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**SCRUTINY RESEARCH REPORT – PERFORMANCE BENCHMARKING**

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**Reason for the Report**

1. To present the Scrutiny Research Team's report regarding Benchmarking Practice and Feasibility, attached at **Appendix A**.

**Background**

2. The Policy Review and Performance Scrutiny Committee has responsibility for scrutinising Cardiff Council's programme for improvement, its strategic policy development and overall corporate performance management arrangements, as well as for considering performance of a number of specific directorates.
3. The Committee currently scrutinises Cardiff Council's Delivery and Performance Reports on a quarterly basis, once they have been presented to Cabinet. Members have recommended on several occasions that more comparative data should be included with performance reports to enable the consideration of Cardiff Council's performance as against that of relevant local authorities. The Committee has previously been informed by Cabinet Members and officers that identifying suitable comparators is a difficult task. Comparisons within Wales are often judged to be ineffective, given Cardiff's particular characteristics as capital city, while comparisons outside Wales can be complicated by differing performance regimes and methodologies.
4. The Committee therefore commissioned the Scrutiny Research Team to undertake a research project to examine the feasibility of benchmarking Cardiff

Council's performance against other local authorities. The report is attached at **Appendix A.**

## Issues

5. At Agenda Item 4, Members will consider the review of the Council's performance management currently being undertaken by the Assistant Director - Sport, Leisure and Culture, who formerly held the post of Chief Scrutiny, Performance and Governance Officer. In that agenda item's cover report, Members will find further details of two recent reviews which have discussed performance management in Wales. Comments relevant to the practice of benchmarking are set out below.
6. In September 2013, the Wales Audit Office published a study entitled 'Local Improvement Planning and Reporting in Wales'<sup>1</sup>, which sought to answer the question: 'Are improvement authorities planning, delivering and reporting their improvement effectively?'
7. As part of this review, in terms of benchmarking, the Auditor General stated that there is considerable scope across Wales to set the context for performance reporting by providing relevant comparisons. He felt that there is a 'worrying' possibility that authorities are choosing not to do so where this could highlight areas of ongoing challenge in their own performance.
8. The Commission on Public Service Governance and Delivery<sup>2</sup>, commissioned by the Welsh Government and chaired by Sir Paul Williams, ('the Williams Review' or 'Review') reported in January 2014. The Commission was set up by the First Minister in April 2013, to examine how public services in Wales are governed, "held accountable for their performance and delivered most effectively to the public".<sup>3</sup>

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<sup>1</sup> Wales Audit Office Local Improvement Planning and Reporting in Wales', 2013. Available on the Wales Audit Office's website at:

[http://www.wao.gov.uk/system/files/publications/Local\\_Improvement\\_Planning\\_and\\_Reporting\\_in\\_Wales\\_English\\_2013.pdf](http://www.wao.gov.uk/system/files/publications/Local_Improvement_Planning_and_Reporting_in_Wales_English_2013.pdf)

<sup>2</sup> Available on the Welsh Government's website at:

<http://wales.gov.uk/topics/improvingservices/public-service-governance-and-delivery/?lang=en>

<sup>3</sup> Welsh Government website

9. The Williams Review recognises that there are some methodological issues with benchmarking, however, the Review concludes that the benefits are “too great to forgo”.<sup>4</sup> The Review therefore recommends that the Welsh Government should by the end of 2014-15:

- Identify where directly comparable performance data exist in other countries;
- Establish reliable and accurate means of comparing data where there are detailed differences in definitions;
- Publish clear and meaningful comparisons between the performance of public services in Wales and ‘best in class’ elsewhere; and
- Use those comparisons to identify where services are under-performing here, and/or where different policies and delivery mechanisms may have potential to improve performance.

### **Way Forward**

10. Gladys Hingco, Principal Scrutiny Research Officer, will attend the meeting to present her report and answer Members’ questions.

### **Legal Implications**

11. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken

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<sup>4</sup> Ibid, p234, para 6.85

having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

### **Financial Implications**

12. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

### **RECOMMENDATIONS**

13. The Committee is recommended to:

- i. note the contexts of the attached report; and
- ii. consider whether it wishes to make any comments to the Cabinet.

**MARIE ROSENTHAL**

County Clerk and Monitoring Officer

26 February 2014

**s c r u t i n y**



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**Scrutiny Research Team**

## **Benchmarking practice and feasibility**

**Research report for the  
Policy Review and Performance Scrutiny Committee**

**18 February 2014**



County Council of The City and County of Cardiff

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## **1 Executive Summary**

i. The Policy and Performance Scrutiny Committee commissioned this research report to examine the feasibility of undertaking benchmarking of Cardiff's performance indicators with performance indicators of other local authorities in Wales, England and Scotland and with other organisations outside the UK. This research report will also look into the different types and approaches used in benchmarking as well as highlight some key challenges in undertaking performance benchmarking. The findings presented in this report relied heavily on the results of a review of available on-line literature and academic journals. A number of face to face interviews were conducted with selected key respondents from within the Council and representatives of external groups involved in performance monitoring and benchmarking.

ii. The activity of benchmarking was initially developed in the private sector and according to literature the early applications of benchmarking in the public sector was a direct transfer of the private sector benchmarking practices. Many of the early benchmarking initiatives in the public sector were undertaken in response to regulatory requirements such as those required by the regulatory bodies and the central government.

iii. There are many different definitions of benchmarking and often the term benchmark and benchmarking are used interchangeably. The definitions of benchmarking that are relevant to the public sector have two key characteristics: firstly, it focuses on the "improvement the performance" and secondly it focuses on "examination of the process"

iv.. Similarly, there are many different categories of benchmarking that are used or applied in the public sector. The early typology was based on the private sector experience of benchmarking, however in the late 1990s came the introduction of benchmarking typologies/terminologies such as "standards



benchmarking”, “results benchmarking” and “process benchmarking”, that have been made popular in the public sector. There are many other categories or variations of benchmarking that have been identified, however most of these appear to be subcategories or variations of the benchmarking types previously identified.

