

Briefing 09/29 June 2009

Using performance networks in the new national frameworks

This briefing paper looks at how performance networks can be used to demonstrate competitiveness and to report on national requirements. This briefing is provided to APSE member authorities throughout the UK and will be of particular interest to those with responsibility for performance management, data information and service planning

Key issues

How performance networks can be used to demonstrate competitiveness and value for money

The new national performance frameworks throughout the UK and using performance networks as evidence to support improvement

To obtain further details on performance networks, please email djohns@apse.org.uk

1. Introduction

Performance networks was developed alongside the introduction of best value over 10 year ago as an improvement tool for local authorities to compare their performance with other similar authorities on a like-for-like basis and over time. The tool both identifies and provides information on best performing authorities and most improved authorities which can then be used as a learning tool for other authorities. The key strength of performance networks is the continued development of the model by local authority practitioners and its coverage of 15 service areas. The model has been independently validated against Audit Commission criteria and a review commissioned by the DCMS found that 'APSE methodology meets all of the Audit Commission criteria'.

Recent guidance issued by the relevant assemblies and governments emphasise the importance of undertaking assessing performance and benchmarking not only in terms of evaluating service performance but also in assessing competitiveness.

2. Demonstrating competitiveness

In 2004 the Gershon efficiency agenda in England and Northern Ireland, paralleled with the Scottish Governments efficiency programme and Making the Connections in Wales,

set out the process for creating greater efficiencies from public services. Since 2004, local government has over-reached the targets set and new targets of some £35 billion now exist for England, and in the next Spending Review period additional efficiencies to help support the economy and front-line services rising to £9 billion by 2013-14. The outcome of the Scottish Spending Review confirmed the Scottish target to deliver 2% increasing cash-releasing efficiencies each year, would amount to £1.6 billion in 2010-2011. Within Wales, the annual local government settlement discussions assume a 1% efficiency saving from the revenue support grant which equates to approximately £38m per annum.

In order to achieve improvements in the quality and efficiency of public services in more challenging economic times, innovation and service redesign are deemed critical to achieving 'more for less'. Performance management within the public sector is seen as a means of ensuring the best use of limited resources. The relationship between performance management and demonstrating competitiveness has been highlighted recently by guidance issued throughout the UK.

a) England

Statutory guidance issued by CLG in July 2008, 'Creating strong, safe, prosperous communities' states that local authorities, for their own services (including those externally provided) should "regularly and rigorously assess and review the competitiveness of those services against similar services" and that where in comparison to others they are found to be under-performing they should re-evaluate the "need and priorities for that service". The guidance emphasises service improvement and the need to address under-performance – there is no automatic presumption that services should be outsourced.

The recent HM treasury report '*Operational efficiency programme: Final report*' identified five areas of operational efficiencies in the public sector. This report highlighted that performance information and performance management systems will increasingly be used to demonstrate both value for money and the delivery of efficiencies (<http://www.apse.org.uk/briefings/09/09-24%20Operational%20efficiency%20programme%20final%20report.pdf>).

b) Scotland

Some of the latest audit reports from Audit Scotland have stressed the importance of effective performance management to corporate plans, the need to be aware of inputs, the quality and cost-effectiveness of services and outcomes, and to identify when a service provided is not performing at the level expected. In order to claim efficiencies under the Efficient Government initiative, Audit Scotland have reiterated the need for councils to demonstrate that service outcomes have been maintained or improved, and to evidence the link between resources and performance measurement.

c) Wales

The proposed new local government (Wales) measure reinforces the importance of benchmarking and legislates for local authorities to have a duty to compare their performance using the most appropriate performance data. The new measure expands authorities' duties in relation to secure improvement, in particular emphasising that enhancing local well-being, sustainability and social equity are as valid as improving quantified service outputs or efficiency. It also confers more scope to use performance data to account to citizens and communities about the levels of service they are providing.

