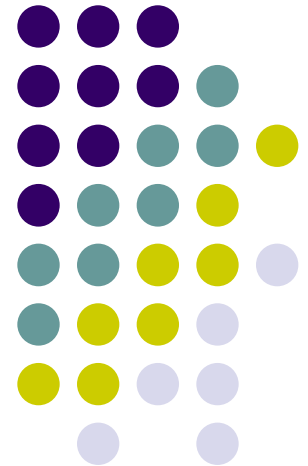
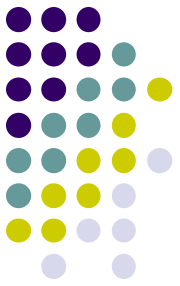


# Public Services Benchmarking in the UK and Internationally

Clive Grace,  
Steve Martin, Sandra Nutley and  
James Downe

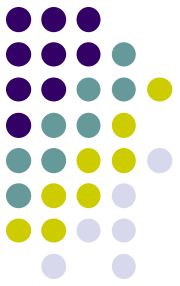


Kingston 17<sup>th</sup> October February 2013



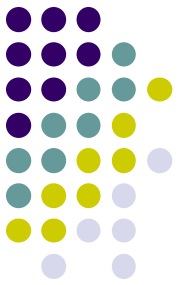
# Agenda

- Benchmarking in the UK
- Nature and Taxonomy of Benchmarking
- Our Programme and its Purposes



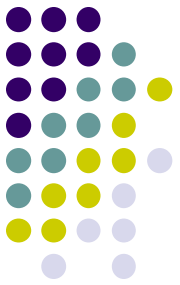
# Benchmarking in the UK

- A devolved but fundamentally unitary state...
- Scotland, Wales, Northern Ireland
- 15% population, £60bn annual expenditures
- Significant legal powers and fiscal transfers
- ‘Evolution of devolution’ – a process not an event
- Very little cross country comparison within the UK – no appetite, and some aversion



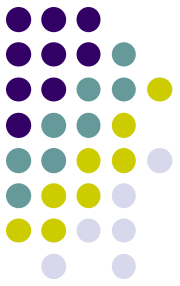
# UK Local Government

- Large authorities - typically 100,000+ residents, £300-400m revenue budgets, 6,000 workforce
- Wide range of services – education, social care, housing, transport, economic development, local regulation
- Low turnout and lack of engagement
- Dependence on central funding
- History of top down prescription and performance monitoring



## So local performance matters....

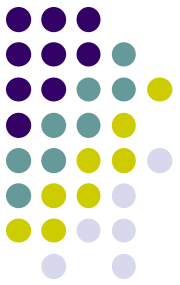
- Cost and scale of services (25% public spending)
- Vertical fiscal imbalance
- Public aversion to ‘postcode lottery’
- Local representation and service delivery without local taxation



## **And benchmarking is varied & ubiquitous.....**

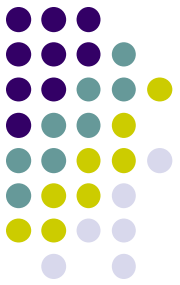
- Service cost and technical comparison
- Statutory performance indicators
- Whole authority assessments
- Whole area assessments
- Excellence schemes & ‘Communities of Practice’

