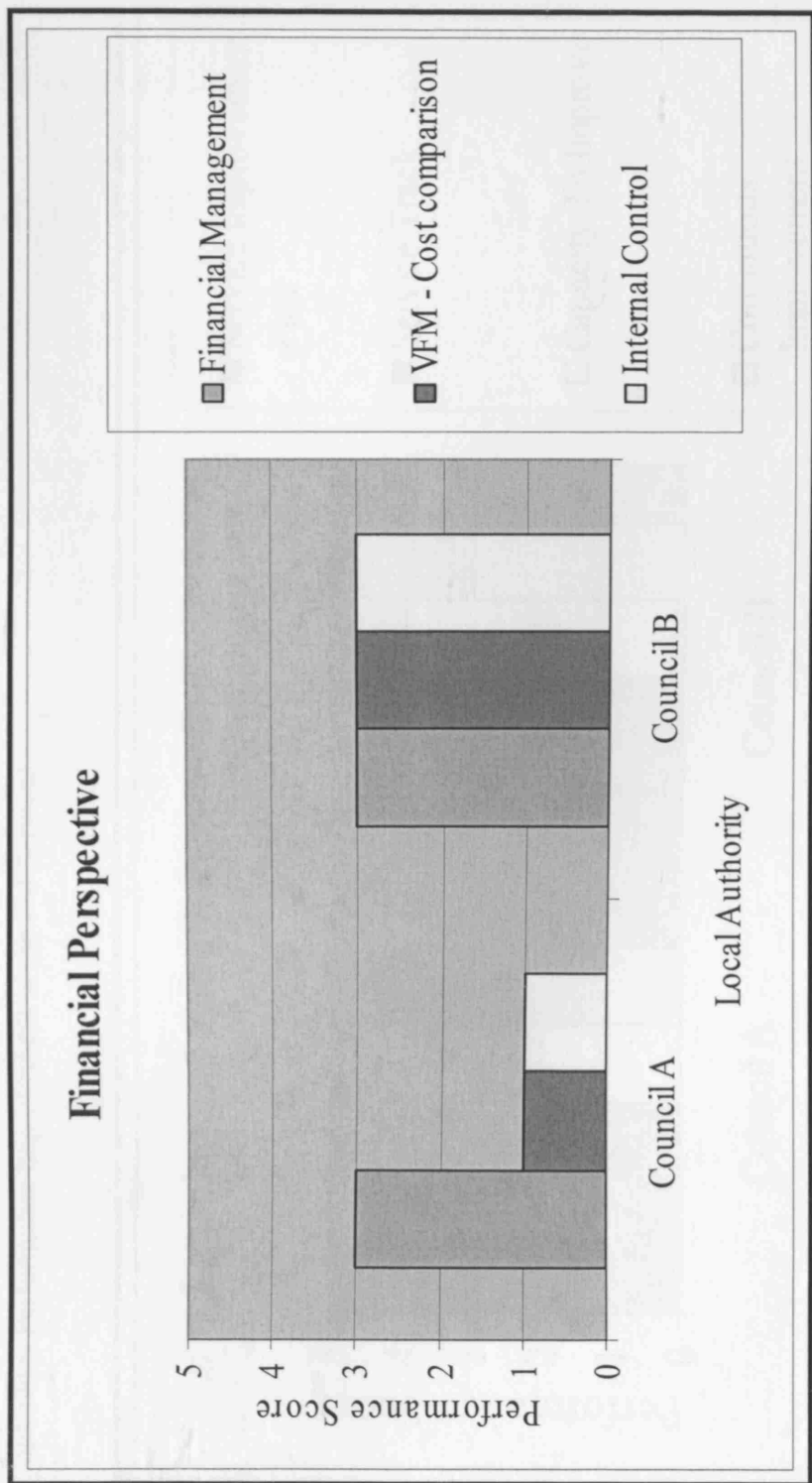