v. In the public sector, benchmarking have been used are many different ways. The earliest applications of benchmarking tended to be “compulsory” in nature and in response to regulatory or central government requirements. Some public sector bodies have engaged in “voluntary benchmarking” outside the requirements of external bodies and have voluntarily engaged in benchmarking activities with selected partners or benchmarking clubs in order to identify and adopt good practice from others. Additionally, evidence from literature has also shown benchmarking can be used to influence or direct behaviours towards achieving desired outputs or outcomes. Benchmarking has been successfully used to: define the policies and priorities that should be pursued, ensure compliance to defined priorities, determine an organisation’s access to financial and other resources, as a basis for decision making in compulsory competitive tendering process and to expose good and bad performance and influence the choices and behaviours of customers and service users.

vi. The results of interviews and contact with Directorate performance managers and officers have shown that areas of the Council are already engaged in various forms of benchmarking activities. Directorates of the Council are involved in a form of “compulsory” benchmarking as they are required by the Welsh Government to submit various types of performance data such as National Strategic Indicators (NSIs), Public Accountability Measures (PAM), and Service Improvement Data (SID). The range of “results benchmarking” activities that service areas undertake varies. Most Directorates undertake a form of results benchmarking in comparing periodical service area performance data with the performance results of other local authorities in Wales. Some service areas have officers who are

also actively involved in the benchmarking family groups that are coordinated by the Local Government Data Unit. In addition to benchmarking with other local authorities in Wales, some service areas are also subscribed to the benchmarking services provided by organisations such as APSE and CIFPA which enables them to compare Cardiff's performance data with selected or with comparator local authorities in England. Other service areas are independently making use of various nationally available statistical information to compare performance results in Cardiff with results of other selected local authorities. To a limited extent, some service areas are also involved in looking at existing best practice for specific areas of work through their in contact with networks that they are involved with.

vii. The Local Government Data Unit (LGDU or 'Data Unit') in Wales on behalf of the Welsh Local Government Association (WLGA) was given a key role by the Welsh Government to provide performance management and benchmarking support to local government in Wales. Through the "Benchmarking Wales" hub, the LGDU facilitates the benchmarking of comparable performance information amongst the 22 local authorities in Wales. Apart from facilitating benchmarking activities, the Data Unit also provide a wide range of datasets and basic statistical analysis tools that local authorities can use for benchmarking as well as support services to the benchmarking clubs that it facilitates.

viii. The Data Unit uses a unique approach or model in benchmarking. This approach focuses on developing a "benchmarking culture" of using and sharing information, and on learning from the experiences and processes of others to improve performance. In working with local authorities over the years to standardise performance measures and in developing a robust set of meta data for each performance indicator, the Data Unit has enabled performance data to be statistically comparable across different local authorities in Wales. Another key characteristic of the Data Unit's benchmarking approach is in having a "closed group" in benchmarking where benchmarking information is not publicly available and the sharing of

information is confidential to participants. The “closed group” approach provides a “trusting” and “safe” environment that enables the effective sharing of information and learning between those involved in benchmarking. Apart from providing support in collecting, analysing and disseminating benchmarking data, the Data Unit also provides further support to the benchmarking clubs by providing “Value Added Analysis” or bespoke reports to various benchmarking clubs.

ix. Other benchmarking service providers that are currently used by various Council service areas include the provision by: the Association of Public Service Excellence” (APSE) and the Chartered Institute of Financial Accountants (CIFPA). Both these benchmarking providers have been able to ensure/achieve the comparability of performance benchmarking data in using robust data collection methodologies and validation processes. Similar to the LGDU, APSE and CIFPA use standardised performance measures, and make use of detailed definitions and guidance for the collection of performance data. Unique to APSE’s benchmarking methodology is the use of local authority comparator groupings or “family groupings”. APSE uses a scoring criteria to determine the family grouping that a local authority’s service area can be grouped under.

x. The search for performance indicators in England has highlighted a key challenge in conducting results based performance benchmarking. There was difficulty in finding performance indicators in England which were comparable to selected “local performance indicators” and selected “nationally monitored performance indicator’s that Cardiff Council has to report on. The difficulty arises mainly from the differences in the performance management and monitoring framework between England and Wales. The differences in the types of measures that collected and the metadata for each individual performance indicator have made selected Indicators in Wales incomparable with those in England. Specific to nationally monitored performance indicators in Wales, (includes; National Strategic Indicators, Public Accountability Measures and Service Improvement data), the standardisation of these

measures and its meta data has enabled these types performance indicators to be comparable between local authorities in Wales.

xi. There are other challenges in conducting benchmarking. However one of the main challenges is the comparability of data sets that have been collected as previously mentioned. Another key challenge is the resistance and the attitude of staff towards benchmarking. Staff can become defensive when benchmarking results show a disparity in their performance against others as often they see this as an attack or criticism of their achievements. Problems can also arise with regards to the willingness of organisations to share information particularly those which are sensitive or commercially valuable. The differing interests and views of stakeholders, politicians and the general public can also impact on an organisation's ability to implement benchmarking decisions and action plans

xii. Key to successful benchmarking is adopting a "benchmarking mentality". To achieve this, organisations would need to develop an "improvement culture" where they recognise that they are "probably not the best", are eager to learn from others and use such learning to improve performance. It is also important that there are "powerful managers" or "high status" benchmarking champions who are able to work through conflicting and diverse interests and deliver the action plans and strategies resulting from benchmarking. Finally, it is important that organisations recognise the role of stakeholders in putting pressure to organisation to deliver the improvements that are identified through benchmarking.

## **2 Introduction**

The Policy Performance and Review Scrutiny Committee commissioned the Scrutiny Research Team to investigate the feasibility and current scope of performance benchmarking within Cardiff Council.

### **2.1 Research aim:**

Examine the feasibility of benchmarking in selected Cardiff Council's performance indicators with performance indicators of similar or comparator Local Authorities in Wales, England and Scotland and other other organisations outside the UK.

### **2.2 Research objectives:**

Provide background information on public sector benchmarking approaches, methodologies and processes;

Identify existing benchmarking networks and groups that Cardiff Council Directorates subscribe to or make use of

Highlight some of the challenges and limitations of benchmarking as an approach for reviewing performance;

Highlight some of the guidelines and principles that would enable successful benchmarking to be achieved.

### **2.3 Research Methodology**

The findings presented in this report relied heavily on a review of published materials available from the internet and from on-line academic journals.

Data was also collected from interviews and email correspondence with service area Performance Managers and officers. An interview was conducted with the Head of Improvement of the Local Government Data Unit, Wales to provide further information on the benchmarking approach that they have adopted for the “Benchmarking Wales Hub” and with the Benchmarking Clubs that they currently facilitate. The principal advisor of Association for Public Service Excellence (APSE) was also contacted to provide additional information on the range of services that that their benchmarking service provides.