**.....and embedded in specific (and sometimes explicit) theories of improvement**

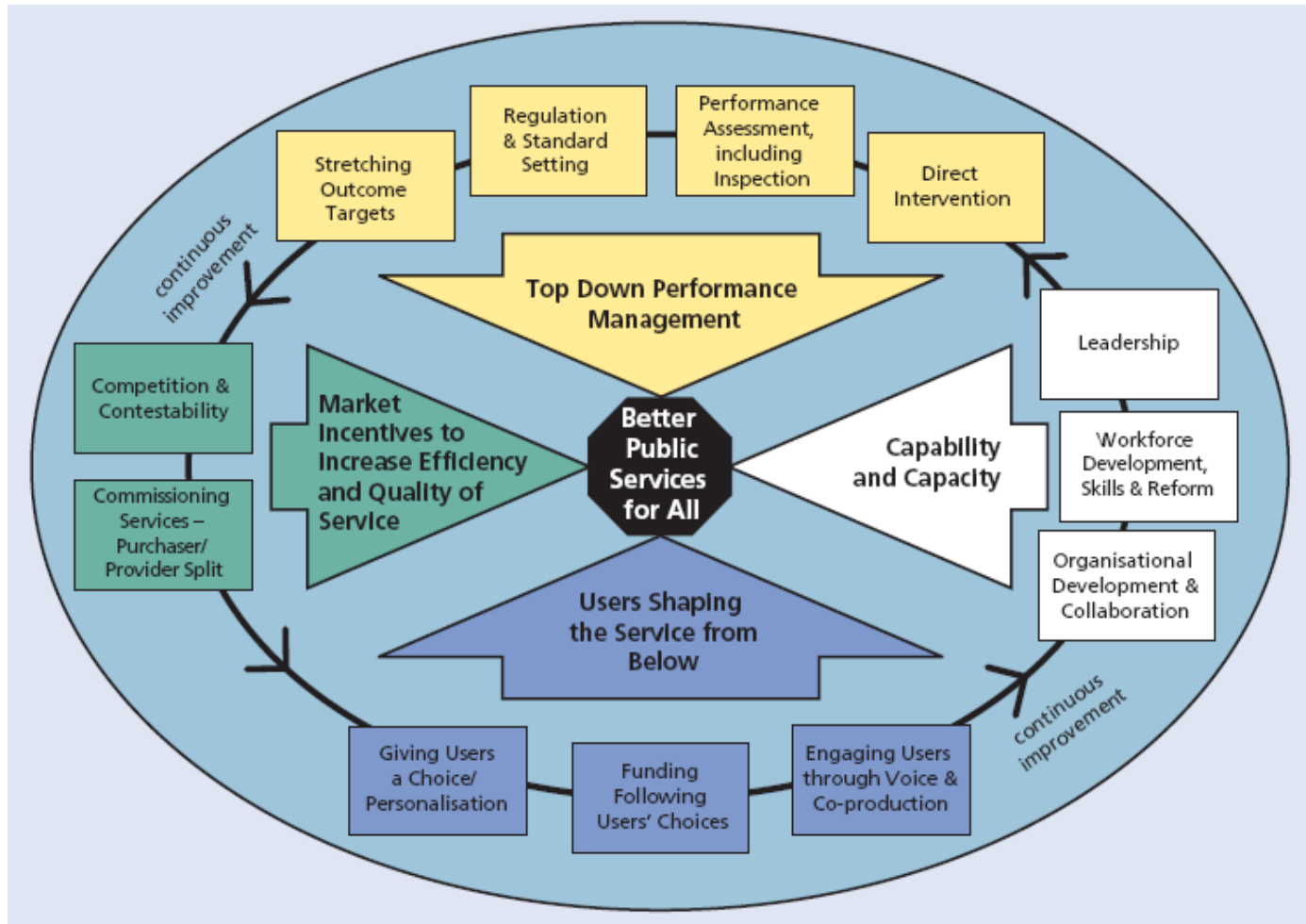


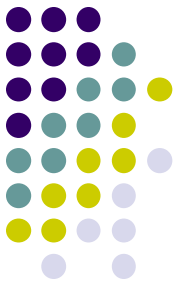
## Blair Government Early Theory of improvement

Aim	Move services from 'Awful to Adequate'
Funding	Large real terms increases
Focus	Corporate capacity and national standards
Method	Balanced scorecard
Motivation	External stimulus, naming and shaming, terror and targets



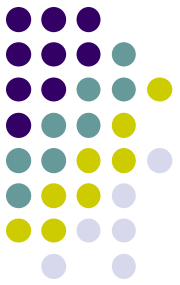
# Overarching Theory of Improvement





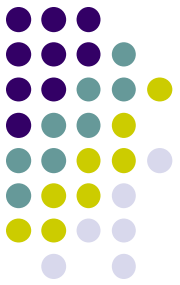
## ‘Best Value’ Performance Indicators

- 200+ indicators for all frontline and corporate services
- 287 pages of guidance
- Set centrally after consultation
- Operated by the Audit Commission
- Superseded in 2006 by a more outcome focussed national indicator set



