



Performance management and process benchmarking

This briefing is one in a series of briefing papers being issued by APSE around efficiencies and how local authorities can deal with budget constraints and maximise their opportunities such as income generation. As councils face tougher times and unprecedented financial constraints, APSE have brought together some examples of where efficiency savings have been made and some examples of best practice. Whilst many ideas are transferrable between councils, APSE recognises that local circumstances will vary and some routes may be more appropriate to some than others. This briefing paper relates to performance management and process benchmarking and provides case studies from authorities using these methods to secure improvements in their operations, as well as associated financial savings. These case studies demonstrate a combined saving of nearly £10 million.

Key issues:

- An outline of the different approaches to performance management and process benchmarking
- Contains a range of case studies for front line services demonstrating improvements in their operations and associated financial savings. They demonstrate a combined saving of nearly £10 million.
- Further information and support is available from APSE by contacting djohns@apse.org.uk

1. Introduction

With an increased focus on demonstrating value for money, unit costs and competitiveness in the delivery of front-line local government services, it is more important than ever that local authorities are able to learn from our peers how to secure service improvements, deliver efficiencies and safeguard quality during a period in which there will be spending reductions and financial constraints across local government as a whole. This briefing paper looks at some approaches to performance management and process benchmarking and highlights some case studies from councils throughout the UK who are using these methods to secure improvements in their operations, as well as associated financial savings. These case studies demonstrate a combined saving of nearly £10 million.

2. Performance management and process benchmarking

This section outlines some of the techniques and approaches to performance management, performance measurement and process benchmarking.

(a) Performance management

Aubrey C. Daniels, Ph.D. (born May 17, 1935 in Lake City, SC, USA) is frequently referred to as "the father of performance management", as he was one of the first to make extensive use of

the science of behaviour analysis in business. Performance management was coined by Daniels in the late 1970s to describe a technology for managing behaviour and results, the two critical elements of what is known as performance.

The performance management cycle of 'Plan', 'Do', 'Review' and 'Revise' is a continuous improvement technique used by organisations for ongoing assessment, business planning, target setting and accountability purposes. Performance management within the public sector is seen as a means of ensuring the best use of limited resources. There has been a growing importance of local performance management systems within the public sector, which has gained particular momentum in recent financially challenging times:

1. To form judgments 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

(b) Performance measurement and benchmarking

Performance measurement is essential for performance management as the underpinning evidence to 'Review'. Robert Behn (2003) suggested there were eight purposes that public managers have for measuring performance:

Evaluate	How well is my service performing?
Control	How can I ensure that my staff do the right thing?
Budget	How should my service spend public money?
Motivate	How can I motivate staff, middle managers, contractors, partners, stakeholders, and service users to do the things necessary to improve performance?
Promote	How can I convince elected members, auditors and inspectors, senior managers, citizens, and other stakeholders that my service is doing a good job?
Celebrate	What aspects of our performance can we celebrate?
Learn	Why are things working or not working?
Improve	What exactly should who do differently to improve performance?

Performance measurement is used by councils to track performance, inform priorities, highlight particular issues and direct resources. The proposed new local government assessment framework (following on from the end of comprehensive area assessment) will have a renewed emphasis on unit costs. The national improvement and efficiency programme will create a 'bank of productivity data' for local government. A robust benchmarking system is seen as key to avoiding a return to 'cheap is best'. The new framework will also mean a stripped-down national indicator set and as a result, there has been greater emphasis on the use of voluntary performance measurement and benchmarking arrangements that provide sound financial, productivity and quality data such as [APSE performance networks](#).

(c) Process benchmarking

[Process benchmarking](#) focuses on selected processes within an organisation rather than on the organisation as a whole. By identifying best practice processes and comparing actual processes that organisation use, managers can improve the performance of sub-systems—leading to better overall performance. The goal of process benchmarking is to improve different stages of the process and to increase efficiency by "learning from others". Sharing experiences is crucial for the success of the technique. For example, by comparing specific core indicators (and the procedures currently used that affect those indicators), best practice can be identified and transferred to other organisations.

3. Opportunities for front line services

Set out below are a number of case studies from local authority front line services throughout the UK which show real financial and organisational benefits from using performance management and process benchmarking. Further details, including contact information, are available to APSE member authorities by contacting the APSE office.