### **3 Defining benchmarking**

#### **3.1 History of benchmarking**

Benchmarking was developed in the private sector as a management tool. According to Ammons (1999) the benchmarking movement was pioneered by the Xerox Corporation who had taken a prominent role in that history. The most repeated story was how Xerox dealt with the problem when confronted with unsatisfactory performance of its product warehousing and distribution unit. Instead of going through the then conventional approach of process revision and redesign, Xerox went on to identify the organisation it considered to be the best at warehousing and distribution and looked into collaborating with them and adopting the “best practices” from the exemplars model. With that experience, Xerox is now credited with formalising the benchmarking as a model for continuous quality improvement (Cole M.J., 2011).

Andersen (2008) reported that it was difficult to determine when benchmarking was first put to use in public sector organisations. Up to the period when Bowerman (2002) published his work, he concluded that the methodology and processes used in benchmarking was a direct transfer of private sector benchmarking practices to the public sector and served the same purpose as an improvement tool. He also cited that up the 1990s there was little mention of benchmarking in the UK public sector although there were sporadic examples cited in the Stephens and Bowerman (1997) and in Davies (1998). During this period Local Government Management Board’s growing interest in benchmarking during that period. The Audit commission also played a key role in the nascence of benchmarking and many of the benchmarking initiatives that were mostly in response to regulatory requirements. The early role of the Audit commission in leading benchmarking in the UK is discussed further discussed in Section 4 of the report on the applications of benchmarking in the public sector.

### **3.2 The concept of benchmarks, benchmarking and its definitions**

The term benchmark and benchmarking are often used interchangeably, and therefore it is important that a distinction is made between these two terms.

According to Ammons (1999) benchmark is a term that is borrowed from surveyors to refer to the point where they place a mark on a known position and altitude on a permanent land mark. This point then serves a reference point for other subsequent measurements and other points. In the context of public sector benchmarking activity, Probst (2009) refers to benchmarks as the standards by which you measure your performance; what you compare your actual performance with to help determine whether you are meeting your established goals. A benchmark is useful as this enables the measurement of the performance gap between where you are and where you want to be and in tracking progress in closing the gap (Ammons, 1999).

There are many different definitions of benchmarking. According to Andersen (2008) the term benchmarking was coined by Xerox and the definition that was adopted then was:

“Benchmarking is a continuous process of measuring products, services and practices against the toughest competitors or whose companies are recognised as industry leaders.”

He further added that that the approach that Xerox used has proven that benchmarking (as mentioned in previous section) could be applied to non-manufacturing processes and benchmarking partners do not need to be competitors.

In the public sector, benchmarking is now widely promoted and generally used as a popular management tool for identifying performance gaps and driving improvements in performance.



Spendollini's (1992) benchmarking definition quoted below continues to be cited in more recent benchmarking literature by Brovotto and Saliterer (2007) and Tilema (2007). This definition of benchmarking describes it mainly as a strategy for learning and improvement.

“a continuous systematic process for measuring, comparing, evaluating and understanding the products, services, functions, and work processes of organisations for the purpose of organisational improvement.”

According to Tilema (2007) the type of benchmarking that is described by Spendollini (1992) is increasingly being promoted in the public sector as well. A key characteristic of this form of benchmarking is in its aim to improve performance. It is however, further pointed out that performance improvement may not be the sole objective of benchmarking. Other objectives that she has cited from the work of (Bowerman and Ball, 2000) include: meeting external requirements to provide comparative data, demonstrating increasing accountability to the public for the use of resources, justifying or defending existing performance and proving that the organisation compares well against alternative sector providers.

Holloway, J. et.al.'s (2000) definition of benchmarking, also cited in Bowerman, M. et. al. (2002), is probably the best definition of benchmarking which captures the nature of benchmarking as well as providing a good idea of what is entailed in the benchmarking process. He defined best practice benchmarking as:

“The pursuit by the organisation of enhanced performance by learning from the successful practices of others. Benchmarking is a continuous activity; key internal processes are adjusted, performance is monitored, new comparisons are made with the current best performers and further changes are explored. Where information about these key processes is obtained through a co-operative partnership with specific

organisations, there is an expectation of mutual benefit over a period of time.”

The definition above draws attention to a critical factor in benchmarking which is the “examination of process”. Holloway et. al. (2000) argues that “ it is only through the understanding of how inputs are transformed into outputs that the attainment of superior results can be pursued effectively.” This he believes is particularly relevant in relation to the continuing popularity of performance league tables.

“Knowing ones position in the “league table” does little to enable the organisation to understand how better performers achieved their status and hence how to move up the table.....While targets are an integral part of benchmarking the notion that there is one best to do something and that once this target is attained no further change is needed runs counter to benchmarking inherent nature”

### **3.3 Types of benchmarking in the public sector**

Cole M.J. (2011) identified as many as 23 different modalities or categories of benchmarking. For this report however I will only describe the different types of benchmarking which are generally used in the public sector.

The earliest typology of benchmarking was based on Xerox pioneering experience in this area. Using this as basis, Camp (1993) the following were the earliest and most promoted types of benchmarking:

**Internal benchmarking** -This type is applicable or suitable to mainly large organisations with multiple departments. This mainly involves a comparison of similar practices within the organisation to determine best practice, transfer learning to other sections in the organisation and consequently bring them to the same performance level.

**Competitive benchmarking** -This involves the identification of the “best competitor” or performer in the area or industry and the comparison own performance with the performance the “best”. The purpose of this type of bench marking is to learn about the processes that can be adapted in order to meet or exceed the overall performance of current best competitor.

**Functional benchmarking** -This involves a comparison of internal processes and methods that an organisation/company has with the processes and methods of organisations or companies in a similar field or industry

**Generic benchmarking** - This involves an investigation of similar functions and the comparison of processes of an organisation with another organisation in a different a different industry. This involves a study of best, exemplar or innovative processes anywhere the world regardless of industry

The benchmarking typology cited above and popularised by Camp (1993), is often used by commentators in discussing public sector benchmarking (Bowerman et. al (2002). A further distinction of benchmarking typologies was put forward by Trosa and Williams (1996) and in Cowper and Samuels (no date) in their work on “Performance benchmarking in the public sector: UK experience. These additional typologies include the following:

**Standards benchmarking.** This involves setting standards of performance which an effective organisation could be expected to achieve. The publication of a challenging standard can motivate staff and demonstrate a commitment to improve the service provided. The information on an organisation’s performance against the standard can be used as a monitoring tool by its principals, ministers or councillors.