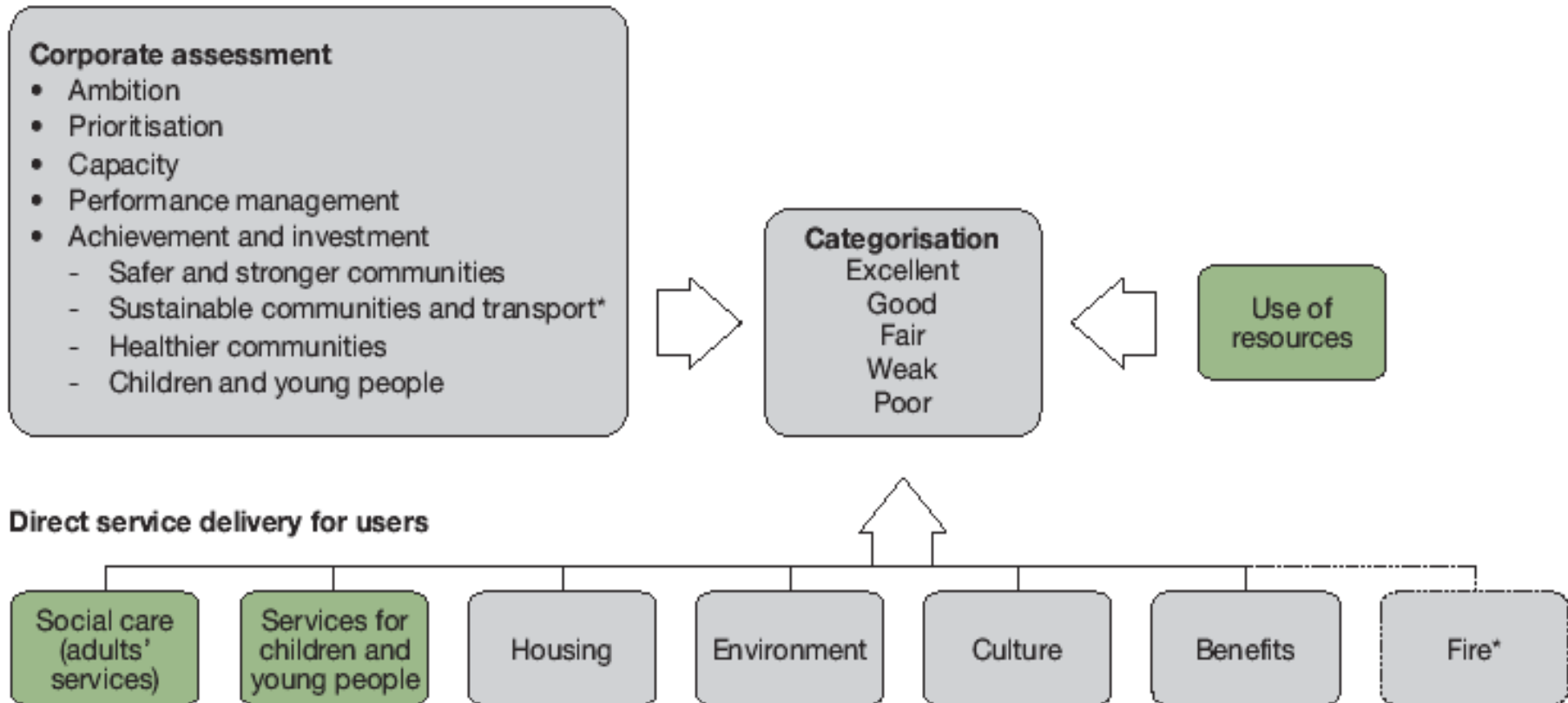
# Local area agreements

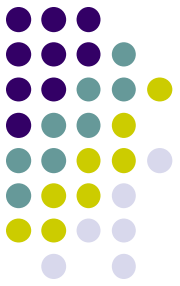
- Three-year agreement with government departments
- Local targets from community strategies agreed by local strategic partnerships
- 53 national targets from Government departments
- Performance reward grant if achieve targets