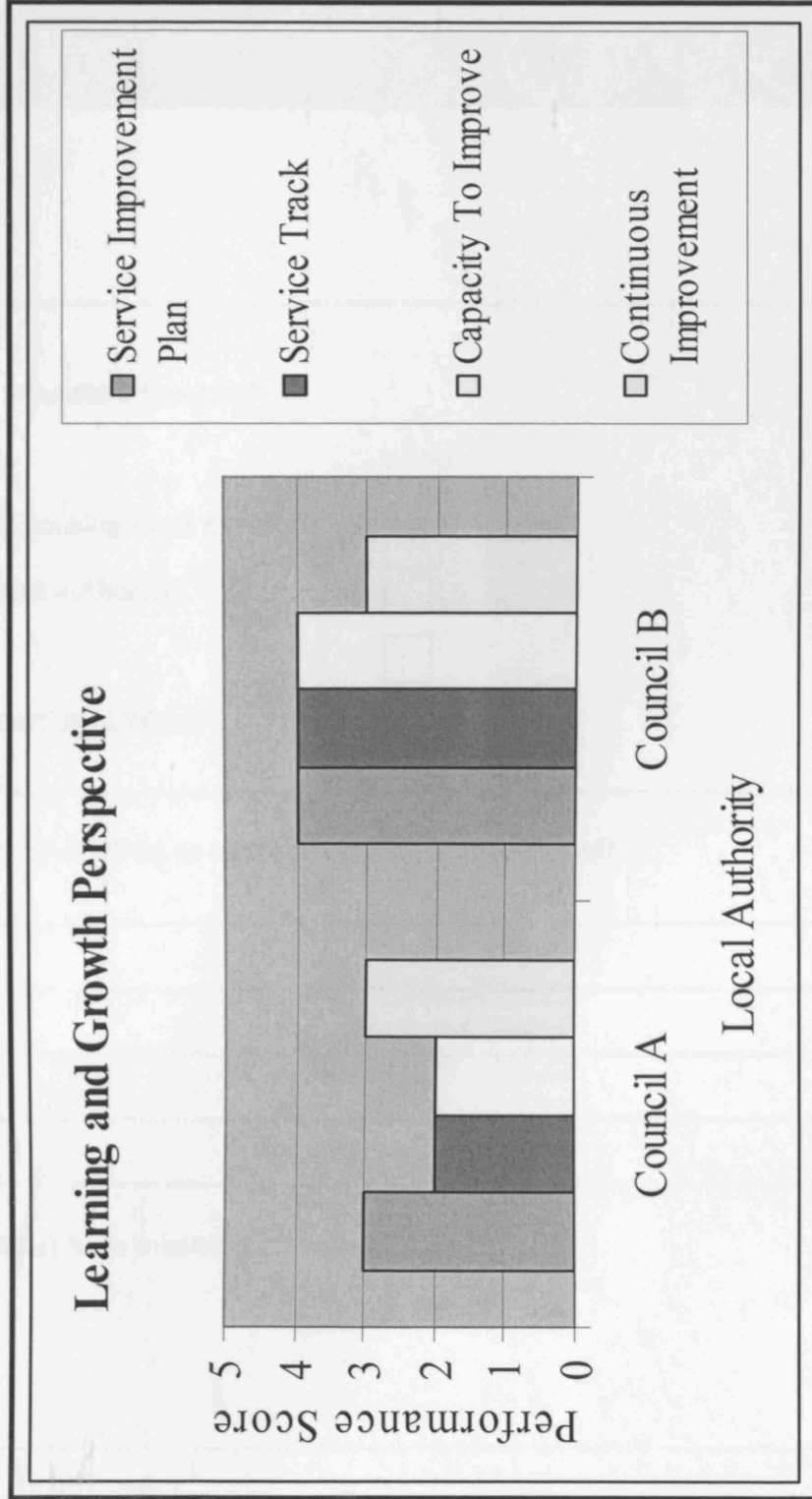