An example of standards benchmarking was the adoption of the 6 service standards as part of the Citizen’s Charter which include: targets for answering letters, keeping to agreed appointment times, providing clear information about services, regular consultation with service users etc with these

established standards the performance of government departments were measured against these set of indicators and made publicly available (Cowper and Samuels, no date). .

**Results benchmarking.** This may also be referred to as performance benchmarking. This type of benchmarking is mainly concerned with comparative data generated by benchmarking. This involves comparing performance of a number of organisations providing a similar service to determine how well an organisation is performing against another. In the public sector this technique can serve to allow the public to judge whether the local provider makes effective use of its resources compared to other similar providers. In the absence of competitive pressure which operates in the private sector, this can provide a significant incentive to improve efficiency.

An example of this is the Audit Commission's publication of comparative indicators of local authority performance in England. According to Cowper and Samuels (no date) the approach adopted by the Audit Commission's was to let the figures speak for themselves, although it supplies a commentary seeking to bring out key issues. Its aim was to inform the public debate about the performance of public services. In publishing the information, the Commission did not, in most cases, attempt to define what constituted good or bad service.

**Process benchmarking.** This type of benchmarking further advances results benchmarking in identifying performance gaps from the "results " and closing this by investigating and learning from the practices of others. This involves undertaking a detailed examination within a group of organisations of the processes which produce a particular output or "best practice" with the view of understanding the variations in performance and incorporating best practice.

An example of this cited by Cowper and Samuels (no date) are the projects sponsored by the value for money units in the Audit Commission. The project group involves a small team from the Audit Commission working with representatives of a group of service providers in the area under examination

for a short period. Comparative data from the participating agencies will be used to identify best practice and bring out general areas for improvement. The report provides a picture of the current position of the service being considered and makes recommendations for improvement. The resulting report provides a benchmark against which the performance of other service providers can be measured.

Cole M. J. (2011 ) has identified 7 further types or subtypes of benchmarking typologies that are only mentioned in literature on benchmarking in the public sector. Some of these variations of benchmarking appear to be subtypes of benchmarking that have been cited above.

**Data benchmarking and indicator benchmarking.** These terms are sometimes used interchangeably. Both are concerned with the collection and comparison indicators that measure results. These two types appear to be a sub-category of results benchmarking.

**Ideas benchmarking.** This involves collecting and sharing ideas and examples of best practice in order to promote learning and improve performance.

**Compulsory benchmarking.** This is characterised by the engagement of public sector bodies in the collecting and comparing of performance data for public accountability purposes on the instruction of an external agency such as a government audit office. Often this results in the establishment of uniform standards of practice.

**Pegged benchmarking.** This is similar to standards benchmarking. Performance comparisons and improvement are guided by or pegged to external public sector pegs/guidelines such as professional standards and government policy.

**Collaborative benchmarking.** This involves forming a partnership for information sharing and comparison as well as for developing a learning atmosphere and knowledge sharing. This may involve an agreement for one

organisation to access information from another. Partners share specific data reciprocally or work jointly on a task involving data collection and analysis.

### 3.4 Private sector vs. Public sector benchmarking

Although benchmarking originated from the private sector, this is now widely used in public sector organisations to drive performance improvements. There are some key differences between benchmarking in the private and public sector as discussed in detail in Bowerman (2002). A summary of these differences are presented in the Table below:

Table1. Key Characteristics of private sector and public sector benchmarking

<b>Private Sector Benchmarking</b>	<b>Public Sector Benchmarking</b>
Gain competitive advantage, “to be the best in class”	Organisations strive to be “good enough” rather than be “best in class”
Internal management tool	External regulatory tool
Undertaken voluntarily	Tend to be compulsory in nature, increasing voluntary involvement with external benchmarking service providers
Information is often confidential to organisation	Information made publicly available

In the private sector the key driver for benchmarking activities is for an organisation or a company to gain competitive advantage. Benchmarking is generally undertaken to learn from the best and to be the “best in class” or be world class. Rather than striving to be “the best” Bowerman et. al. (2002) stated that public sector organisations may strive through benchmarking to be “good enough” rather than be the best, or merely demonstrate that they are not the worst. Additionally, in the public sector benchmarking may be used to target service standards, so for example, improvements can be made in performance level in order to satisfy customers.

In the private sector benchmarking is an internal management tool and generally undertaken with no external requirement to benchmark. It is undertaken voluntarily in the expectation that the company or organisation can improve its performance in relation to its competitors. In contrast, benchmarking in the public sector tends to be “compulsory” as required by regulatory bodies and the national government e.g. reporting of nationally required performance indicators such as NSI, PAM and SID as required by the Welsh Government Improvement Framework. However, in recent years, there are many local authorities which have “voluntarily” signed up to “benchmarking clubs and services” that are provided by private institutions such as CIPFA and APSE or in some cases by government funded organisations such as the Local Government Data Unit in Wales.

The data used in benchmarking in the private sector are confidential to the management and are not generally made available or disclosed outside of the organisation. As benchmarking is largely voluntary, the confidentiality of information poses a major challenge in developing benchmarking relationships. It is for these reasons private organisations sometimes subscribe to benchmarking clubs which maintain anonymity and exchange of commercially sensitive data.

The notion of keeping public sector performance information confidential is contrary to public accountability. The performance of a public body and how these compares to others is an issue that tax payers and local constituents feel that they have the right to know.

#### **4 Applications or usage of benchmarking**

Based on a review of the evolution of benchmarking, Bowerman et. al. (2002) illustrated two key typologies of how benchmarking has been applied in the public sector. These two key strands are: *compulsory* and *voluntary benchmarking*.

## 4.1 Compulsory benchmarking

The earliest experiences of benchmarking in the public sector tend to be **compulsory** in nature. For many public sector bodies, benchmarking was undertaken in response to the requirements of central government. Key to this development was the role of the Audit Commission in its remit to foster value for money. To achieve this, the Audit Commission used local authority performance statistics, published statistical profiles and performance league tables, as well as provided which are in effect benchmarking activities.