# CPA – single and upper tier

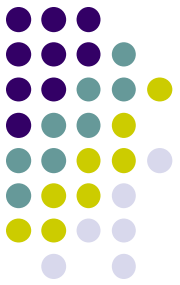
## Focus on citizens and community leadership





# Comprehensive Area Assessment

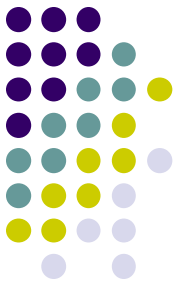
- Joint inspectorate assessment for each area
- Individual 'use of resources' judgements for councils, police, health, fire and rescue authorities
- Local performance against the national indicator set
- Risk assessment linked to local area agreements



# Local drive for self-improvement

## 2006 White Paper

- Authorities performing well
- Local government 'a trusted partner'
- Costs and other burdens of inspection too high
- Diminishing marginal returns
- More proportionate approach
- More outcomes focused
- Peer Review



## **Blair Government Later Theory of improvement**

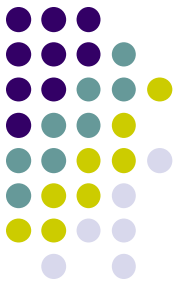
Aim                      Improvement from within

Funding                Getting tighter

Focus                    EFQM model with 12 criteria

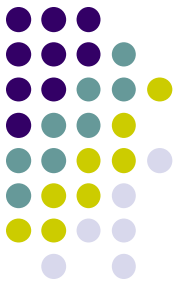
Method                 Peer review

Motivation            Support and ownership



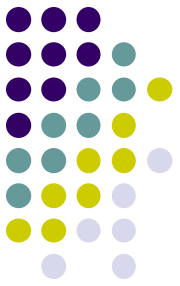
## Current English Fashion: ‘Taking the Lead’

- Local authorities responsible for their own performance
- Accountable to local communities, not Ministers
- Greater transparency to help local people drive improvement
- Sector led support:
  - ❖ Peer challenge and support - corporate capacity and local priorities
  - ❖ Knowledge hub
  - ❖ Data and transparency support
  - ❖ Leadership support
  - ❖ Learning and support networks



## But under ‘localism’....

- Take up of voluntary peer challenge?
- Do councils still aspire to improvement and if so is the focus on productivity and/or service quality?
- Will the public engage?
- Will the public (and ministers) tolerate variations in provision?
- Some issues in common with federal systems – how to develop consistent data and definitions and shared learning



# Elsewhere in the UK...

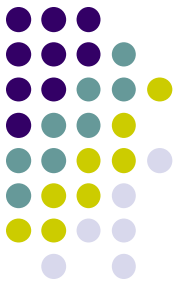
## Wales

- Tradition of central-local partnership – less hypothecation and no league tables
- Now more top down – banding of schools in response to poor PISA scores

## Scotland

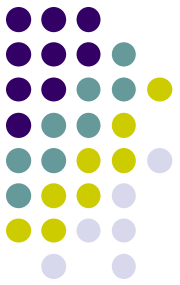
- Assessment process developed in collegial way with emphasis on single outcome agreements with community partnerships – combining local and national targets

**....very little comparison of public services between England, Scotland and Wales**



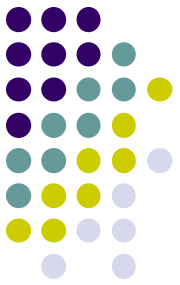
# Nature and Taxonomy of Benchmarking

- Key elements
  - Know
  - Compare
  - Act
- What is benchmarked?
  - Services
  - Corporate capacity
  - Inputs, outputs, or outcomes
- Who does it?
  - Self regulation
  - Sector led regulation
  - External agency

