

Chapter 5

The Scottish Government's System of Outcome-Based Performance Management: A Case Study of the National Performance Framework and Scotland Performs

Bobby Mackie

Abstract This chapter considers the Scottish Government's National Performance Framework as the overarching aspiration of the Scottish Government which in turns informs and guides public managers across Scotland's public services. The focus in the chapter is therefore on understanding this system of organisational performance management and the demands of outcome-based performance management on Scotland's public services and their management. This case study explores the research question on the efficacy of outcome-based organisational performance management in a government context and in particular the ways in which the Scottish Government has implemented its National Performance Framework and its system of communicating performance 'Scotland Performs'. This case study demonstrates that there are great difficulties in accommodating outcomes in systems of organisational performance management in government but nevertheless governments across the globe are pursuing outcome agendas. Organisational performance management systems in a government context must respond to this change by developing and effectively implementing comprehensive, output and outcome-focused, systems of organisational performance management.

Keywords Organisational performance management · Outcome-based · Performance measurement · Scottish Government · Scotland Performs

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5.1 Introduction

This chapter considers the implementation and evaluation of ‘Scotland Performs’ which communicates via its website the Scottish Government’s achievements in relation to the aspirations set out in the National Performance Framework. The purpose of this chapter is to respond to Pollitt’s (2006) observation that there have been limited analyses of what elected members do with performance information and to Arnaboldi, Lapsley and Steccolini’s (2015) encouragement of researchers to undertake more nuanced research in this most difficult, complex, testing area for researchers and practitioners alike. The focus of this chapter is therefore on utilising a case study approach to explain and analyse the Scottish Government’s system of outcome-based performance management.

This case study explores the research question on the efficacy of organisational performance management in a government context and incorporates a review of contemporary literature on this topic. A case study approach to research involves an empirical investigation of a phenomenon within its real life context using multiple sources of evidence. Case studies can incorporate comprehensive descriptions of current managerial practices and this chapter describes the Scottish Government’s National Performance Framework and ‘Scotland Performs’. Case studies often conclude by making prescriptions for future action to enhance performance and also proscriptions on matters where mistakes/errors have been made. The approach adopted in this research is that of a single case incorporating responses to the following questions:

1. Have public organisations adopted performance measurement systems?
2. How are the measures used for decision making?
3. What are the main drivers relating to the adoption, use and effectiveness of performance measures in public administration?
4. How do performance management systems affect the relationship between policy-makers, public managers and external stakeholders?
5. In what circumstances to performance management systems predominantly have symbolic purposes?
6. What is the future of performance management in public organisations?

The case of ‘Scotland Performs’ can be classified as an intensive case (Saunders et al. 2012) as it contains a large amount of data on the practice of outcome-based performance management in a Government context. Data was obtained through a ‘Freedom of Information (FoI)’ request to the Scottish Government and through semi-structured interviews with senior Civil Servants in the Scottish Government and a range of public service managers. The interviews took place in 2016.

5.2 The Development of Outcome-Based Public Management

Baur (1966) noted a growing interest in social goals and indicators and there reporting on such subjects as the reduction in poverty, freedom from discrimination, social and political participation, civil liberties and the administration of justice, art and culture, employment and leisure, learning and education, health and well-being, the production of knowledge, the natural environment, the urban environment, and the mass media. Gross in the same text (Baur 1966, Chap. 3) also noted that the maturation of social accounting concepts will take many decades. Therefore interest in outcome-based performance management is not new and may be considered to be 'old wine in new bottles' but there has doubtless been an exponential growth in interest in outcome-based performance manage as a consequence of the range of global developments broadly classified as 'New Public Management (NPM)' and to the developments in communication and information technologies which facilitate the collection, analysis and dissemination of complex social and performance data. Governments and public organisations internationally have been changing their approach to management of public services. For many years there has been a focus on inputs, processes and outputs, and performance was largely assessed on how allocated budgets were spent and how processes were followed (Carter et al. 1993). There has been a shift in approach to enable governments to promote and measure progress in relation to 'well-being' and to consider this in terms of outcomes - or what makes a meaningful difference to the quality of people's lives.

5.3 The Scottish Government's National Performance Framework

The Scottish Government's National Performance Framework was created in 2007 and has changed the relationships between public sector organisations and the Scottish Government and between public sector organisations and funders acting on behalf of the Scottish Government. The emphasis in performance governance is on effective public policy implementation, performance measurement, accountability and value for money. In 2007 the Scottish Government commissioned a literature review on organisational performance management in a government context which provided an evidence basis for the Scottish Government's system of organisational performance management 'Scotland Performs' (Mackie 2008).

Pollitt (2001), Halligan (2007) and others suggest that global convergence is a consequence of political and economic aspirations for achieving particular outcomes and this is leading to a greater commitment on the part of governments to achieve sustainable results. The National Performance Framework of the Scottish Government is therefore not unique in its aspirations nor in its managerial implications.

According to the Scottish Government (2011), outcome based processes often promote localism, in the form of greater devolution of power and decision-making to local government and local partnerships. This enables services to better reflect local priorities and distinctive needs and circumstances. They focus on improving the effectiveness of partnership working, where agencies co-ordinate their policies and services towards the joint pursuit of shared outcomes. This in turn can foster greater trust and better relationships among public bodies, and improved scope for innovation. This approach also demands the adoption of underpinning cultures and systems to support them. Strong leadership is needed to provide authority and ensure momentum behind an outcome focus. Support is also required elsewhere in the system, including at middle-management levels, to build awareness and skills which enable outcomes-based principles to pervade throughout organisations.