Compulsory benchmarking according to Bowerman et. al. (2002) is characterised the engagement of public sector bodies in collecting and comparing data on the instruction of an external agency. The requirements of external audit and regulatory processes has led or forced public sector bodies to benchmark and compare performance data. These comparisons were facilitated by the publication of performance by external auditors and regulators.

## 4.2 Voluntary benchmarking

**Voluntary** benchmarking differs from the compulsory model, in that it is initiated from within the public sector body instead of an external body or agency. According to Anderson et. al. (2008) this type of benchmarking emulates private sector usage of benchmarking, where good practice is identified and adopted from benchmarking partners. This is generally achieved through the formation or involvement in benchmarking clubs wherein small groups of organisations, cooperate to share insight on their practices. Apart from its use as an internal management tool (for continual improvement and the drive to be the best), voluntary benchmarking could also be used by public sector bodies as a defensive strategy. Bowerman et.al (2002) found some evidence that some voluntary benchmarking can be undertaken for defensive reasons. Defensive benchmarking is undertaken to prove to an external agency that the public sector body is “doing well or are not the worst”



and can also be used to protect the organisation from potential criticism. Specifically, it can be used to look at underlying processes in order to obtain greater information to refute possible criticisms arising from compulsory benchmarking results (e.g. poor league table results).

The research of Andersen et. al. (2008) further advanced the applications/usage of benchmarking in the public sector, and has outlined the various ways in which benchmarking has been used to influence behaviour. A key characteristic/feature inherent in the application of benchmarking described in the following is the power relationship between a “higher authority” (principal) and an “executing body or organisation” (agent) who are involved in the process.

#### **4.3 Defining and setting priorities of an organisation or “agent”**

In this scenario, benchmarking is used by a higher authority to define the policies and priorities that the executing body should pursue. To achieve this, higher authority defines the performance indicators that will be used to assess the behaviours and achievements of the executing body. Within the a regulator – service provider environment, an example of this is OFWAT (water and sewage industry regulator) defines the performance indicators in terms of water quality, leakage targets etc. and collects performance data from various providers, and uses periodic benchmarking to review the extent to which the policies or priorities have been implemented/executed.

#### **4.4 Ensuring the executing bodies adherence or compliance to the defined policies**

This second usage of benchmarking is related to the first one, but this differs from the first application is in “making the benchmarking data” publicly available. Andersen e. al. (2008) believes that a review of performance within a “closed room” is “less powerful” in ensuring that the executing body adheres

or complies with the priorities defined by the higher authority. In this application of benchmarking performance data is shared to with various groups of stakeholders or published more widely to all of those who might be interested in the data. Within the NHS, reduction of hospital waiting list is a key government priority. An example in this case is when individual performance of hospitals is shared with other hospitals and those organisations such as regulatory bodies, politicians, patient lobby groups, etc. who have an interest in its performance and/or made more widely available to media, constituents or the general public. This usage of benchmarking is regarded as a type of “pillory regulation” that is common used by school boards, health administrators/boards and various regulators.

The “naming and shaming” of the executing bodies however does not guarantee the change in performance towards the desired results. Andersen et. al. (2008) stated that there are many cases where exposing poor performance publicly has failed to drive performance to the right direction. Their research puts forward several possible reasons why this type of benchmarking would fail to influence behaviour. The reasons they suggested are: that some agents do not mind the negative publicity or attention; they disagree with the priorities defined for them by the higher authority and feel they follow the priorities that are best for them and their constituents and accept the attention as a price to pay for pursuing their own objectives. Some regard the publication of league tables as an improper imposition into what should be a confidential relationship between principal and agent and out of spite disregard the policies adamantly.

#### **4.5 Used in calculating setting the funding levels or other types of resources for the agent**

Apart from ensuring an executing body’s adherence to policies, benchmarking performance data can also be used to determine its access to financial and other types of resources. The results from benchmarking can be used to reward good performance or punish poor performance. For example school

performance data, such as pupils' grades or achievements, parent satisfaction can be used to reward good performance by providing additional resources, or used in determining the level of extra support/ resources that a school would need to improve its performance.

#### **4.6 Exposing good or bad performance**

In the previous section, benchmarking is used to ensure or persuade the implementing bodies to act according to the higher authority's priorities. In this case, the public "exposure" of performance is used as a means to encourage the executing body to voluntarily initiate improvement efforts. This is based largely on the belief that the "shame" and the inherent drive in people and organisations can lead to improvement in performance.

The public exposure of comparative performance data can also influence the choices and behaviours of "customers" or service users. The information can be used to enable these "customers" or service users to make informed decisions so that they choose "services " that are provided by "high performers". Consequently this will encourage the "poor performers" to improve its provision to attract "customers". This however will work when the "customers" are able to freely choose from different providers and where the loss of customers will have negative effects on the provider e.g. loss of income, funding, reputation etc. as an example, the publication of performance of nursing homes, will allow service users or their family members to make informed choices on the providers that they would prefer to use.

#### **4.7 Providing a basis for compulsory competitive tendering decisions.**

Benchmarking in this case is used by the higher authority in deciding which competing providers will be awarded the contract. The provider's past performance or promised performance will serve as the basis for determining which one will be awarded the contract. In another situation, the higher authority can instruct the executing body (local authority) to undertake competitive tendering (CCT) to prove that the in-house service is competitive or to inform its decision in awarding an external contract. An example cited is the case of a local authority forcing its social care department to put out to tender the provision of nursing home services. Here benchmarking is used in comparing tenders received with the cost of in-house service and for deciding which option is eventually chosen.