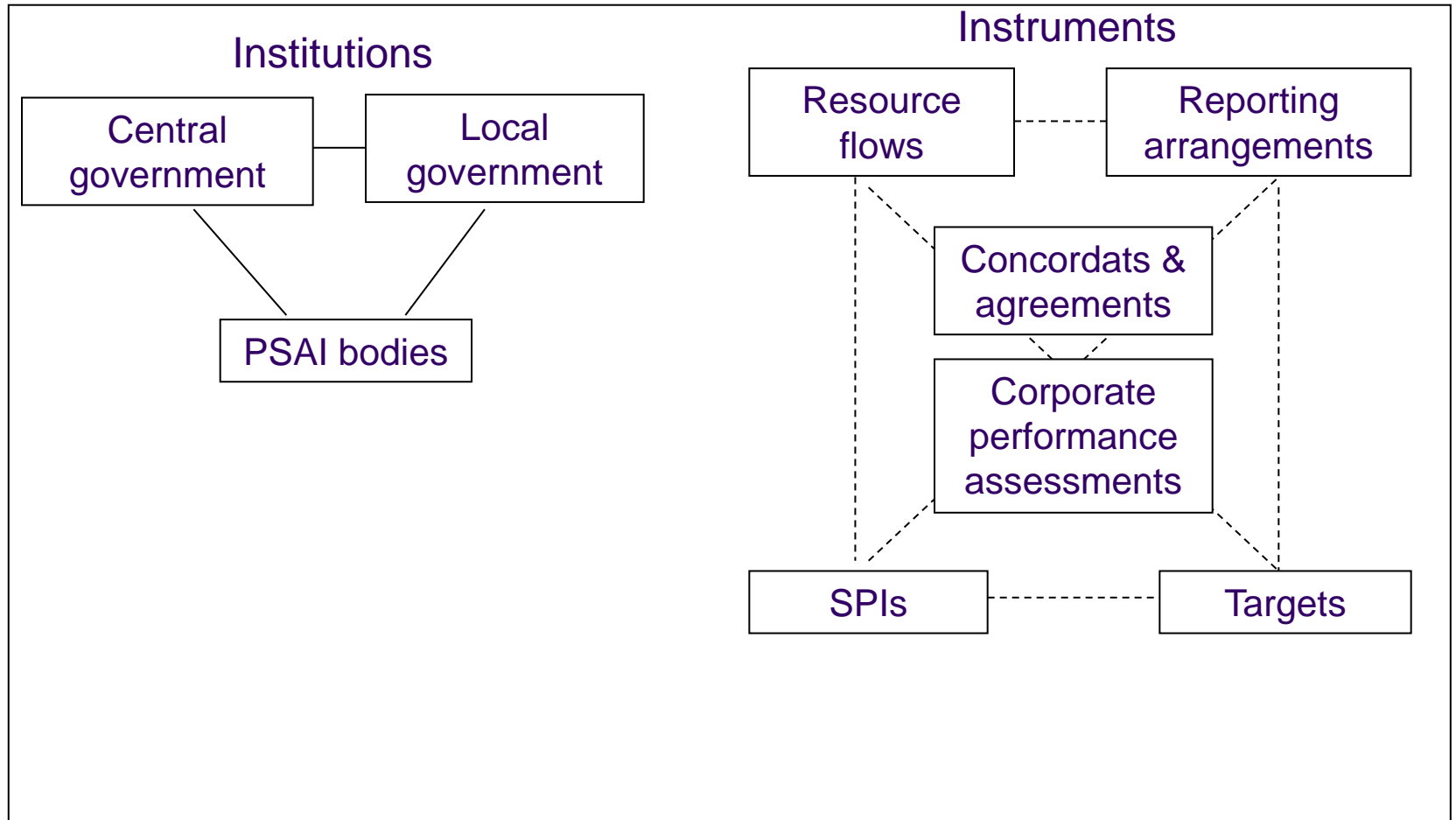


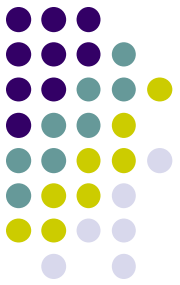
# Risk regulatory regimes

		Control components		
		Information gathering	Standard setting	Behaviour modification
Context	Type of risk			
	Public attitudes			
	Organised interests			
Content	Size			
	Structure			
	Style			



# Steering performance by information gathering, standard setting & behaviour modification





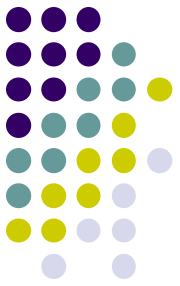
# Purposes of Benchmarking

Economy – financial and process benchmarks?