Figure B.4:
Continuous Performance Improvement of the FM Services



APPENDIX C

RESEARCH QUESTIONNAIRE

UNIVERSITY COLLEGE OF LONDON - THE BARTLETT SCHOOL OF GRADUATE

RESEARCH TOPIC: Using the Balance Scorecard to Measure Local Authority FM Services Performance (Value For Money Performance) - Attainment of Government's Four or Three Stars Rating - Case Study.

PART ONE

A. GENERAL INFORMATION

Q1. Name of County:.....

Q2. Does your council retain a landlord function?

- a. Yes
- b. No

Q3. How is the local authority housing stock currently managed?

- a. All directly managed by Local Authority?
- b. All managed by ALMO(s)?
- c. Mixed (some managed by partial ALMO(s))
- d. Any other (please specify)?.....

Q4. How is the local authority or ALMO(s) or Mixed Management made up of?

- a. Councillors.....
- b. Independent.....
- c. Tenants.....
- d. Leaseholder.....
- e. Any other (please specify).....

Q5. Do your Council's or ALMO(s) have mission statement?

- a. Yes
- b. No

If yes what is it?

.....

Q6. If you answer yes to Q5 please indicate your strategic objective to achieve the above mission statement?

.....

Q7. Are the FM services in your area outsourced to a Managing Contractor?

- a. Yes b. No

If yes, please indicate which facilities management services done by the Managing Contractor or done In-house?

<u>FM Services</u>	<u>Yes</u>	<u>Done in-house</u>	<u>Outsource</u>
a. Cleaning Services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Response Repairs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Improvement Programmes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. (Empty) Voids Property Repairs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Aids and Adaptation Services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Gas Servicing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Estate Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Sheltered Housing Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

i. Any other.....

PART TWO

A. What are your opinions on the following meaning of value for money or best value in your area?

Q1. Services should be of the right quality i.e. they must be fit for purpose.

- a. strongly agree b. agree c. uncertain d. disagree e. strongly disagree

Q2. Services delivered should be economical i.e. from a supplier whose price is competitive.

- a. strongly agree b. agree c. uncertain d. disagree e. strongly disagree

Q3. Services delivered should be efficient i.e. through streamlined processes that link seamlessly with the partner organisation.

- a. strongly agree b. agree c. uncertain d. disagree e. strongly disagree

Q4. Service delivered should be effective i.e. they should meet the needs of the local people at the right time.

- a. strongly agree b. agree c. uncertain d. disagree e. strongly disagree

Q5. Services should be at a price local people are willing to pay.

- a. strongly agree b. agree c. uncertain d. disagree e. strongly disagree

Q6. Services should be capable of securing continuous improvement over time.

- a. strongly agree b. agree c. uncertain d. disagree e. strongly disagree

Q7. Any other meaning, please specify?.....

B. What are your opinions on the following issues in relation to delivering value for money?

Q1. Openness and transparency of service process.

- a. strongly agree b. agree c. uncertain d. disagree e. strongly disagree

Q2. Compliance with statutes and regulations i.e. government legislation to meet best value.

- a. strongly agree b. agree c. uncertain d. disagree e. strongly disagree

Q3. Price certainty of services delivery

- a. strongly agree b. agree c. uncertain d. disagree e. strongly disagree

Q4. Timely delivery of service.

- a. strongly agree b. agree c. uncertain d. disagree e. strongly disagree

Q5. Affordability of services.

- a. strongly agree b. agree c. uncertain d. disagree e. strongly disagree

Q6. Gaining higher audit commission inspection rating.

- a. strongly agree b. agree c. uncertain d. disagree e. strongly disagree

Q7. Access to extra government funding.

- a. strongly agree b. agree c. uncertain d. disagree e. strongly disagree

Q8. Targeted saving

- a. strongly agree b. agree c. uncertain d. disagree e. strongly disagree

Q10. Accountability of services delivery.

- a. strongly agree b. agree c. uncertain d. disagree e. strongly disagree

Q11. Any other issues.....

PART THREE

A. CLIENT

Q1a. Are the needs of citizens and users at the heart of the design and delivery of the FM services now and in the future?

- a. Yes b. No

If yes, please explain how that takes place?

.....

.....

Q1b. Is the FM service accessible, responsive and based on a robust understanding of the local needs of the people?

- a. Yes b. No

If yes, please explain how that works?

.....

.....

Q2a. Is the FM service standards clear and comprehensive and have users been involved in setting them where appropriate?

- a. Yes b. No

If yes how, please explain?

.....

 Q2b. Are there appropriate arrangements for consulting, engaging and communicating with users and non-user?