d) Northern Ireland

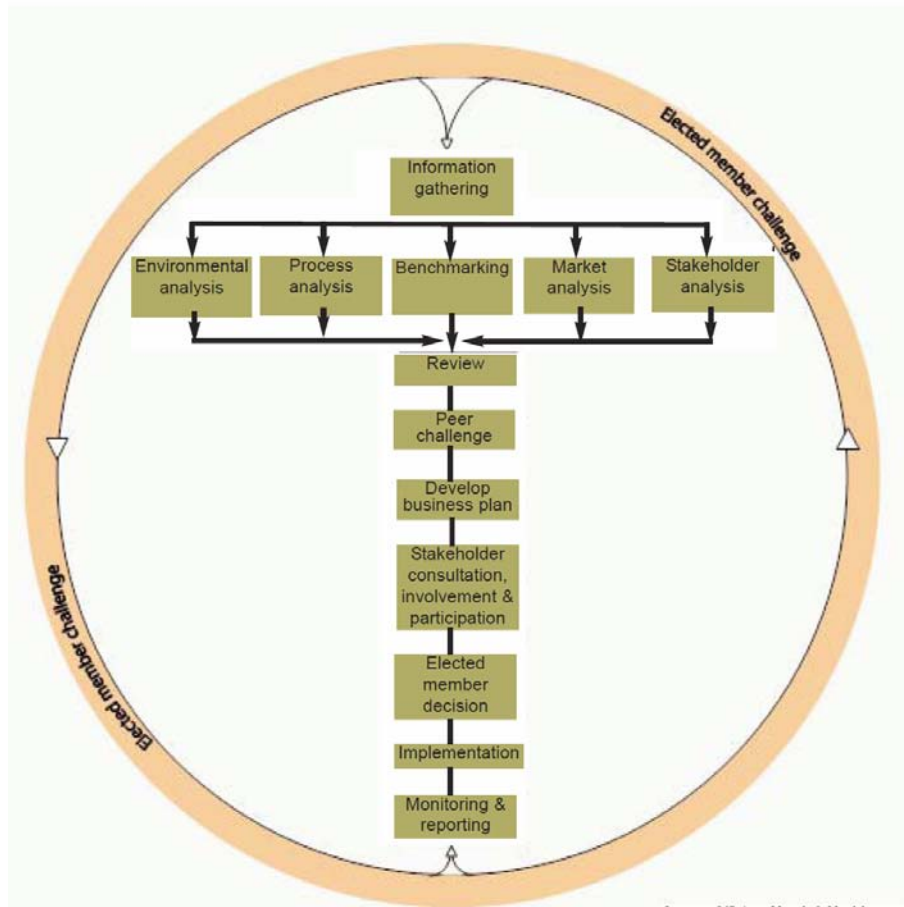
Environment Minister Arlene Foster's statement to the Assembly in March 2008 on the future shape of local government highlights the need for performance management to deliver modern, high quality and efficient public services. The statement notes that central government will support local government with the development of appropriate performance management systems and a modernisation challenge fund that will support innovative and efficient practice.

Across the UK, public sector performance management will form the basis of achieving efficiencies within local government. Performance management is not about much maligned meaningless targets but about how the best use can be made of limited resources to maximise performance in terms of both cost and quality. A recent discussion paper on public sector performance management explores a report by oracle about some of the current issues facing performance management within the public sector (<http://www.apse.org.uk/briefings/09/09-25%20Public%20sector%20performance%20management%20A%20discussion%20report.pdf>)

In demonstrating competitiveness, APSE performance networks can be used to:

- Set targets both over time and in comparison with other similar authorities, through the direction of travel reports, performance reports and performance indicator standings reports.
- Monitor performance across a range of input, process, output and outcome measures. This can be used to set intervention levels and identify standard deviation.
- Identify trends and explain these – for example is a cost increase due to additional investment in the service? Is income of a community centre reducing due to a focus on involving social groups? Is the number of litter notices reducing due to the public being more educated about fines? Are recycling increases impacting on costs?
- Review and challenge – setting realistic goals and reviewing these through the involvement of elected members and peers.
- Highlighting areas for improvement and identifying good performing authorities to learn from.
- Re-evaluating needs and priorities

The improvement model shown below has been developed by APSE, depicting the processes that are used as the basis for comprehensive service improvement. This is contained within APSE's publication, the Competitiveness Continuum which can be downloaded by clicking on the following link: <http://www.apse.org.uk/membership/pdfs/e-publications/Competitiveness%20continuum-Aug07.pdf>. The model shows measures that can be used as the basis for an assessment framework that can provide councils with the information that they need to form judgements on the quality, cost and competitiveness of the services that they provide. Benchmarking is particularly useful for identifying inefficiencies flowing from system failures such as poor productivity or absence management but should also be used as a means of identifying appropriate partners to process benchmark with (to examine differences in the way that activities are carried out with a view to disseminate best practice and process improvements).