Efficiency – productivity, process and output benchmarks?

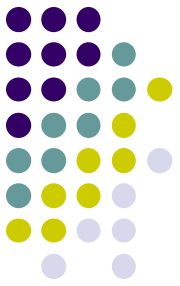
Effectiveness – output & impact benchmarks?

Excellence – innovation and best practice benchmarks?



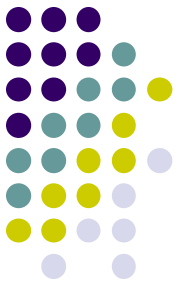
# Politics, Politicians, and Benchmarking

- A marriage made in both heaven and hell?
- Critical political accountability....
- ...problem of political time horizons and media drivers
- Great benchmarking requires tremendous political self-discipline
- Analytics of Government may be in fundamental contradiction with the 'principles' of benchmarking, at least in the medium/long term....
- ....but what if the medium/long term never arrives, nor is really ever intended to arrive?
- And if a series of successive approximations and short term accommodations were the only game in town?



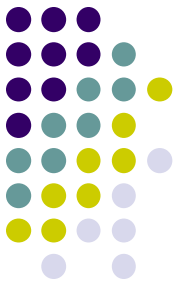
# Our Programme and its Purposes

- Convey key lessons already available from academic and related research
- Exchange international experiences on good practices and lessons learnt
- Test and challenge these lessons against the experience and knowledge of practitioners
- Generate new insights into what works and why
- Harness learning and disseminate to participants and more widely into the policy and the public arenas
- Create a network within UK and internationally to support ongoing knowledge exchange and co-production of future research



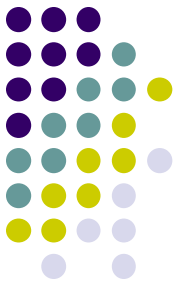
# The programme

- Three International Conferences
- Seminars and Workshops with UK researchers, policy makers and practitioners
- Development of Policy Briefing
- Creation of Network and Knowledge Hub
- Co-design of further research



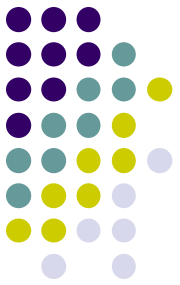
## Project Questions 1-3

- How is the impact of performance assessment currently assessed, and how can it be measured with greater accuracy and confidence?
- What are the best ways for national and local governments to stimulate and support improvement in local services through performance assessment?
- What are the best international practices, what lessons can be learnt from them, and how can experiences be translated into other contexts?



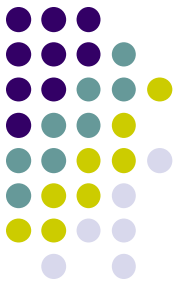
## Project Questions 4-6

- How do theories of improvement vary across different contexts and are these reflected in performance assessments?
- How do methods of assessment need to be adapted to optimise their effectiveness in different localities and service settings, and how do assessment methods best connect to the other instruments of public service improvement which modern states routinely deploy?
- How can methods of performance assessment be best tuned to the needs of citizens-as-assessors, and also to key issues such as public expenditure reductions and the need for innovation?



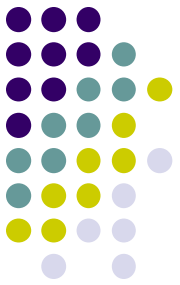
# Issues.....

# .....from the First Conference



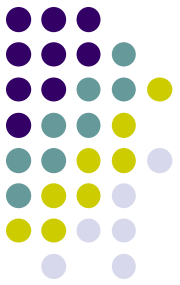
# Benchmarking comes in many forms

- Beneficial to characterise the main differences between benchmarking designs by analysing them along a series of dimensions.
- One is ‘direction’ - the continuum from top down/coercive benchmarking to bottom up/consensus benchmarking). Another is ‘method’ - for example peer-review versus indicator-driven approaches. A third is ‘transparency and blame’ - even systems with similar dimensional profiles (eg CPA, BVA and WPI in the UK) can feel very different
- There is much to learn by looking across federal and unitary systems. There is commonality in the questions being asked, the problems faced, and the approaches being adopted.