Systems changes implied in an outcomes focuses approach include the development of new performance management and reporting arrangements, using performance information which allows progress towards outcomes to be measured. In this way, as well as providing a basis for performance monitoring and review, an outcome-based approach provides a potentially very powerful means of demonstrating how governments are addressing the needs and concerns of their citizens. The implementation of outcomes-based approaches necessitates multiple delivery partners and the role of the Scottish Government is to concentrate on providing leadership and direction, and to focus on strategic national priorities.

Following the election in May 2007 the Scottish National Party formed a minority Government in the Scottish Parliament and changed the collective term for the Government and its departments to “the Scottish Government” . In November 2007 the Scottish Government published a spending review containing a new national performance framework. The spending review contains five “strategic objectives” supporting delivery of the purpose and, in turn, these are supported by “national outcomes” which describe in more detail what the government wants to achieve over a 10 year period. Progress on these outcomes would be measured through “National Indicators and Targets”. The Scottish Government acknowledged the need for government to take a more strategic approach to target setting and set targets where the Scottish Government judge that it will be an incentive to delivery. Elsewhere in the spending review the Scottish Government established the direction of travel in which it expects indicators to move in the spending review period.

The focus of the Scottish Government's Purpose is on creating a more successful Scotland with opportunities for all to flourish. The Scottish Government believes that sustainable economic growth is the avenue through which the Scotland can achieve this and deliver a fairer, smarter, healthier, safer and greener society. Within the National Performance Framework, national wellbeing is covered through a wide range of social and environmental indicators and targets including mental wellbeing, income distribution and carbon emissions as well as economic growth (Scottish Government, 2008).

'Scotland Performs' is the Scottish Government's online tool for reporting on progress on overall delivery of its Purpose and National Outcomes. The Scottish Government is committed to the reform public services with a decisive shift towards prevention, greater collaboration, partnership working, transparency and workforce development. Excellent public services are essential for a productive and equitable society. The Scottish Government have formally recognised the strength of the public's commitment to Scotland's public services and believe that the quality of those services is the bedrock on which Scottish society and future prosperity depend (Scottish Government: <http://www.scotland.gov.uk>).

The Scottish Government has five objectives that underpin its core purpose—to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth:

Wealthier and fairer Scotland
Healthier
Safer and stronger
Smarter
Greener

Progress towards the Purpose is tracked by eight purpose targets and it is supported by 16 National Outcomes—describing the kind of Scotland the Scottish Government wants Scotland to be—and 55 National Indicators, covering key areas of health, justice, environment, economy, and education measure progress.



In December 2011, a National Outcome relating to older people was added to the National Performance Framework. The 16 National Outcomes are:

NATIONAL PERFORMANCE FRAMEWORK

THE GOVERNMENT'S PURPOSE
To focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth

HIGH LEVEL TARGETS RELATING TO THE PURPOSE
Growth Productivity Participation Population Solidarity Cohesion Sustainability

STRATEGIC OBJECTIVES

WEALTHIER & FAIRER	SMARTER	HEALTHIER	SAFER & STRONGER	GREENER
NATIONAL OUTCOMES	We live in a Scotland that is the most attractive place for doing business in Europe			
	We realise our full economic potential with more and better employment opportunities for our people			
	We are better educated, more skilled and more successful, renowned for our research and innovation			
	Our young people are successful learners, confident individuals, effective contributors and responsible citizens			
	Our children have the best start in life and are ready to succeed			
	We live longer, healthier lives			
	We have tackled the significant inequalities in Scottish society			
	We have improved the life chances for children, young people and families at risk			
	We live our lives safe from crime, disorder and danger			
	We live in well-designed, sustainable places where we are able to access the amenities and services we need			
	We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others			
	We value and enjoy our built and natural environment and protect it and enhance it for future generations			
	We take pride in a strong, fair and inclusive national identity			
	We reduce the local and global environmental impact of our consumption and production			
Our people are able to maintain their independence as they get older and are able to access appropriate support when they need it				
Our public services are high quality, continually improving, efficient and responsive to local people's needs				
HOW ARE WE DOING? Visit www.scotlandperforms.com to track latest progress				

March 2016

5.4 National Indicators

The National Outcomes are directly linked to a set of National Indicators (now 55). Scotland Performs offers accountability based on national priorities set out in the National Performance Framework. Individuals can judge for themselves how Scotland is progressing by accessing Scotland Performs via the Scottish Government website. Scotland Performs measures how Scotland is progressing through 'direction of travel' arrows on the 'Performance at a Glance' page which indicate whether performance is improving, worsening or maintaining. Assessments of progress are regularly updated from the latest evidence and each has explanatory notes attached.



There are ten guiding principles for Scotland Performs:


- Openness and transparency.
- Accountability and responsibility.
- Objectivity.
- Independent assessment.
- Dynamic site: real data, real time.
- Accessibility 24/7.
- Simplicity and clarity.
- Credibility to Parliament and the wider public.
- Shared responsibility for outcomes-based performance (with our partners).
- Sharpening focus—driving improvement.