- a. Yes b. No

If yes, please explain what type of arrangement(s) is/ are in place and how that works?

.....

Q2c. How many users or residents do your Council or ALMO provide FM services to?

<u>Number of resident FM service</u>	<u>Year 2005/06</u>	<u>Year 2006/07</u>	<u>Year 2007/08</u>
a. 0 to 200 residents/ users	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. 201 to 400 residents/ users	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. 401 to 600 residents/ users	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. 601 to 800 residents/ users	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. 801 to 1000 residents/ users	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Over 1001 residents/users	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q2d. How many residents are involved in the decision on their FM service delivery in relation to the following if applicable?

<u>Number of FM service</u>	<u>Year 2005/06</u>	<u>Year 2006/07</u>	<u>Year 2007/08</u>
a. Tenant
b. Leaseholder

Q3. Out of the number of FM services provided what is the overall satisfaction level of the resident's with the quality and standard of your Council or ALMO or Partner's FM service delivery?

<u>Range of Satisfaction</u>	<u>Year 2005/06</u>	<u>Year 2006/07</u>	<u>Year 2007/08</u>
a. 0 to 100 residents/ users	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. 101 to 200 residents/ users	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

c. 201 to 300 residents/ users

d. 301 to 400 residents/ users

e. 401 to 500 residents/ users

f. 501 to 600 residents/ users

l. 601 to 700 residents/ users

j. 701 to 800 residents/ users

k. 801 to 900 residents/ users

l. 901 to 1000 residents/ users

m. Over 1001 residents/ users

Q4. How does the delivery of the FM services embrace equality and human rights and ensure that all users, or potential users, have fair and equal access, please explain?

.....
.....

Q5. Does your Council or ALMO undertake Best Value Performance Review on all the FM services?

a. Yes

b. No

If yes, please explain how the review is done?

.....
.....
.....

Q5b. If yes, please specify the number review conducted at the start of the FM contract and how many of them have been implemented.

.....
.....
.....

Q6. Do your Council or ALMO have a set performance target and standards to achieve value for money in the FM services provided to the local community?

a. Yes

b. No

If yes, where does that sit in your organisational structure and how is performance target and standard managed, please explain?

.....
.....
.....

Q7a. Is your council's corporate wide objective includes value for money or best value initiate?

- a. Yes b. No

If yes, please specify or explain?

.....
.....

C. INTERNAL PROCESS

Q1. Does your council or ALOM have strategic approach to deliver value for money or VFM strategy?

- a. Yes b. No

If yes, please specify and explain how that works?

.....
.....
.....

Q2. Are modern procurement methods applied that result in demonstrable value for money and delivering outcomes that meet the needs of users and/ or the community?

- a. Yes b. No

If yes how, please explain briefly?

.....
.....

Q3. Is the partnerships arrangement applied working effective that result in demonstrable value for money and delivering outcomes that meet the needs of users and/ or the community?

- a. Yes b. No

If yes how, please explain?

.....
.....

If no, what are the causes of the partnering arrangement failing please indicate your opinion by ticking a box?

- a. Treating the partnership as an easy option
- b. Lack of effective client input
- c. Lack of effective leadership
- d. Inappropriate partnering arrangements
- e. Lack of understanding of the partnership arrangements
- d. Failure to define objective and expectations
- e. Failure to set targets for performance and outcomes
- f. Failure to develop a partnership culture
- g. Lack of trust
- h. Poor communication
- i. Failure to control costs
- j. Any other, please specify?.....

Q4. Does your Council or ALMO have a management arrangement or performance management framework that focused on value for money and are they underpinned by robust mechanisms to drive and monitor progress, and review impact?

- a. Yes
- b. No

If yes, please specify and explain?

.....

.....

.....

Q5. How does your Council or ALMO monitor, review and report value for money?

.....

.....

.....

Q6. Does your Council or ALMO have effective IT system that support front-line officers and provide timely, useful and accurate management information to deliver VFM?

a. Yes

b. No

If yes, please specify what type of IT system and explain briefly how that drives value for money?

.....
.....

Q7. What is your Council or ALMO’s leadership culture reflection on delivering value for money?

.....
.....
.....

