Using performance networks in the new national frameworks across the devolved governments

This briefing paper looks at how performance networks can be used to demonstrate competitiveness and efficiency levels in local government service delivery and to report on national requirements across the devolved governments.   This briefing is provided to APSE member authorities throughout the UK and will be of particular interest to those with responsibility for performance measurement, performance management and service planning.

Key issues

How performance networks can be used to demonstrate competitiveness and value for money in the delivery of local government services.
The new national performance frameworks throughout the UK devolved governments and using performance networks as evidence to support improvement
 To obtain further details on performance networks, please email djohns@apse.org.uk

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1. Introduction

Performance networks was developed alongside the introduction of Best Value over 13 years 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 approach both identifies and provides performance 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 14 service areas.

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 value for money

The Comprehensive Spending Review announced on 20 October 2010 and subsequent budget settlements mean a reduction in revenue funding in real terms from Government. English local government is facing 28% of cuts in the current 4 year funding cycle, Scottish public services spending levels are dropping to the equivalent of 2001 levels by 2015, Welsh authorities revenue is dropping by 7% over the next few years with a much more significant hit on capital expenditure and Northern Ireland is looking at somewhere in the region of 10% of combined cuts. There is now an unprecedented challenge facing councils throughout the UK in both managing reductions in funding as well as a greater demand for public services. Local authorities need to develop innovative and imaginative ways of addressing the funding gap and performance measurement is one means of evidencing the value of services, identifying cost savings, identifying new opportunities for income generation and service improvement, as well as demonstrating competitiveness. Across the UK, public sector performance measurement and management will form the basis of achieving efficiencies and value for money within local government.

a) England

Earlier this year, the House of Commons Communities and Local Government Committee announced a new inquiry and call for evidence into the audit and inspection of local authorities following the abolition of the Audit Commission and the stated desire to increase decentralisation and pass greater powers down to a local level. APSE submitted written and oral evidence to this Committee and produced a briefing paper on the subsequent report: click here. In the report, the Committee favoured the proposal that '*a council prepare an annual report of its arrangements for delivering value for money, showing what it is trying to achieve and the measures that it is using to improve performance*'. They suggested that an auditor should be required to review and provide reasonable assurance on the annual report.

Related closely to APSE's own submission, the Committee also highlighted the need for the results of audit to be communicated to councillors and public in ways that are '*more meaningful than currently*'. APSE has argued that whilst public sector audit should be proportionate and risk based (providing public protection) it should also allow local councils to report upon local priorities and demonstrate VfM in a meaningful way. Many of these themes are recommendations within the Select Committee report and in particular the Select Committee suggests that the code of audit practice should reflect these principles.

The recent 'open public services' white paper (see APSE briefing 11-36) also emphasises that data is critical to demonstrating competitiveness and also to accountability and transparency.

The model below from the Audit Commission (2011) also demonstrates how value for money decisions need information is shown below (for the full presentation, click here):
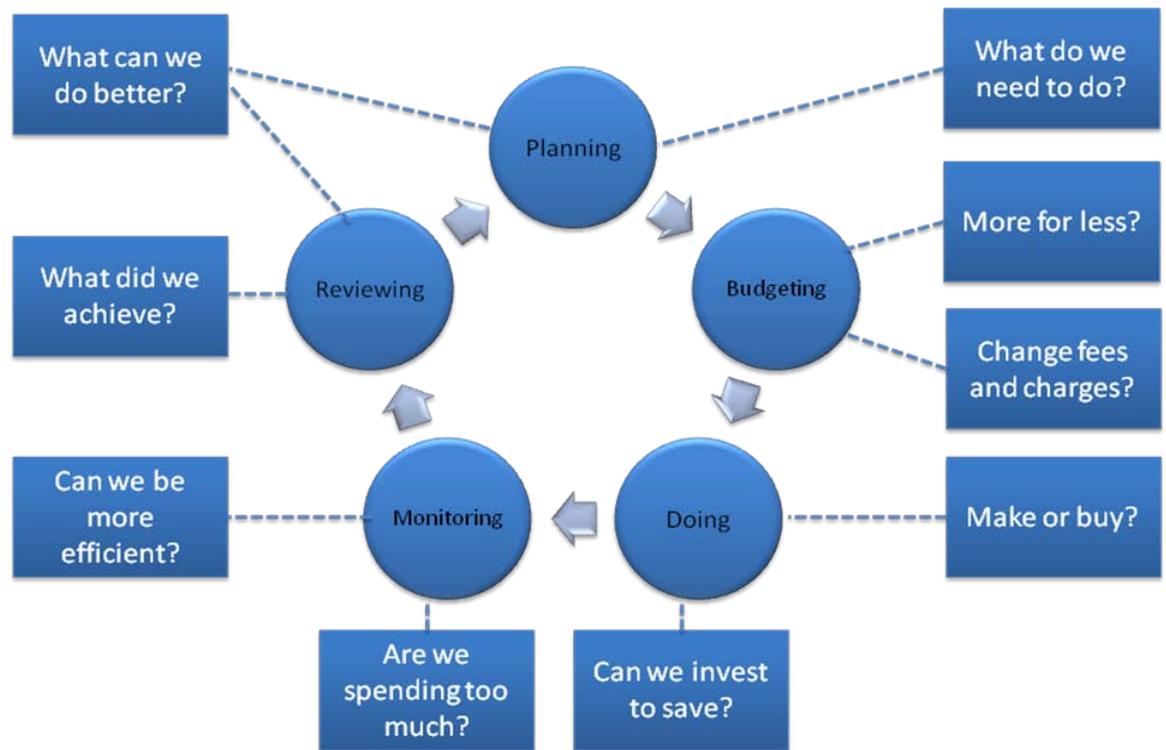
Audit Commission 2011