National Performance Framework – Measurement Set			
Increase Scotland's Economic Growth	Improve Productivity	Improve Economic Participation	Increase Population Growth
PURPOSE TARGETS			
Population – Increase Healthy Life Expectancy	Solidarity – Reduce Income Inequality	Cohesion – Reduce Inequalities in Economic Participation across Scotland	Sustainability – Reduce Greenhouse Gas Emissions
<p>NATIONAL INDICATORS</p> <ul style="list-style-type: none"> Increase the number of businesses Increase exports Improve digital infrastructure Reduce traffic congestion Improve Scotland's reputation Increase research and development spending Improve knowledge exchange from university research Improve the skill profile of the population Reduce underemployment Reduce the proportion of employees earning less than the Living Wage Reduce the pay gap Increase the proportion of pre-school centres receiving positive inspection report Increase the proportion of schools receiving positive inspection reports Improve levels of educational attainment Increase the proportion of young people in learning, training or work Increase the proportion of graduates in positive destinations Improve children's services Improve children's dental health Increase the proportion of babies with a healthy birth weight Increase the proportion of healthy weight children Increase physical activity Improve self-assessed general health Improve mental wellbeing Reduce premature mortality Improve end of life care Improve support for people with care needs Reduce emergency admissions to hospital 	<ul style="list-style-type: none"> Improve the quality of healthcare experience Reduce the percentage of adults who smoke Reduce alcohol related hospital admissions Reduce the number of individuals with problem drug use Improve people's perceptions about the crime rate in their area Reduce reconviction rates Reduce crime victimisation rates Reduce deaths on Scotland's roads Improve people's perceptions of the quality of public services Improve the responsiveness of public services Reduce the proportion of individuals living in poverty Reduce children's deprivation Improve access to suitable housing options for those in housing need Increase the number of new homes Widen use of the Internet Improve people's perceptions of their neighbourhood Increase cultural engagement Improve the state of Scotland's historic sites Improve access to local greenspace Increase people's use of Scotland's outdoors Improve the condition of protected nature sites Increase the abundance of terrestrial breeding birds: biodiversity Increase natural capital Improve the state of Scotland's marine environment Reduce Scotland's carbon footprint Increase the proportion of journeys to work made by public or active transport Reduce waste generated Increase renewable electricity production 	<p>NATIONAL INDICATORS</p>	
<p>Visit www.scotlandperforms.com to track latest progress</p>			
<p>March 2016</p>			































Key to arrows

Key to arrows

 Performance Improving
 Worsening

 Performance Maintaining

 Performance Worsening

-  Increase the number of businesses
-  Increase exports
-  Improve digital infrastructure
-  Reduce traffic congestion
-  Improve Scotland's reputation
-  Increase research and development spending
-  Improve knowledge exchange from university research
-  Improve the skill profile of the population
-  Reduce underemployment
-  Reduce the proportion of employees earning less than the Living Wage
-  Reduce the pay gap
-  Increase the proportion of pre-school centres receiving positive inspection reports
-  Increase the proportion of schools receiving positive inspection reports
-  Improve levels of educational attainment
-  Increase the proportion of young people in learning, training or work
-  Increase the proportion of graduates in positive destinations
-  Improve children's services
-  Improve children's dental health
-  Increase the proportion of babies with a healthy birth weight
-  Increase the proportion of healthy weight children
-  Increase physical activity
-  Improve self-assessed general health
-  Improve mental wellbeing
-  Reduce premature mortality
-  Improve end of life care
-  Improve support for people with care needs
-  Reduce emergency admissions to hospital
-  Improve the quality of healthcare experience
-  Reduce the percentage of adults who smoke
-  Reduce alcohol related hospital admissions
-  Reduce the number of individuals with problem drug use
-  Improve people's perceptions about the crime rate in their area
-  Reduce reconviction rates
-  Reduce crime victimisation rates
-  Reduce deaths on Scotland's roads
-  Improve people's perceptions of the quality of public services
-  Improve the responsiveness of public services
-  Reduce the proportion of individuals living in poverty
-  Reduce children's deprivation
-  Improve access to suitable housing options for those in housing need
-  Increase the number of new homes
-  Widen use of the Internet
-  Improve people's perceptions of their neighbourhood
-  Increase cultural engagement
-  Improve the state of Scotland's historic sites
-  Improve access to local green space
-  Increase people's use of Scotland's outdoors
-  Improve the condition of protected nature sites
-  Increase the abundance of terrestrial breeding birds: biodiversity
-  Increase natural capital
-  Improve the state of Scotland's marine environment
-  Reduce Scotland's carbon footprint
-  Increase the proportion of journeys to work made by public or active transport
-  Reduce waste generated
-  Increase renewable electricity production

The National Performance Framework provides a clear vision for the kind of Scotland the Scottish Government wants to see. The premise is that

outcome-focused working helps public services and other key contributors to work together effectively to tackle Scotland's key long-term economic, social and environmental challenges. The Scottish Government believe that making the best use of Scotland's collective resources will tackle the country's most difficult problems such as alcohol misuse and health inequalities and really make a difference to the quality of life and experience for the people of Scotland.

An updated National Performance Framework (NPF) indicator set was published on 11 March 2016. There are no structural changes to the NPF itself. The Government's Purpose along with the Strategic Objectives and National Outcomes remained unchanged. Changes have been made to the Productivity, Solidarity and Sustainability Purpose Targets following consideration of changing environmental circumstances requiring target modifications (Scottish Government, 2016c).

A key feature of the National Outcomes is their dependence on partnership working. The Scottish Government concluded a revised Concordat with Scottish local authorities in late 2007 which emphasises the significant part local government has to play in promoting the achievement of the National Outcomes. Central to this revised Concordat is the introduction of 32 Single Outcome Agreements (SOAs) between Scottish local authorities and the Scottish Government.

The Concordat agreed between the Scottish Government and the Convention of Scottish Local Authorities (COSLA) sets out the terms of a new relationship between national and local government, based on mutual respect and partnership. This new relationship is represented by a package of measures endorsed by the Scottish Government and the Convention of Scottish Local Authorities (COSLA) and which both parties believe will, over time, lead to significant benefits for users of local services across Scotland. A key element of the Concordat has been the move to create Single Outcome Agreements (SOAs) between all 32 local authorities in Scotland and the Scottish Government. The SOAs are to be based on the set of national outcomes and, under a common framework, local outcomes, to take account of local priorities (Scottish Government, 2009).