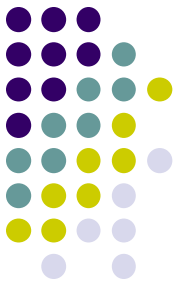
# Drivers of benchmarking differences

- The *purposes* (on which see above)
- The *goals* of the activity (accountability, learning, improvement, agenda setting and advocacy, and possibly even the development of predictive performance models)
- *Subject matter* - what is being benchmarked (for example: tangible vs intangible services; input, processes, outputs and/or outcomes)
- The associated *theories of improvement* and behavioural change, which are linked to the issue of incentives
- *Politics and the broader institutional context* (including fiscal arrangements).



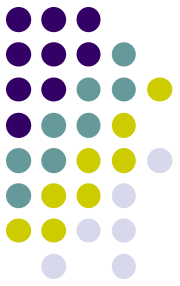
# Data quality issues

- All benchmarking systems face considerable challenges in creating and capturing robust and comparable indicator data.
- Robustness can only be judged in relation to the purpose for which the data is to be used (fitness for purpose).
- Most benchmarking systems capture historical rather than real-time data.
- Producing good comparative data is only one step in the benchmarking process. Equally important steps are to ensure adequate analysis and interpretation of this data, and to act on the basis of that comparison.



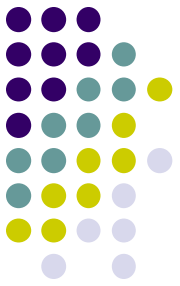
# Fit with other improvement systems

- How various benchmarking approaches within the same country and/or sector fit with one another.
- Benchmarking as one ‘arrow in the quiver’ rather than a silver bullet....
- ...used from the ‘improvement end’ of the telescope



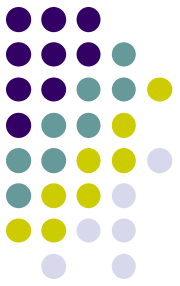
# Impact of benchmarking systems

- We need more empirical evidence on the impact of benchmarking systems.
- We need to develop a better understanding of what works, for what purposes, how, when and why, and with what spillovers and opportunity costs.
- Limited evidence available (eg from the education and healthcare sectors per Bevan and Wilson) suggests that benchmarking systems based on hierarchy, targets and reputation effects (naming and shaming) have the most impact on performance improvement....
- .....but they are very unpopular and are likely to have limited lives.



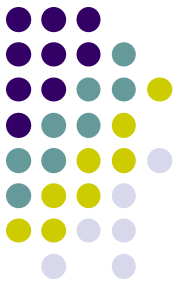
# Scepticism and the inevitability of benchmarking

- There is scepticism about the operation and impact of various benchmarking systems because of the difficulty of capturing service (or organisational) quality and performance through a limited set of indicators, and the numerous incentives for gaming.
- Despite this in several other countries some form of benchmarking of public services and government activity has seemed inevitable.
- But is now the time to question that inevitability – in particular, whether benchmarking is the right ship for the cold and choppy waters engulfing the public sector in many countries?



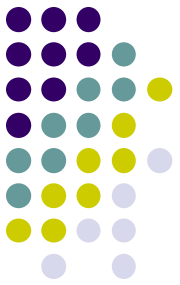
## What is the role of citizens and service users in benchmarking?

- In practice citizens and service users are often only marginal participants in many benchmarking systems...
- ...surveyed for their views on service quality and performance but rarely involved in discussions about what the indicators should be, what they mean, or what should happen (change) due to benchmarking results.
- There may be scope for incorporating softer forms of intelligence about service quality and performance into benchmarking systems by using social media.
- This communication/presentational/interpretation dimension is very relevant to 'armchair auditors'.



# Governance

- Benchmarking can be viewed as an instrument of governance in both federal and devolved systems.
- But the issue of the governance of benchmarking projects is also a key issue – who Knows, who Compares, and who Acts?



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