b) Scotland

The Scottish Government established the Commission for the Future Delivery of Public Services in November 2010. The review was chaired by Campbell Christie, former General Secretary of the Scottish Trade Union Council. The Commission's report (click here for the full briefing paper) addresses the need for all public services to improve performance and reduce costs, given the reductions in financial settlements to public service organisations. The Commission's recommendations include the need to tighten oversight and accountability of public services and give Audit Scotland a greater role in performance improvement and value for money. The report places a significant emphasis on the need for robust approaches to benchmarking with organisations being required to use key data to assess and evaluate performance particularly in relation to the need to deliver outcomes. This may warrant the development of outcome focussed indicators.

In August 2011, Audit Scotland's report on Scotland's public finances includes a checklist for the long-term financial sustainability for public sector leaders and elected members. The checklist contained in Appendix 4 includes the following questions:

Area	Key questions
Financial sustainability	14 Is there a clear risk and evidence-based approach to cost reduction within public bodies?
	15 Is there a clear budget-setting plan which focuses on priority outcomes?
	16 Are public bodies generating sufficient information linking productivity, service quality and costs to help understand the links between inputs, outputs and outcomes?
	17 Is sufficient attention given to setting clear baselines covering costs, productivity and outcomes against which increased efficiency can be measured?
	18 Are benchmarking programmes being developed to allow your organisation to compare its costs and performance with other private and public organisations?

Extract from Scotland's public finances: Addressing the challenges, Audit Scotland, 2011

c) Wales

In Wales, The Efficiency and Innovation Programme has been set up which aims to transform the operational efficiency of public services, promote innovation and workforce engagement in the way that services are designed and delivered to citizens. This is chaired by the Welsh Government and comprises public service leaders from local government, the third sector, NHS Wales and the Wales TUC. The Programme initially has a focus on the following seven workstreams:

- Collaborative procurement and commissioning
- Public service information communication technology
- National asset management
- Transforming the business
- New models of service delivery
- Workforce development
- Leadership

Key to reporting on progress and achievements in terms of efficiency and innovation will be the use of performance data. The approach is based around developing a balanced scorecard comprising both financial and non-financial indicators. Existing reporting systems and processes - such as established performance management frameworks and national surveys - will be used wherever possible to avoid large new data collection exercises.

d) Northern Ireland

Both the Local Government Reform 'Policy Proposals Consultation' by the DoE and the 'Case for Change' Consultation Paper from the Local Government ICE Programme have made reference to the need for effective performance management, this being

fundamental for the development of local government in Northern Ireland. They mention enhancing local accountability, performance measurement and continuous improvement and promoting efficiency, effectiveness and economy in the way councils carry out their functions. On a more practical level, the reports talk about the need to specify performance indicators, publishing information and developing consistent, robust baseline data.