A high level steering group (HLSG) established by the Concordat is overseeing the development and implementation of the SOAs. The HLSG comprises senior representation from the Scottish Government, COSLA, the Society of Local Authority Chief Executives (SOLACE), Audit Scotland, and the Improvement Service; the HLSG is chaired by COSLA. All direct engagement between the Scottish Government and the local authorities on developing their SOAs is being managed through the Scottish Government Implementation Group (SGIG). The SGIG comprises 11 Scottish Government Directors, each of whom has been assigned either one or two National Outcomes to lead on, a policy home area and, in some cases, further affiliated areas. This aligning of expertise allows the Group collectively to form a view across all aspects of Government policy.

For the purposes of co-ordinating the liaison with each local authority, 9 of the 11 Directors on the Group has additionally been assigned up to 4 councils to work with and takes the lead in any discussion on the content and development of SOAs with those particular councils. Each Director has a Support Team to assist in the management of their relationship with each council.

Each SOA expresses the joint commitments between the local authority, its community planning partners and the Scottish Government to the delivery of an agreed set of outcomes. Most councils have identified actions which they have requested the Scottish Government to take to support the delivery of the outcomes. Each party to the agreement is mutually accountable for the delivery of the agreed outcomes and will jointly take ownership and responsibility for their respective contributions. They will also be able to hold each other to account for the delivery of specific commitments they make to enable the delivery of outcomes.

The Concordat states that the Scottish Government will step back from micro-managing how councils deliver services for their communities, while supporting their delivery of their SOAs. A corollary of that is an increased onus on councils to ensure that they are able to design, operate and deliver services in a way that supports better outcomes effectively. Councils are therefore responsible for sound governance and for applying robust performance management practices and the Scottish Government will ensure that its NDPBs and agencies align their practices to these arrangements, for the joint delivery of agreed outcomes (Scottish Government, 2009).

The Local Government in Scotland Act 2003 places a statutory duty of Best Value on all councils. Councils have their own performance management arrangements and the Scottish Government will not prescribe use of a particular performance management system. However, in general terms councils will need to make sure that performance management systems collect relevant information to report on their delivery of agreed outcomes. Councils are expected to use the best available indicators to track and support delivery of their outcomes and these may be specific to their area, rather than using less relevant indicators simply to provide national comparability. Councils should also have mechanisms in place to assess and act appropriately upon this information and other evidence of performance against outcomes. Single Outcome Agreements (SOAs) have now been extended to all public bodies in Scotland and to all colleges and universities.

The Community Empowerment (Scotland) Act 2015 continues a commitment to the outcomes approach to government. This means that the focus on achieving goals that improve the wellbeing and quality of life of the people of Scotland will continue to be a priority for the present administration. A vision for Scotland will be developed by the Scottish Government in consultation with the people of Scotland and progress towards this measured so the Scottish Government will know whether the aspirations contained in the vision are being realised.

Specifically, the Act places a duty on the Scottish Ministers to consult on, develop and publish a set of national outcomes targets for Scotland. The Scottish Ministers must also regularly and publicly report on progress towards these outcomes and review them at least every five years. When setting the national outcomes targets, the Scottish Ministers must have regard to the reduction of inequalities of outcomes which result from socio-economic disadvantage.

The National Performance Framework (NPF) provides a strategic direction for policy making in the public sector, and provides a clear direction to move to outcomes-based policy making. This outcomes-based approach is reflected across Government policy and in strategic policy documents. This can be evidenced by

rhetoric contained in the Scottish Government Programme for Government (September 2016) and the Scottish Budget: Draft Budget 2017–2018 (December 2016). Scotland is one of the first countries to publically sign up to the United Nations Sustainable Development Goals. The NPF will be one of the measures used to monitor Scotland’s progress towards these goals.

5.5 The Global Development of Organisational Performance Management

Organisational Performance Management (OPM) in a public service is the managerial activity necessary to promote well-performing policy management and service delivery (United States Government Accountability Office (USGAO), 2017). A desire for improved performance in public sector organisations has resulted in a results-orientation and a cost consciousness in a range of Organisation for Economic Co-operation (“OECD”) countries (OECD 1997, 2015)). Performance management systems often utilise a performance information system that can be audited and is related to financial management and policy cycles (Treasury Board of Canada Secretariat, 2003) although this approach can lead to an unacceptable administrative burden on governmental bodies. Organisational performance management in a government context concerns monitoring the success of public policy, programmes or projects in achieving their objectives and in securing the expected benefits (World Bank, 2015).

Organisational performance management in a public service context is therefore the activities of government or its agencies in planning, implementing, reviewing, evaluating and reporting, the effectiveness of its policies, programmes and projects. The key purpose of organisational performance management is to introduce systematic controls in the management process to guide and regulate the activities of an organisation or any of its parts, by means of management judgement, decision, and action for the purposes of attaining agreed objectives.

5.6 The Implementation of the National Performance Framework

National Performance Frameworks (NPFs) enable government to drive, monitor and assess progress towards achieving their overarching national objectives. NPFs also provide an accountability framework through which parliaments and civil society can measure the effectiveness of government action (OECD, 2015).

Half of OECD member countries have a NPF in place, although the types of framework differ substantially. In some countries the NPF is developed and monitored by the Ministry of Finance, while in other countries it is developed by the statistical agency. There are also some countries where the NPF is a joint project by government

departments and the statistical agency. Who drives the framework can affect the extent to which there is political buy-in as well as its purpose. It can also determine whether or not there are specific targets attached to indicators (OECD, 2015).

In Scotland, public services, working with partners, play a key role in delivering the Scottish Government's Purpose and National Outcomes. At a local level, Community Planning Partnerships support the delivery of the National Performance Framework (NPF) through individual agreements between public services and their partners in delivery.

The Deputy First Minister chairs a Round Table Group with representation from all political parties in the Scottish Parliament and representatives of Scotland's public services, third sector organisations and academics to monitor the Scotland Performs data and its development. The Scottish Parliament Committees receive regular updates from Scotland Performs to enhance the evidence basis for public policy and the performance management of the National Performance Framework. The Scotland Performs Technical Advisory Group (SPTAG) advises on the suite of national indicators and on the data collection and data presentation.