## 5 Types of benchmarking undertaken by Cardiff Council Directorates

Table 2A. Benchmarking activities undertaken by Cardiff Council Directorates

Directorate	Type of bench marking activities	Examples of benchmarking
Environment - Highways and Infrastructure	Results benchmarking	Benchmarking through APSE with comparator authorities e.g. street lighting
	Ideas or best practice benchmarking	Benchmarking for transformational change projects
Environment - Waste management	Ad hoc results benchmarking	Depending on requirement service area may contact other local authorities, have access to Waste data flow information submitted to DEFRA by other LAs Benchmarking waste finance and tonnage information with 8 local authorities
	Ad hoc ideas or best practice benchmarking	May contact other local authorities
Children Services	Results benchmarking	Uses the Local Government Data Unit and Stats Wales website
	Ad hoc ideas or best practice benchmarking	May undertake research or benchmark existing practice against best practice in other local authorities
Health and Social Care	Results benchmarking	Financial Assessment with CIFPA
	Ideas or best practice benchmarking	Involvement in a number of network groups e.g. Reablement Learning & Improvement Network Learning and Improvement Network

Table 2B. Benchmarking activities undertaken by Cardiff Council Directorates

<b>Service Area</b>	<b>Type of bench marking activities</b>	<b>Examples of benchmarking</b>
Communities, Housing & Customer Services - Housing	Results benchmarking	Using various nationally available statistical data to benchmark local authority data e.g. Homeless, Processing of housing benefit Claim
	Ideas or best practice Benchmarking	Network of fire evacuation procedure and sharing of info and best practice activities
Communities, Housing & Customer Services - Corporate research	Results benchmarking	Undertaken when commissioned by service areas to look into comparable data of other local authorities/cities using a range of nationally available data sets.
	Ad hoc research on best practice or other LA policy or operational practice	Undertaking research to look into best practice
Communities, Housing & Customer Services - Contact Centre Operations	Ideas or best practice benchmarking	Information sharing between contact centres on technology used, staff management
Resources – Commissioning & Procurement	Ideas or best practice benchmarking	
Sport Leisure & Culture	Results benchmarking	Benchmarking through the APSE network e.g. Parks. Open Spaces and Horticultural activities
	Ideas or best practice benchmarking	May commission bespoke benchmarking reports on existing policy and practice with APSE

Table 2C. Benchmarking activities undertaken by Cardiff Council Directorates

<b>Service Area</b>	<b>Type of bench marking activities</b>	<b>Examples of benchmarking</b>
Education & Lifelong Learning	Results benchmarking	Performance data is submitted to the Welsh Government
Democratic Services - Scrutiny Services	Ideas or best practice benchmarking	Undertakes various research for Scrutiny Committees on a range of best practice areas in other Local authorities
	Results benchmarking, internal and external	Scrutiny Committees undertake periodical scrutiny and review of performance data of various service areas and compares this with previous performance and performance of other local authorities in Wales

The results presented in the Tables above are a summary of the information that was collected during interviews and e-mail correspondence with individual Directorate Performance Managers and Officers.

The findings in Tables 2A, 2B and 2C above show that different Council Directorates are involved in a range of benchmarking activities for their areas. The type of benchmarking activities that different Directorates would be involved in would vary from one Directorate to another.

### **5.1 Communities, Housing & Customer Directorate**

The Communities, Housing & Customer Services Directorate is actively involved in a range of benchmarking activities. The Directorate undertakes

results benchmarking with external groups. As an example, the Directorate would benchmark its performance with regards to the speed of processing of housing benefit and council tax benefit claims against the performance of other local authorities in Wales and selected comparator authorities in England. The comparator authorities in England that are used for these benchmarking activities are those local authorities who were part of the “Major Cities” benchmarking group<sup>1</sup>. The data that is used for this are published statistical data available from the Department for Works and Pensions (DWP).

Another example of benchmarking that the Directorate has undertaken would be referred to as ‘standards benchmarking’. The performance data of the organisation is compared to a standard that they would be expected to achieve. Cardiff’s Safer Capital Partnership’s performance data / statistical data on selected types of criminal activity would be benchmarked against set targets for reduction in crime (Safer Capital Iquanta Performance Report, 2010/2011).

The findings of the various benchmarking activities undertaken are reported to Team managers in the Directorate and to Senior Management. It is also used to inform the Communities, Housing & Customer Services Directorate’s Annual Improvement Strategy.

The Communities, Housing & Customer Services Directorate produces a monthly report containing the Directorate’s Core Data. This report could be regarded as a type of benchmarking wherein performance levels for selected activities in the service are compared on a monthly/quarterly basis and also contrasted with performance information from similar periods of the previous year. This information is used as a tool for monitoring service area performance of core services by the Directorate’s Senior Management Team.

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<sup>1</sup> The “Major Cities Group” here are: South Hampton, Stoke-on-Trent, Swansea, Plymouth, Milton Keynes, Portsmouth, Leicester, Hull, Brighton and Hove, Derby, Bristol and Nottingham.



The Directorate's Performance Manager also has a network of Performance Manager contacts in different local authorities in Wales who share and exchange information and ideas on policy and practice.

## **5.2 Environment Directorate, Waste Management Service**

The Waste Management team in the Environment Directorate is part of a "Waste Finance Benchmarking Group" which was developed in partnership with the Wales Audit Office (WAO) as part of the Waste Improvement Programme in Wales. The benchmarking activity works with 8 local authorities and investigates the reasons for cost and performance variations between these local authorities. The findings generated from this benchmarking activity will be reported by the WAO who will make recommendations to the Welsh Government on areas where financial savings and improved performance can be achieved (Waste Improvement Group).

## **5.3 Health & Social Care Directorate – Reablement Service**

There are no less than 23 social care benchmarking network groups that have representation or involvement of various officers from the Health & Social Care Directorate (See Appendix 1). Most of these benchmarking network groups provide a forum for social care officers to share information and best practice on a range of specialist areas relating to the delivery of social care for adult service users.

A very good example of how benchmarking had informed and improved service area operation is Adult Social Care Officers' involvement in the Reablement Learning and Improvement Network (LIN ). Their involvement in this network had a significant impact on the development and improvement of Adult Services' reablement policies and operational practice. They reported that the benchmarking tool that was developed by the Learning and

Improvement Network was very useful in identifying gaps in reablement service provision as well as in highlighting areas for improvement. It has enabled those involved in the provision or reablement services for Cardiff Council to measure their performance against the “Gold Standard Service” benchmark.

Officers’ involvement in the Learning and Improvement Network had also enabled them to share information and good practice and contribute to the development of service standards, outcome measures and performance indicators relevant to reablement service provision.

#### **5.4 Democratic Services Directorate, Scrutiny Services**

Scrutiny Committee Chair and Members commission officers in the Scrutiny Team to undertake research that looks into current best practice relating to Council services that are under scrutiny. As an example, in early 2013 the Policy Review and Performance Scrutiny Committee commissioned the Scrutiny Research Team to identify and look into existing processes and methods in public engagement that other local authority Scrutiny Committees have used to improve their work in this area.