3. Using performance networks to demonstrate competitiveness

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

- Identifying potential efficiency gains and service improvements by comparing performance levels with services provided by similar authorities.
- 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
- Planning and managing resources effectively

4. The new national frameworks

Throughout the UK and its devolved governments, 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) England

The introduction of a new regime after Comprehensive Area Assessment in England will see a greater reliance on existing sources of data such as APSE performance networks. The new Communities Secretary Rt. Hon Eric Pickles M.P. referred to APSE performance networks in a response to the House of Commons Communities and Local Government Committee on 13 September 2010 as "a means of councils measuring their performance after the abolition of the Audit Commission." You can [view a clip of the Minister here](#).

The House of Commons Communities and Local Government Committee report on the audit and inspection of local authorities stated that with the demise of national indicators, for now at least, there should be comprehensive local reporting against local objectives with maximum transparency.   They also recommended that the need for comparative performance data should be reviewed two years from now once the new

arrangements have bedded in.

The Government has clearly emphasised that local government should place more information in the public domain but it will be for local government to decide which data and in what format. The Committee specifically referenced APSE's suggestions of a 'dashboard' of five or so local reported performance indicators but in the context of APSE's detailed submission also referenced the concerns of APSE member authorities and our membership survey which showed concerns that simplification of performance information could mislead the public and would be misused by the media.

The Select Committee accepted, and again reflecting the evidence of APSE, that a key part of the change will be:

- Putting information into the public domain in an accessible and readily comparable format

- Allowing people to have access to the information they need to judge the performance of their local service providers, and hold them to account.

- National government should still have a role to play in aggregating data of national importance, or to allow accountability to Parliament, but it is for local authorities to provide local residents with the data they need.

Whilst some bodies in giving evidence to the Committee proposed their own systems of comparative data with a focus on outcomes it is unclear how these would ensure that data is robust and enables analysis on a fair basis. APSE's own performance networks data allows for comparisons, for example by authorities or services within authorities of a similar type or with similar characteristics, using a process of defining services by 'family groups'. This process was itself audited and reported upon by INLOGOV (institute of Local Government Studies) and was found to be systematic and robust in providing fair and transparent comparisons. Newer, less developed processes are highly unlikely to meet these demands. APSE's performance networks services is the largest voluntary data benchmarking service in the UK and has been in existence for the last 14 years and is now into its thirteenth year of data collection. It is unlikely newer systems would have sufficient credibility.

Communities and Local Government (CLG) has recently issued the Code of Recommended Practice for Local Authorities on data transparency. APSE has done a briefing paper on this, which is available by clicking here.
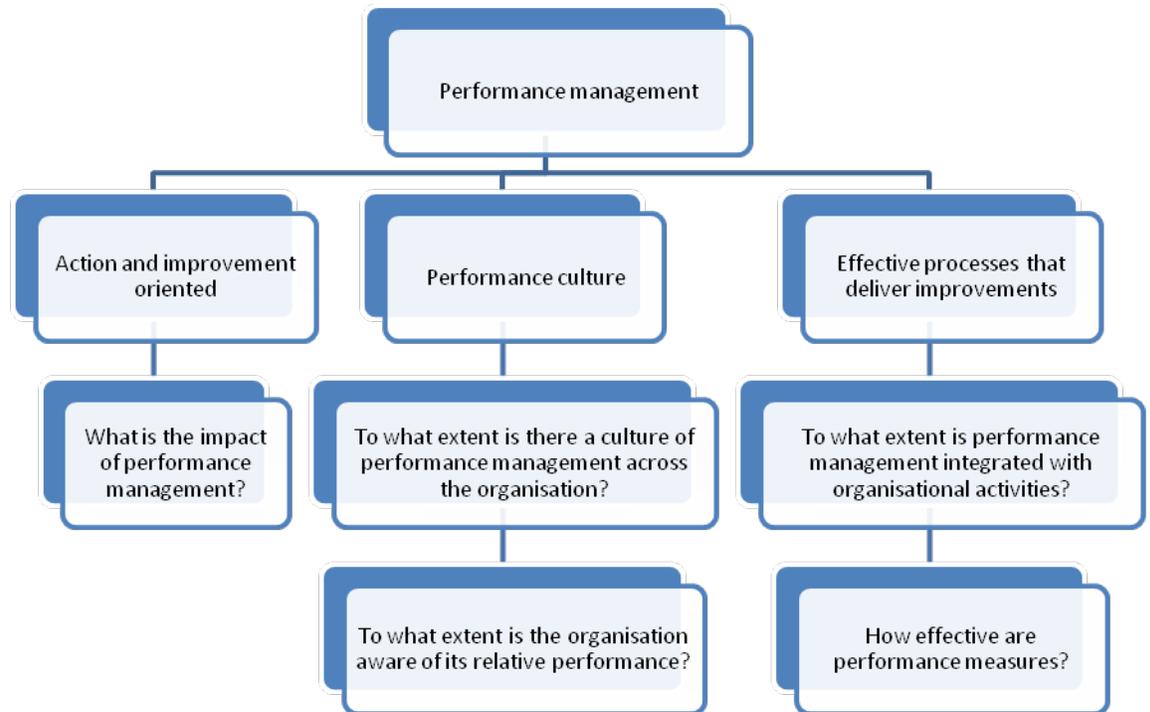
b) Scotland