Organisational performance management in a government context can serve two distinct functions:

- **Intra-organisational performance management:** To ensure that there are appropriate internal controls to monitor the extent to which the organisation (and its sub-units) is achieving what it is supposed to achieve. This requires the organisational management to periodically review and evaluate performance standards attained and performance trajectories, taking corrective action as appropriate where deviations from the desired standards are detected (Mackie, 2013).
- **Extra-organisational performance management:** To communicate performance for the purposes of governance and accountability to organisational stakeholders including Government, funding bodies, audit agencies and the wider public (Ibid).

There is no legislative requirement for an organisation to have an intra-organisational performance management system. Organizations need to know where they are, where they are going and how to manage the changes. Managers in these organizations need to know where their roles fit in relation to the whole and how they can contribute to strategic developments and changes

There is a widely accepted belief that having clarity of purpose and the means to monitor progress towards goal attainment does promote a performance focus in organisations (public and private) and as such is more likely to achieve enhanced organisational performance levels. There is no guarantee of enhanced performance levels as performance achieved depends on a range of variables only one of which is clarity of direction. There are requirements, often statutory, for public sector organisations to maintain high standards of corporate governance, accountability and public reporting. This requires systems of extra-organisational performance management.

Extra-organisational performance management involves controlling organisational resources and activities to ensure that they are contributing to organisational effectiveness and to ensure that the organisation is not experiencing strategic drift. Strategic drift occurs when the reality of organisational performance is inconsistent with planned levels of performance. The management of organisational performance is an activity of senior management as they are most likely to be held accountable by politicians and other stakeholders for performance levels achieved and there is growing evidence of organisational performance being a core feature of systems of people performance management such as annual performance planning and therefore sensitivity to organisational performance has become a key activity of managers at all levels.

If there is a major deviation between a national performance framework's planned and actual performance detected by performance measures then governments must consider adjusting performance or modifying plans accepting that in many circumstances actual performance levels may be outwith the control of governmental and managerial activity and performance gaps persist over time. It is therefore important for governments to make sure that all levels of public service delivery are in touch with each other and work together to do their best to deliver the governments aims.

Organisational performance management in a public service context should with political priorities. The OECD (2015) has identified five recurring themes of systems of organisational performance management in a government context: economy; environment; education; health; and society. The Scottish Government's National Performance Framework (NPF) derived its initial priorities from the Scottish National Party Manifesto for the 2007 Scottish Parliamentary Elections which put the Scottish National Party in power for the first time since devolution in 1999. The revision to the NPF in 2011 and 2016 were driven by a process combining political priorities and public consultation (Scottish Government, 2011 and 2016a, b,c).

Public sector organisations that prioritise well incorporate the following factors:

- evidence from stakeholders and the public which has been used to establish aims and priorities;
- politicians who are involved in setting strategic aims and in ranking them;
- aims and priorities, and their relative importance, that are clear and underpin the vision and strategy;
- resources that are linked to aims and priorities;
- aims and priorities which have been communicated internally and externally;
- aims and priorities are cascaded down to individual actions;
- the existence of systems to support monitoring of this activity'
- the use of clear milestones and measures to underpin the political vision'
- partners' priorities and plans to reflect political priorities and vice versa'
- priorities that are reviewed at appropriate intervals to reflect changing demands and current progress.

(IDeA 2004)

Organisational performance management in a public service is the managerial activity necessary to promote well-performing policy management and service delivery. A desire for improved performance in public sector organisations has resulted in a results-orientation and a cost consciousness in a range of OECD countries (OECD 1997, p. 8)

Research shows that there are multiple tools and techniques being used globally in public sector performance management (World Bank, 2007 and 2015). There is clearly a tendency towards colour charts and diagrams providing a snapshot of the current status of actual performance against planned performance using information which is as close as possible to real time. These tools have most significance where the focus of the performance relates to service inputs, process and outputs and is disaggregated by service and residential area. Corrective action can be introduced relatively quickly and the expectation is that the corrective action will have a short term impact. Difficulties arise when the focus of the performance is on national level outcomes pursued over the longer term. However 'dashboard' type communication of performance status does have a place in government performance management systems (OECD, 2015).

Government's success or otherwise in achieving policy outcomes will be as a consequence of aggregated performance over a period of time. If sub-units and programmes are achieving their objectives then they will contribute to the attainment of organisational objectives. This is an approach developed from Drucker's (1955) 'Management by Objectives' (MBO) concept. There are difficulties in the process by which long term outcomes are translated to shorter term targets and subsequent cascading of targets horizontally and laterally (through organisational hierarchies and between organisations). But the process of attempting to translate outcomes into process and output targets can be of value in itself as it can lead to a better understanding on the part of public service managers of the fundamental purposes of their roles and the ultimate consequences of their performance (Mackie, 2013, p. 64).

Many academics remain critical of managerialism in the public sector but others believe it is better to approach the task of public service provision with greater clarity of desired future and a well-developed sense of direction. Tools of performance management must contribute to more effective public management but there is much research and evaluation required to determine the ways in which generic management approaches can be adapted for the distinctiveness of public services organisational performance management.

National cultures exert influence over organisational and governmental practices in many countries (Hofstede, 2001) and there is clear evidence of global convergence in relation to organisational performance management in a government context. According to Pollitt (2001, p 943):

Many benefits flow to many players from a situation in which there is a dominant, but loosely-specified set of reform ideas which apparently can be applied to a very wide range of public sector contexts.