Periodically, Scrutiny Committees also review the Council Directorates’ performance data in comparison to their previous quarterly or annual performance figures. Scrutiny Committees would also compare service area performance with other Welsh Authorities’ performance data that are available from the Welsh Government and the data produced and analysed by the Local Government Data Unit.

#### **5.5 Benchmarking in Children Services**

Performance manager in Children Services reported that the Directorate undertakes performance benchmarking to a limited extent using the

performance benchmarking websites run by the Local Government Data Unit and the Stats Wales site run by the Welsh Government. They make use of comparative performance data of other local authorities in Wales and also make use of the “All Wales Average” figure to compare the service area’s quarterly performance figures. This enables the Directorate to compare its performance with other local authorities in Wales and against the “All Wales” figure.

The Directorate’s performance team will also undertake a limited degree of external benchmarking with English and Scottish local authorities. The main difficulty that the service has in benchmarking its performance data with these authorities arise from the differences in the definitions, scope and types of performance indicators that English and Scottish Authorities collect. Their service may also undertake “ad hoc” process or results bench marking as and when required by the Directorate’s Senior Management Team. In undertaking this type of benchmarking with local authorities outside Wales, the service area does not currently make use of any specific criteria for identifying local authority comparator groups, the selection of local authorities which would be chosen for these exercises would generally be based on current officer knowledge and the aspirations of the Management team.

The Performance Manager felt that the Directorate would benefit from receiving advice or support in identifying those local authorities whose Children Services provision are comparable to Cardiff’s (with consideration of different characteristics that Cardiff has e.g. demographic etc.). Apart from the identification of comparable authorities, it was also suggested that it would be useful to identify those local authorities whose performance results could be achieved or would be feasible to aspire to by Cardiff’s Children Services team.

## **5.6 Benchmarking in Education & Lifelong Learning Directorate**

Similar to the benchmarking activity within Children Services, the Directorate service area submits its performance data to the Welsh Government as required by law. The performance information that they submit is compared to performance results of other local authorities in Wales and also compared with “Welsh Average” figures. This comparative information is then used to inform the improvement targets and arrangements that will be set for different schools in Cardiff.

The benchmarking that is undertaken outside what is required by the Welsh Government is very limited. In the past, the School’s Services Direct Services Unit was involved in and had a representative to the APSE’s Education Catering benchmarking network Group.

## **5.7 Council Directorate membership to APSE performance network**

A number of Directorates are able to benefit from benchmarking services provided by APSE as part of their membership to APSE’s Performance Network. Within Cardiff Council the following areas shown in Table 3 below are registered members of the various benchmarking “families” and are able to benefit from receiving group benchmarking reports as well as benefit from a range of services that are available as part of the service.

Table 3. APSE Benchmarking families and Cardiff Council Contact

<b>APSE Benchmarking Service</b>	<b>Cardiff Council Performance Network Contact</b>
Main Authority Contact	Performance Manager, Sport, Leisure & Culture
Building cleaning	No representative
Building maintenance	Operational Manager, Facilities Management
Cemetery and Crematorium	Strategic Implementation Officer, Cardiff Crematorium
Civic, cultural and community venues	No representative
Culture, leisure and sport	Performance Manager, Sport, Leisure & Culture
Education catering	No representative
Highways and winter maintenance	Principal Engineer, Infrastructure
Other (civic and commercial) catering	No representative
Parks, open spaces and horticultural services	Quality and Performance Information Officer, Sport, Leisure & Culture
Refuse collection	Operational Manager, Operations
Sports and leisure facility management	Performance, Sport, Leisure & Culture
Street cleansing	Operational Manager, Operations
Street lighting	Principal Engineer, Infrastructure
Transport operations and vehicle maintenance	Operational Manager, Facilities management
Welfare catering	No representative

At present, there are still APSE benchmarking groups where Cardiff Council is not represented in and where the Council's Directorates do not submit any performance information that could be benchmarked. These APSE benchmarking groups are:

- Building cleaning
- Education catering
- Other (civic and commercial) catering
- Welfare catering ( meals on wheels)
- Civic, cultural and community venues

The benefits that service areas get from membership with APSE are described in more detail in the Section 7.1 of this report.

## 5.8 The Council's External Spend on benchmarking services

Table 4. Previous spend on external Benchmarking subscription by service area, Year 2010.

2010 Service area	Benchmarking body	Subscription Cost
Waste	H& S Index	£3,011.00
Waste	APSE	£755.00
Waste	All Wales Benchmarking Group	£700.00
Waste	BSI	£1,340.00
Infrastructure	APSE	£6,710.00
Infrastructure	CSS	£900.00
HANR	Housemark	£10,000.00
HANR	BSI	£2,660.00
HANR	Data Unit Wales	£100.00
Design Performance and Projects	BSI	£1,330.00
Design Performance and Projects	APSE	£39.00
Design Performance and Projects	ALVA	£700.00
Design Performance and Projects	VAQAS	£700.00
Design Performance and Projects	CLAW	£750.00
Design Performance and Projects	National Best Value Benchmarking Scheme	£805.00
<b>Total Spend</b>		<b>£31,300.00</b>

The Table above represents the Corporate Performance Team's records on service area benchmarking costs that was held in 2010. Based on that record, the total spend of the different service areas of the Council on benchmarking services was approximately £31,300.00 in 2010. The record did not specify whether the above costs included VAT.

Using information from recent communication with the various performance managers and officers the results presented in the succeeding Tables will outline the current spend that service areas have for benchmarking services that they subscribe to. Officers from some of the Directorates such as Environment and Communities, Housing & Customer Services had been able to confirm and update status of subscription to these groups. The Communities, Housing & Customer Services Performance Team Manager reported that that the service area no longer pay subscription to Housemark, its ISO9000 registration to BSI and the fee previously paid to the Local Government Data Unit. Waste Management reported that BSI cost that they paid previously was not for benchmarking but for the service area's accreditation to BSI.

There was some difficulty in establishing whether the previous costs incurred for benchmarking services which were under what used to be Design Performance and Projects in 2010 still exists. DP&P used to be a distinct service area of the Council in 2010 and this no longer exists under the existing operational structure. Some of those who used to be under this Team have moved to Economic Development Directorate, while others have moved to Strategic Estates or to the Venues and Tourism Group. Where it is possible to provide up to date information on the current to spend to bench marking services, this is reflected in the Table 5A.

Table 5A. Reported current fees paid for external Benchmarking services.