3. The new national frameworks

Throughout the UK, new national frameworks have been (and are being) developed and this section identifies how performance networks can be used to inform national requirements. APSE performance networks is a local performance management tool and was not set up to simply mirror national requirements but to be used as an improvement tool. However, performance networks data can increasingly be used as evidence within national frameworks.

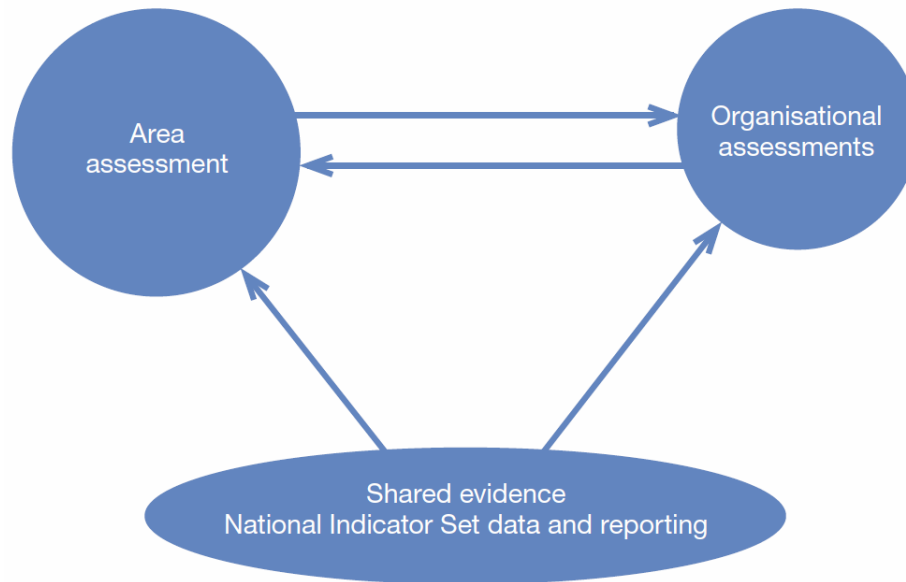
a) Comprehensive Area Assessment (CAA) - England

The CAA framework has 3 components:

1. Area assessment: an assessment across the whole area using Local Area Agreements and sustainable community strategies. It assesses how well the council and its partners have understood community aspirations, how well these are being delivered and prospects for future improvement. Red and green flags are used where there are concerns about performance (red) or there is exceptional performance (green).
2. Organisational assessments: for councils and fire and rescue authorities, this includes a use of resources assessment and service performance for individual organisations.
3. Shared evidence: this includes both the national indicator set and the use of local performance management information to:
 - Identify if outcomes are being improved
 - How effectively resources are used
 - What needs to be done to sustain and improve good performance

The framework can be shown diagrammatically as follows:

The CAA framework



Source: Comprehensive Area Assessment Framework document, 2009.

APSE performance networks data can be used as evidence in both area assessments and organisational assessments. For example, area assessments include, 'How environmentally sustainable is the area', 'How healthy and well supported are people' and 'How safe is the area', which can be informed by existing performance networks indicators. In terms of organisational assessment, data can be drawn from the existing data set to inform questions such as:

- Managing finances – does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?
- Governing the business – does the organisation produce relevant and reliable data and information to support decision making and manage performance?
- Managing resources – does the organisation manage its assets effectively to help deliver its strategic priorities and service needs?
- Managing performance – how well is the organisation delivering its priority services, outcomes and improvement that are important to local people?

The Audit Commission have also stated that they expect local self-assessment at least annually and also by using robust and relevant information, the less that inspectorates will need to request additional information.

b) Best Value 2 – Scotland

The consultation for Best Value 2, the next phase of best value audits for all Scottish Councils closed recently and APSE issued a full briefing which can be downloaded by clicking on the following link: <http://www.apse.org.uk/briefings/09/09-26%20Best%20Value%20Two.pdf> The Accounts Commission have singled out a number of improvements that could be made to the overall audit approach:

- Self evaluation and improvement support should feature more strongly in audit
- There should be a greater focus on services, outcomes and partnership working
- Reports produced should be clearer and easier to read.