There is therefore an expectation that changes in organisational performance management in one system of government would be replicated in other governments at least in the short term. The OECD (2007, p. 19) has noted that 75% of OECD countries have introduced a new initiative on performance management in government. Despite apparent convergence, there remains diversity across countries and differences within countries reflecting governmental policy priorities. The triggers for change are commonly financial crises, pressure to reduce public expenditures and changes in political administration. The objectives of the reforms focus on:

- Budgetary priorities of expenditure control and improving allocative efficiency and productive efficiency;
- Results based management and improving public sector service delivery, efficiency and performance; and
- Improving accountability to politicians and the public.

(OECD, 2007:24–25)

The Scottish Government consults with its partners in the delivery of public services to develop a common understanding of the Government's aims and to identify which activities make a real difference to the well-being of Scotland's population. In addition there is an ongoing dialogue on the meaning of outcomes and the contributions necessary from the Government partners in delivery. The Scottish Government need to promote alignment between the activities of those who deliver public services and the Government's aspirations as expressed in the National Performance Framework. In order to promote this alignment Senior Civil Servants (Directors) are allocated, as part of their duties and responsibilities, the monitoring of progress against the 16 National Outcomes through direct engagement with public service delivery partners. The Scottish government can exercise more control in certain areas of public service delivery but need to take heed of subsidiarity and local priorities. The overall objective of the National Performance Framework is to achieve a more focused, evidence based approach to the planning and management of governmental activity through cross public service dialogue leading to the development of an outcomes culture which permeates public service management in Scotland.

5.7 Key Questions on the Efficacy of Outcome-Based Performance Management Systems

Based on the experience of Scotland Performs and the Scottish Government's National Performance Framework six key questions can be addressed:

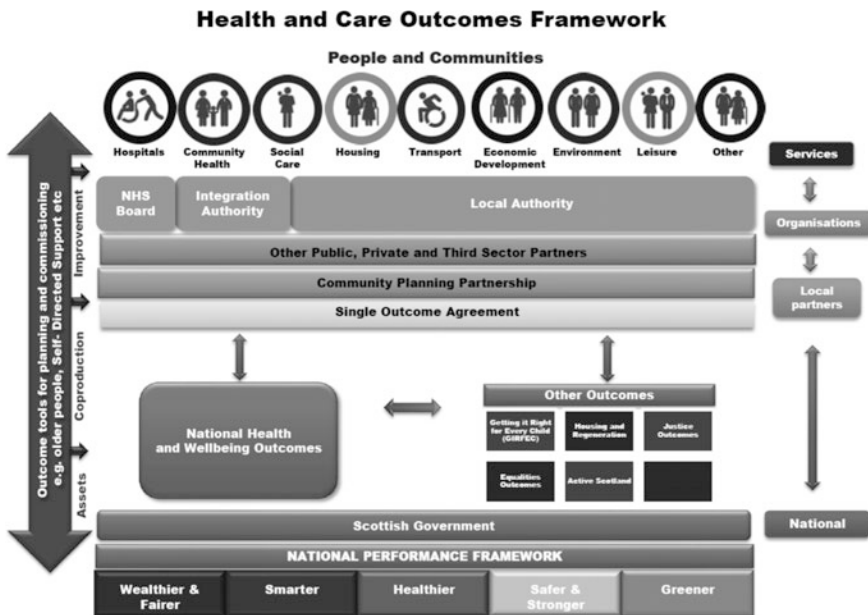
1. Have public organisations adopted performance measurement systems?

The research interviews conducted across Scotland’s public services reveal that as a direct consequences on the introduction of the Scottish Government’s National Performance Framework the vast majority of public organisations in Scotland have adopted performance measurement systems for internal (performance management) and external use (accountability and stakeholder communication). Such systems did not exist in Scottish public service organisations prior to 2008 (Mackie, 2013).

2. How are the measures used for decision making?

Performance indicators (PIs) are the measures and can be defined as data for intra and extra organisational use mainly in a quantified form on aspects of organisational input, activity, output and outcome; that focuses on the actual past, the present and the projected future of an organisation as an aid to assessing the extent to which the organisation is pursuing and attaining its mission and objectives in an effective and efficient manner (Mackie, 2005).

Scotland Performs submits the latest data available to the Scottish Government and to Committees of the Scottish Parliament. The measures, as a consequence, become an evidence basis and an input the political decision-making process. At sub-national levels there are other performance frameworks which link to the National Performance Framework and provide guidance to service providers in specific public service areas such as Health and Care as illustrated in the diagram below:



The Scottish Government have recognised weaknesses in this initial model and in the Draft Budget 2017-18 a further series of performance related reforms are planned:

Individually and collectively these reforms, like those that have been implemented in the past year, seek to improve outcomes for people at every life stage. By focusing on outcomes we hope to develop and deploy the public service workforce in a way that establishes a truly preventative culture, one which forges deeper relationships with local people and is more open and responsive to what communities most value.

(Scottish Government, 2016b)

3. What are the main drivers in relation to the adoption, use and effectiveness of performance measures in public administration?

Performance measures in public administration can be used in three main ways. The first way is as a tool of performance governance. This is a ‘top-down’ driver where government set out their national performance frameworks and the expectation is that public services will interpret the national framework and utilise it to guide organisational activity. Governments monitor the performance of public services in relation to the extent to which public services align their strategic aspirations to the national framework and in relation to the results public services are achieving.

The second way is as a tool of performance management whereby public service managers at various levels use performance measures as targets (pre-controls), as tools for monitoring progress and performance trajectories (concurrent controls) and as tools of evaluation, review and reporting (post-controls). The driver here is managerial effectiveness.

The third way is as marketplace surrogates where measures are used to communicate to stakeholders and the public on aspects of public service performance standards attained. The drivers here are accountability and transparency.

4. How do performance management systems affect the relationship between policy-makers, public managers and external stakeholders?