- **Case study 1: Using benchmarking to demonstrate competitiveness in building maintenance.** In 2008, Property Services in this council in the south of Scotland, implemented a Competitiveness Framework, aimed at evidencing that they could achieve best in class results. The framework has 4 key components; national schedule of rates comparison, comparison of key investment programmes, competitiveness review of building services and a competitiveness review of project services. This approach uses detailed peer and process benchmarking tools and techniques to test service competitiveness, quality and performance, including [APSE performance networks](#). Successes include a price saving on the National Schedule of Rates comparison of over £4 million.
- **Case study 2: Process benchmarking to reduce procurement costs.** A process benchmarking project was carried out by 17 authorities in Scotland via [APSE](#) to compare the arrangements by authority for the management and delivery of a selection of key building maintenance activities. Activities covered included procurement, fleet management, schedules of rates, response repairs and post inspections. By comparisons, the councils identified both differences and similarities in processes, rates and practices, which could result in improvements and savings.
- **Case study 3: Transforming customer services through the use of real time performance management.** This council in the north East of England has implemented new technology alongside the introduction of a career graded staffing structure, increased staff development and training and real time performance management. This has transformed the customer services telephony centre and generated £200k efficiency savings. Productivity has increased from 45% to 62% and staff absence has halved.
- **Case study 4: Using performance management corporately for efficiency and improvement.** This district council in the south of England needed to reduce costs by £3 million, whilst ensuring that the rationalised authority continued to be 'fit for purpose' and customer focused with improving service quality and customer outcomes. They launched a programme with an emphasis on four key areas; innovation and efficiency, people and performance, customer service and communications and engagement. Results include reduced costs through innovative changes as well as an improvement in 73% of their performance indicators, which placed them 18th out of 388 local authorities for improvement in 2007-8.
- **Case study 5: Developing a Citistat performance management approach to improve attendance.** This local authority in Scotland has improved their sickness absence through regular, systematic performance analysis. The Citistat approach was developed by the [City of Baltimore](#) and involves establishing a panel with senior management membership and making senior managers accountable. This council took data on absence on a 4 week cycle, which was scrutinized by a team. Managers from areas showing increasing trends or where the levels are significantly above the target were asked to attend a panel meeting to explain how they are dealing with it. Actions are agreed at the meeting and managers are given 4 weeks to implement the actions and if necessary they are recalled to the panel to justify their actions. Sickness absence has fallen by more than 1% in 10 months, which has increased productivity by around £220k.
- **Case study 6: A holistic review of street lighting performance.** This county council in central England reviewed its street lighting performance in 2007. By working with senior managers, design staff, electricians, night patrollers and electricity companies, they have

managed to reduce the time taken to repair a street lighting fault from 7 days to 4.8 days. The action plan included improvements to the scheduling of repairs and route planning, introduction of IT equipment whole life cost investment strategy and working with electricity companies to restore supplies quickly, when the fault is due to a supply failure.

- **Case study 7: Using data to demonstrate the effectiveness of the leisure service to partners and potential funders.** This metropolitan council in the north of England has used [APSE's benchmarking data](#) to monitor the effectiveness of its leisure service, provide evidence of substantial improvements and demonstrate to partners and potential funders its ability to deliver services. The service generates over £1.5 million of external funding every year from a variety of partners to deliver programmes and services. They have also used their site-by-site comparisons to implement a range of cost cutting initiatives by amending operational practices to reflect those undertaken at best performing sites.
- **Case study 8: Adopting new ideas through process benchmarking.** This unitary council in the south of England introduced a 4 day a week collection service for waste and recycling, an idea inspired by process benchmarking with peers via APSE, and conducted on-site visits to learn from other councils' experiences. This new service will help them to achieve efficiency savings through the better use of vehicles and fleet. By avoiding Monday collections they have ensured that the residents understand the schedule and are unaffected by collection day changes following bank holidays, with the exception of Christmas and the New Year.
- **Case study 9: Using benchmarking data in service reviews to identify efficiency savings.** This council in the south of Wales commissioned [APSE](#) to undertake a review of its grounds maintenance unit. The review used benchmarking cost and performance related comparators to assess the competitiveness, performance and qualitative standard of the grounds maintenance service provision. The review identified £150k efficiency savings through the reprogramming of seasonalised working hours and increased machinery utilisation.
- **Case study 10: Introduction of a weekly performance system to improve productivity in primary school kitchens.** This council's education catering service maintains high productivity via the operation of a weekly performance management system for each kitchen, allowing them to proactively monitor productivity. This data is then used in the allocation of staff across the kitchens to ensure maximum output of meals whilst minimizing staff time wasted.
- **Case study 11: Evidencing improvement in performance following a structural change.** In 2008, this council radically reviewed how its housing service was delivered and decided to integrate its housing services with corporate and commercial services – specifically merging the housing management teams with the building maintenance teams. Improvements in the service as evidenced by performance data include a reduction in void turnaround time from 81 days to 15 days for non low demand properties, a reduction in time spent on minor repairs inspections and savings of £400k.

4. APSE commentary

Further support is available from APSE via obtaining these full case studies, performance measurement and process benchmarking, additional support in conducting an options appraisal or service review, skills development and training, as well as advisory services. Please contact djohns@apse.org.uk for more information.

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