The Best Value 2 audit aims to be the main vehicle for scrutiny bodies in Scotland to conduct a single co-ordinated corporate assessment in Councils. Audit Scotland has been testing the audit with 5 pathfinder councils (click here to view APSE briefing on the pathfinders). The principles underpinning BV2 are:

- A focus on outcomes as well as corporate performance management processes
- An emphasis on the effectiveness of partnership working
- Improved coverage of service performance and the use of resources
- A proportionate and risk-based approach, founded on self-assessment
- Clear audit reporting and transparency of audit process
- Support for improvement and the sharing of good practice

Audit Scotland has also produced a suite of 18 best value toolkits for use across the public/local government sectors (click here to view APSE briefing).   They have been

developed to support the corporate self assessment process and they will provide some evidence to support the assessment of service performance and outcomes. Councils can use the toolkits to evaluate and self assess their own performance and progress with regard to both corporate and service performance. The toolkits take the form of structured questions/prompts with a matrix of possible levels of performance, ranging from basic to advanced practice. An example performance management toolkit is provided below:

Re-created from Best Value toolkit: Performance management, Audit Scotland, July 2010

Audit Scotland has dramatically reduced the requirement to report on statutory performance indicators. The reporting requirement has reduced from over 80 to fewer than 30 indicators. Local councils have been encouraged to develop their own indicators for use and reporting. This is a positive development and has been supported by APSE.

c) Wales
In Wales, the new Performance Improvement Framework was introduced in April 2011 which has a focus on both local and service performance data as well as more formal, national measures. The new framework focuses on two distinct areas:

• Providing measures for public accountability; and

• Developing meaningful datasets for use by services and their regulators to support service improvement.

The framework consists of Public Accountability Measures, which are outcome focused indicators and offer a high level view of local authority performance. This information will be required and reported nationally, validated, and published annually. The remainder of the existing Performance Measurement Framework is comprised of Service Improvement Data, which can be used by local authority services and their regulators as they plan, deliver and improve services. For example, generic data such as population estimates and projections, employment rates, and service specific data such as unit costs, resources, service throughput rates etc may appear in this set in due course. The

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make-up of this data set will be defined by local authorities according to need and value, collated centrally and shared within the local government community to support service improvement. In addition, Welsh Ministers continue to set National Strategic Indicators and local authorities have a legal duty to collect and report on these. There are 19 national indicators for 2011-12.

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'. Although there have been some delays with the review, a number of powers and functions are being transferred to councils. There is a desire and interest in taking performance management further; this is reflected in interest shown in a number of APSE run performance measurement/management workshops, investment in performance management software by some councils and recognition of the need to meet government calls for transparency and accountability in local government.

There may be some time before new councils are brought into being but in the mean time services still need to be delivered. Putting off improvement is not an option and councils understand this. Investing in a formal model for performance management and benchmarking is a wise decision and it will be an effective tool in helping to identify inefficiencies and assist in shaping the delivery of high quality services.

5. APSE comment

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

- Set a clear baseline on which competitiveness, efficiency and value for money can be measured in a systematic manner
- Assess the quality, cost and competitiveness of the services that councils provide on a regular basis
- Report data in meaningful ways to both elected members and the public
- Identify direction of travel and pace of change with regard to service delivery
- Identify inefficiencies such as poor productivity or absence management
- Support service improvement through process benchmarking and sharing best practice arrangements

Robust performance measurement tools are increasingly being recognised as evidence within devolved national frameworks, as a means to demonstrate transparency and accountability. As a result, systems that have been developed and refined over the years by local authorities such as APSE performance networks will continue to be an invaluable tool.

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

Debbie Johns
Principal Advisor