Utilising the three ways in which performance related information can be used: performance governance, performance management and stakeholder communication, relationship can be affected in different ways. Performance management systems can enhance performance governance making policy-makers (politicians) better informed and more powerful. In this situation, public managers are more accountable to policy-makers for their performance at an organisational level. In relation to performance management, public managers should be better equipped to communicate performance standards achieved to both policy-makers and external stakeholders. In addition they should be better informed about their organisation’s performance and therefore in a better position to make good decisions. Stakeholder communication empowers stakeholders and promotes the accountability of both public managers and policy-makers to the public and to the electorate.

5. In what circumstances to performance management systems predominantly have symbolic purposes?

This case study illustrates that many of the Scottish Government's National Indicators evidence low levels of public interest as measured through 'hits' on the Scotland Performs website. This may be an indication that the Scottish Government has a desire to show the diversity of their concerns for the 'well-being' of Scotland but in reality they evidence limited activity in relation to some of the National Indicators. Some National Indicators are clearly more important to external stakeholders than others. The number of hits on the Scotland Performs website gives an indication of public interest and the Scottish Government must be sensitive to public interest to ensure that it maintains popular support. The top indicators as measured by the number of hits (in rank order) on the Scotland Performs website (2012–15) are as follows:

Adults who smoke
Deaths on Scotland's roads
Physical activity
Skill profile
Alcohol related hospital admissions
Emergency admissions to hospital
Number of businesses
Use of the Internet
Problem drug use
Healthy birth weight
Mental well being

Politicians are taking note of public interest in particular issues many of the issues are incorporated in the Scottish Government's Programme for Government (2016a, b). It is possible to identify who is making the hits on the website and the number of hits does indicate general interest from a range of stakeholders in particular indicators.

6. What is the future of performance management in public organisations?

The Scottish Government's National Performance Framework is here to stay for the next 5 years at least given the return to power of the Scottish National Party and the incorporation into their legislative proposals of many of the most popular policy issues as evidenced by the number of 'hits' on the Scotland Performs website.

In addition the Scottish Government's National Performance Framework and Scotland Performs according to senior Civil Servants have achieved international recognition as representing good practice in organisational performance management in a government context (see OECD, 2015).

5.8 Conclusion

Organisational performance management literature identified the core elements of organisational performance management in a government context and has confirmed that it is global development of the government. Reports by the World Bank (2007), the US Government Accountability Office (USGAO, 2017) and the OECD (2007) identify the pervasive characteristics of global organisational performance management in a government context. According to these influential organisations, comprehensive systems of organisational performance management in a government context should be modelled on these pervasive characteristics:

- High level public policy aspirations expressed as outcomes
- Strategic business plan
- Performance measurement tools and techniques
- Targets
- Implementation
- Monitoring
- Measuring results
- Verification
- Communication
- Review and evaluation
- Continuous sensitivity
- Commitment

However, the premise underpinning these answers is that performance improves in part as a consequence of an holistic outcome-based organisational performance management system and there is transparent evidence of strategic fit between public policy objectives and priorities, and the progress towards these objectives and priorities made by governmental and public services' performance. The difficulties of effective policy implementation and the problematic consequences of performance measurement systems will always apply and an organisational performance management system is no guarantee of policy success. Policies fail because of bad policy, bad execution or bad luck and there may be some sense that governments have to introduce systems of organisational performance management not because of their potential benefits but because other governments are introducing such systems and the rhetoric of an organisational performance management system in government may be sufficient to appease the public. The reality may be that the policy of organisational performance management becomes a substitute for action. This approach may be useful when confronted by a problem, which is difficult to address (low tractability), and policy implementation activity may result in no tangible signs of improvement. The policy as a statement of intent is a substitute for action and the organisational performance management system is never effectively implemented.

Outcome-based organisational performance management in a government context has multiple objectives some of which focus on governmental effectiveness and

others on responsiveness. In some cases the system contains more symbolic rhetoric so to project an indication of action when in fact there is limited chance of performance improving as the issue is more complex with no easy answer (wicked problems). In recent years governments globally have set out clear public policy objectives in terms of outcomes and are committed to the pursuit and attainments of these societal outcomes. Governments can be held accountable periodically to their electorates for their performance including the extent to which they have made progress towards the attainment of these outcomes. Much depends on the extent to which performance enters the public domain and is addressed by politicians (particularly those in opposition), the media, key stakeholders and the general public. The key to public debate is access and the accuracy of the performance information made available. If it is accessible and understandable then the systems offers potential for its use as a tool of accountability. There have been recent examples of the Scottish Government having to account for criticism of the performance of the school education system and this has led to education being a priority in the Programme for Government (2016) and in the Draft Budget 2017–18. This is clear evidence of the potential of the organisational performance management system to impact on government policy (Scottish Government 2016a and b).

Outcome-based organisational performance management in a government context will only be sustainable where it achieves its key objectives of enhancing the performance of governments in the attainment of its policy objectives and keeping the electorate and key stakeholders informed of the evaluations of the outputs and outcomes of such approaches. Academics tend to adopt a critical perspective where they are proscriptive about (i.e. critique) government managerialism and its alleged preoccupation with measures and targets. The rationale for so doing is the absence of empirical data confirming that there have been improvements in both outputs and outcomes as a consequence of an initiative which incorporates elements of organisational performance management. There are few examples of prescription by academics (see Gao, 2015) perhaps as a consequence of their limited or non-existent experience in a public management capacity. Academics, whose backgrounds lie outwith the management disciplines, cannot be expected to be advocates of particular organisational performance management systems. As a consequence much of the academic writings are from individuals with a social science and/or politics background and, although they provide excellent objectivity in their critiques, fail to incorporate recommendations that may lead to continuous improvement in organisational performance management in a government context. The identification of dysfunctional consequences abound but there is rarely a prescription of good practice to inform practitioner and organisational learning (see Smith, 1995). This case study of the Scottish Government's National Performance Framework and Scotland Performs provides an illustration of rationality and some success and can therefore be predominantly prescriptive in its advocacy of the outcomes focused approaches adopted by the Scottish Government.