Q8. What is your staff’s attitude toward delivering value for money?

.....
.....
.....

D. FINANCIAL

Q1. Does your Council or ALMO have a financial system that budgets have a capital programme and financial strategy which are soundly based and designed to deliver its strategic priorities?

a. Yes

b. No

If yes, please specify what type of system and explain how that works?

.....
.....

If no, what other type of arrangement(s) is/ are in place, please specify and explain?

.....
.....

Q1b. How do the financial systems or any other arrangements your organisation has in place manages performance against budget, please explain?

.....
.....
.....

Q1e Has your Council or ALMO made any financial savings in last three financial years on the delivery of the FM services?

- a. Yes
- b. No

Q1f. If yes, please indicate the targeted savings against the financial savings made below?

Target Savings

Savings Made

£.....per 2004/2005

£.....per 2004/2005

£.....per 2005/2006

£.....per 2005/2006

£.....per 2006/2007

£.....per 2006/2007

If savings were made, please explain how that happened?

.....

.....

.....

If savings were not made, please indicate the factors that inhibit that?

.....

.....

.....

.....

Q1g. Has your organisation achieved efficiency savings in the delivery of the FM services in the last three financial years?

- a. Yes
- b. No

If yes, please indicate what percentage of efficiency savings (that is, obtaining the same level of output for reduced input) achieved in the delivery of the FM services in the following three financial years?

a.%.....per 2004/2005

b.%.....per 2005/2006

c.%.....per 2006/2007

Please explain how these efficiency savings were achieved?

.....

.....
If No, please indicate the factors that inhibit that?
.....
.....

Q2a. Does your Council or ALMO compare their FM services cost (unit cost) with others?

- a. Yes b. No

If yes, please explain how this is done and what benefits are derived from the comparison?

.....
.....
.....

Q2b. Are costs commensurate with the FM services delivery, performance and the outcomes achieved?

- a. Yes b. No

If yes how, please explain?

.....
.....

Q2c. Do costs and resource allocation reflect policy decisions and delivers your Council or ALMO's priorities?

- a. Yes b. No

If yes how, please explain?

.....
.....
.....

Q2d. Is accurate information on costs and services collected and used to decide priorities and strategically managed resources?

- a. Yes b. No

If yes how, please explain?

.....
.....

.....
Q3a. Do your Council or ALMO have a risk management system in place that specifically identifies risk in relation to the partnerships and provided assurance to be obtained about the management of those risks?

- a. Yes b. No

If yes, please explain how this system works and embedded in your corporate business process?

.....
.....
.....
.....

Q3b. Does anyone in your organisation get trained in risk management?

- a. Yes b. No

If yes, please indicate the position and person who gets trained in risk management?

.....
.....
.....
.....

Q3c. Does your Council or ALMO have a criterion in place in relation to effective arrangement for internal control your finances or budget?

- a. Yes b. No

If yes, please explain how that works?

.....
.....

E. LEARNING AND GROWTH

Q1. Does your Council or ALMO have a service improvement plan in place?

- a. Yes b. No

If yes, please could you explain your service improvement plan and how challenging it is for the future of the FM services?

.....
.....

Q1b. Does your service improvement plan have clear and robust proposals for meeting efficiency targets and improving value for money of the FM services?

a. Yes

b. No

If yes, please explain?

.....
.....

Q2a. Does the capacity and track record of the FM services demonstrate improving value for money over time?

a. Yes

b. No

If yes, please explain with evidence?

.....
.....

Q2b. Can the FM service evidence a record of effectively implementing change that has led to improvements in the service delivery (e.g. changes derived from inspection etc.)?

a. Yes

b. No.

If yes, please give example and the delivered benefits?

.....
.....

Q3. Do your FM services learn from high performing and other providers, user feedback or its own experience to improve value for money?

a. Yes

b. No

If yes, please explain how that works?

.....
.....

Q4a. Does the FM service have the capacity to improve?

a. Yes

b. No

If yes, please explain how with regards to skills, tools and finances?

.....
.....

Q4c. Is your Council or ALMO investing and attracting inward investment, appropriate for improvement?

a. Yes

b. No

If yes, please explain briefly?

.....

.....