There is a stronger emphasis on the range and quality of information that councils provide about how they are performing. Also included will be judgements based on the pace of change and capacity for further improvements. The table below shows the key

evidence sources that will be used for this:

Judgement	Key evidence sources
Direction and pace of change	<p>This judgement would be constructed around analysing performance trends over time, based on audit evidence gathered as part of the BV2 audit process and the councils own performance and self evaluation data. It will include follow-up to BV1 audit recommendations, quantitative analysis of performance data (SPI and a range of other service performance data trends and outcome data), the achievement or otherwise of local improvement targets, and assessing progress against previous inspection reports. Assessing the pace of change will reflect and take into account local circumstances.</p>
Capacity for future improvement	<p>This judgement is likely to take significant account of the qualitative assessments of organisational leadership and the extent to which a continuous improvement culture has been established. It would be based on BV audit assessments of:</p> <ul style="list-style-type: none"> • the quality and effectiveness of the council's performance management systems and processes • local scrutiny and challenge arrangements • the emphasis, in terms of time and other resources, that the organisation has given to improvement activity (including self evaluation) • how effectively it has improved services. <p>The council's self awareness, as reflected in its self-evaluation and any subsequent audit work, would also be important factors influencing the judgement, as would be the outputs from the annual risk-assessment process.</p>

Source: Best Value 2, Audit Scotland, March 2009

APSE performance networks direction of travel reports already identify the direction of travel for councils and can be used as evidence in the direction and pace of change judgement. In addition, existing data can be used to assess how effectively the council has improved its services. The consultation highlights that there will be a much stronger emphasis on self-assessment and on the range and quality of information that councils provide about how they are performing and improving.

c) Wales programme for improvement (WPI)

The new Local Government (Wales) measure was passed by the Assembly on 28 April 2009 and comes into force on 1 April 2010. It creates a statutory regime and new requirements on local authorities and regulators. It reinforces the duty to secure continuous improvement and account for it and requires the setting of annual improvement objectives. It imposes a range of duties in respect of the collection, use and publication of performance information and requires authorities to report achievement against improvement objectives and compare performance against other authorities. The assessment by the Auditor General for Wales on whether the Council is likely to comply with the statutory duty to secure improvement will be based on:

1. A corporate assessment – has the council put effective arrangements in place to support continuous improvement?
2. A performance assessment – does the council have a proven track record of learning and improvement?

The new regime will also feature a published Annual Improvement Report containing the conclusions from the two assessments.

APSE performance networks indicators across cost, quality, productivity and outcome

measures can be used to assess how well the council has performed in the past as well as identify areas for improvement. The ongoing gathering of knowledge which is a key feature of the framework will be assisted by the national performance measurement tool, Ffynnon and APSE performance networks. APSE is currently working with the Assembly on using performance networks data within Ffynnon to set UK-wide comparators and a means of comparing like-for-like councils. Further information on the new Local Government (Wales) measure can be accessed by clicking on the following link: <http://www.apse.org.uk/briefings/09/09-08%20Proposed%20LG%20measure%20commt%20response%20briefing.pdf>

d) Northern Ireland

The Review of Public Administration has recommended proposals for the future shape of local government in Northern Ireland including the development of appropriate performance management systems and a modernisation challenge fund that will support 'innovative and efficient practice'. A number of powers and functions are being transferred to the new councils, including a new statutory power of well-being. There will be a steady transfer of functions ('a process not an event'), the pace of which will be determined initially by the performance of the new councils in the 12 months following the initial transfer of services.

During the transition to the new authorities, benchmarking will be a very effective tool in helping to identify inefficiencies and assist in shaping the delivery of high quality services. Benchmarking has a fundamental role to play in any improvement regime. It has a place now to establish a benchmark against which future performance can be measured and can then be used as a justification for RPA once re-organisation is in place. However, there is time to learn from benchmarking prior to vesting day and it will be an opportunity to introduce a culture of benchmarking. Furthermore, benchmarking is a tool to be introduced in good time to enable existing and new members to carry out their scrutiny role more effectively within the new councils.

4. APSE comment

Throughout the UK there is a common thread of the growing importance of local performance management systems:

1. To form judgements on the quality, cost and competitiveness of the services that councils provide
2. To identify direction of travel and pace of change
3. To identify inefficiencies flowing from system failures such as poor productivity or absence management
4. To process benchmark with appropriate partners and examine differences in the way that activities are carried out with a view to disseminate best practice and process improvements

Local robust performance measurement tools are increasingly being recognised as evidence within national frameworks, and as a result systems that have been developed and refined over the years by local authorities such as APSE's performance networks will be an invaluable tool.

To obtain further details on performance networks, please email djohns@apse.org.uk

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