Organisational performance management systems are high on government agendas worldwide and it must be assumed that there is global consensus within governments over the potential merits of such systems. Outcome-based

organisational performance management in government has the potential to enhance the effectiveness of public policy implementation but will only succeed where it is effectively implemented and applied holistically both within government and across governmental activity. Outcome-based performance management in government is globally fashionable but it may become a transient hobby (a fad) unless it is effectively implemented and continuously responsive to internal and external challenges. Politicians and public managers can promote the sustainability of outcome-based performance management but the extent to which it becomes embedded will depend on the extent to which outcome-based performance management performs.

There has been a shift from input controls to output controls and in more recent times, to outcome controls but this has not yet resulted in greater flexibility and looser control within organisations. Public sector organisations globally appear to be overwhelmed by forms of performance monitoring including scrutinies, audits, performance review systems, peer assessments, appraisals, statistical returns, etc. As a consequence of this there appears to be a contradiction in the role of outcome-based performance management in public management. Outcome-based performance management can be a tool of hands-off governance or it can support a rational-systems model of top-down control.

This case demonstrates that there are great difficulties in accommodating outcomes in systems of organisational performance management in government but nevertheless governments across the globe are pursuing outcome agendas. Organisational performance management systems in a government context must respond to this change by developing and effectively implementing comprehensive, outcome-focused, systems of organisational performance management. The Scottish Government National Performance Framework and Scotland Performs represent an innovative approach to outcome-based organisational performance management in a government context and as such are worthy of further research to ascertain the extent to which sustainable improvements in government performance can in-part be attributed to such systems.

Potential problems may arise when policy outcomes are not achieved or there are clearly gaps between desired performance levels and performance levels attained. Ideally, the organisational performance management system would cover all of government (holistic), the information would be as close to “real time” as possible and all of the information relating to the performance achieved would be in the public domain with well-presented summaries appearing in the form of traffic lights at regular intervals on a dedicated website such as ‘Scotland Performs’. Policy failure is attributable to bad policy, bad execution or bad luck. Bad policy can be addressed through better policy formulation. Bad execution can be addressed through better policy implementation and better organisational performance management. Bad luck can be partially addressed by better organisational performance management including risk identification, assessment and management. However, what do politicians do when there is apparent policy failure and that policy failure is evidenced by performance data in the public domain? What happens when an apparent policy failure appears prior to an election?

If governments are committed to the principles of outcome-based organisational performance management in a government context they must be prepared to address both the good news and the bad news. In saying that, the early evidence of comprehensive organisational performance management systems in the Scottish Government lead to the conclusion that it appears to have the potential to enhance performance, responsiveness and empowers citizens as evidenced by the Scottish Government's Programme for Government 2016 and the Draft Budget 2017–18 and as such it must be a positive development in public management.

It is too early to conclude that the impact of outcome-based organisational performance management systems in government has been a success as whole-of-government systems have only been introduced globally over the past 15 years. At sub-governmental levels the evidence (outwith the United Kingdom) is that such performance management systems have contributed to enhanced public service performance albeit that these systems have largely focused to date on municipal/local government and evaluations have tended to focus on inputs, process and output enhancement and not on outcomes achieved.

There is evidence of utility if the system is organisation-wide and linked to strategic planning and budgetary management systems. The organisational performance management systems act as concurrent controls providing essential management information as an aid to decision-making at all levels. Benefits relate to improved organisational performance, better management, better stakeholder communication and better relations (both internally and externally). Outcome-based organisational performance management systems in a government context have potential for multiple beneficiaries: politicians, civil servants, others involved in service delivery; other stakeholders; and the ordinary citizens. Public services in Scotland are now required to ensure the alignments of their key plans and strategies with those of its other partners engaged in public service delivery.

The extent to which the National Performance Framework remains intact will to some extent depend on the performance of the Scottish Government. There is an opportunity to do much better in managing organisational performance in Scottish Government but there is also a danger in the emerging proliferation of public service organisational performance management systems as they may develop in ways which are incompatible with the Scottish Government's aspirations.

The policy implementation framework for the National Performance Framework has established the need for public service organisations to demonstrate linkages between their planned activities and the 'Purpose Targets' and 'National Indicators' commonly through the development of detailed commitments from public services describing the ways in which they will align their activities to the National Performance Framework and in particular to promote progress on the National Indicators. This development over the past ten years contains both 'top down' and 'bottom up' elements in that the Scottish Government wish to exert influence (if not control) over the results of activity financed through public expenditure funds yet at the same encourage local decision making through partnership processes.

The approach adopted in Scotland is not unique but is significantly differentiated from the systems of other countries through the National Performance Framework

and Scotland Performs. In order to better understand outcome-based organisational performance management in public bodies, academics need to consider existing systems and evaluate their strengths and weaknesses. This case study creates an opportunity to examine a system which has been in existence for almost ten years thus providing a concrete experience of organisational performance management in public bodies.

This case study demonstrates that it is possible to introduce comprehensive systems of outcomes-focused organisational performance management in government and governments across the globe are pursuing outcome agendas (OECD, 2015). Organisational performance management systems in a government context must continue to respond to this change by developing and effectively implementing comprehensive, outcome-focused, systems of organisational performance management. The Scottish Government have made progress in developing and encouraging of an outcomes-focused culture in Scotland's public services by promoting the alignment of the National Performance Framework to other service focused frameworks and through Local Outcomes Improvement Plans generated by Community Planning Partnerships across Scotland. This approach promotes direct linkages between Scotland's public services and the National Performance Framework in an effort to ensure that every public body is aware of the needs to make an appropriate contribution to the National Outcomes as well as delivering their own statutory and permissive functions and services to the people of Scotland.

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