<b>Council Directorate</b>	<b>External Benchmarking service provider</b>	<b>Cost of benchmarking subscription</b>	<b>Benchmarking services</b>
Health & Social Care	CIFPA Financial benchmarking	£700.00 excluding VAT annually	Compare and benchmark financial assessment function with other Local Authorities
	NAFAO- National Association of Financial assessment Officers	£150.00 annually	Forum for sharing community care knowledge, changes in legislation, sharing of best practice and information, opportunity for networking
	APAD – Association of Public Authority Deputies	£200.00 annually as of 20 January 2014	Receiving regular updates on national meeting and legislation changes  Providing a forum for discussion and share information and experience relating to their work, best practice guidance for member Authorities in relation to safeguarding property and finances of vulnerable adults



Table 5B. Reported current fees paid for external Benchmarking services

<b>Council Directorate</b>	<b>External Benchmarking service provider</b>	<b>Cost of benchmarking subscription</b>	<b>Benchmarking services</b>
Economic Development			
Projects, Design and Development	National Best Value Benchmarking Scheme (NBVBS)	£350.00 annually	Set up in 1997 to provide confidential benchmarking service for property services offers a range of modules and services relating to property design and management.
Strategic Estates	CLAW (Consortium of Local Authorities in Wales promoting excellence in management of property assets)	Approx. £1500.00 annually	.
Environment			
Refuse Waste Collection Services, APSE Performance Network  Street Cleansing, APSE Performance Network  Bereavement Services, Cemetery and Crematorium, APSE Performance Network	APSE (Association for Public Sector Service Excellence)	APSE Corporate Membership fee 2013/14 – £3,488.00 excluding Vat.  APSE Regional Subscription fee Wales £348.80 excluding Vat.  Membership to APSE Performance Network (Central contact at Culture leisure and Sports)	Provision of regular briefings, involvement in advisory groups and strategic forums, access to special interest portals, involvement in regional events, reduction in training course fees and conference fees as well as commissioning of bespoke reports (requires an additional fees)

Table5C. Reported current fees paid for external Benchmarking services

<b>Council Service area</b>	<b>External Benchmarking service provider</b>	<b>Cost of benchmarking subscription</b>	<b>Benchmarking services</b>
Sport, Leisure and Culture			
Parks and Open Spaces	APSE Performance Network Subscription	APSE Corporate Performance Network Subscription 2013/14 - £6799.00 excluding vat	<p>Access to the largest voluntary public sector benchmarking with more than 200 LA members. Apse provides access to the following:</p> <p>Personalised performance indicator standings reports</p> <p>Summary reports (which contain all data submitted throughout the year and includes data ranges (highest, lowest and average), analysis by country, trend analysis and participation information</p> <p>Direction of travel reports</p> <p>Additional comparator reports which can be tailored to the needs of individual councils</p> <p>Access to the performance networks members only</p>

			<p>web portal</p> <p>Dedicated support line during the data completion process</p> <p>Involvement in facilitated benchmarking meetings and process benchmarking meetings</p>
Strategic Planning Highways and Transport			
Street Lighting Highways and winter maintenance	APSE performance network subscription	As above	As above
<b>Resources</b>			
Facilities management – Building Maintenance  Facilities Management – Transport and Vehicle maintenance	APSE Performance Network Subscription	As above	As above
<b>Approximate Total Spend</b>		£10, 747 (with some costs excluding VAT)	

## **5.9 Costs of Benchmarking subscription to external providers.**

The results presented in the Tables above show the different Council Directorates and their specific service teams confirmed that they currently subscribe to benchmarking services provided by external groups.

At present 8 service teams from different Council Directorates are currently subscribed to the APSE performance network and pay a corporate annual subscription fee of £6799 excl. VAT. Apart from its access to APSE's performance networks, Cardiff also pays an annual corporate membership fee to APSE which is charged at £3,488.00 excluding VAT and a Regional Subscription Wales fee which is £348.80 excluding Vat. This membership fee is a separate fee that entitles the local authority access to a range of member resources including briefing reports, access to advisory groups, strategic forums. The strategic forums provide opportunities for service area representatives of different local authorities to discuss a range of policy, best practice and legislative issues and how these impact of the work and services of local government.

## **5.10 Involvement and participation to other external benchmarking groups.**

Although there are Directorates in the Council who may not subscribe to the benchmarking providers listed above, some are currently involved in voluntary benchmarking groups and networks whose main aims are to share information on policy and practice with the view of improving existing practice, processes and overall performance results. Directorates' staff involvement in these benchmarking networks are often free of charge and the only cost that would be involved is staff time. Whilst Health & Social Care officers have reported involvement in as many as 23 benchmarking network groups, the Directorate pays for the benchmarking services of the three groups which are listed in Table 5 above.

The Communities, Housing & Customer Services, Health & Social Care and Children's Services Directorates have reported that they make use of and benefit from the benchmarking comparative figures and analysis produced by the Local Government Data Unit and do not have to pay for access to the datasets and analysis that they produce.

The performance team under the Communities, Housing & Customer Services Directorate also undertake various external benchmarking activities to inform the work of the Directorate. In the past, the Directorate had paid subscription for the services provided by an external benchmarking provider called "Housemark", however that subscription has now been terminated. The present collection and analysis undertaken in comparing or benchmarking the Directorate's performance information are mostly undertaken by members of staff. Staff also makes use of the network of contacts that they have with other Welsh Authorities for information sharing particularly in sharing of operational best practice and policy information.

The Commissioning & Procurement Team is currently involved in and contributing to the "Procurement Fitness Check" that the Welsh Government's Value for Wales Unit has recently introduced. All public sector organisations have to comply with the "Fitness Check" process and do not have to pay a fee to the part of this process. As result of this exercise, process, the procurement team believes that that Cardiff's procurement function and performance will be compared to the Welsh and other public sector performance results and data. KPMG had been commissioned to undertake the capability assessments of the procurement functions of local authorities and Wales to establish their current "performance maturity" as well as identify process improvements and opportunities for cost savings each local authority. The results that will be reported by KPMG will be shared and made available as soon as this is cleared by the head of the Resources Directorate.

## 6 Benchmarking in Wales

The Local Government Data Unit (LGDU) Wales was established in 2001 and is funded by the Welsh Government via the Welsh Local Government Association (WLGA). It is a public sector non-profit company whose main role is to provide advice, guidance and support to local government in Wales on data and statistical issues. With the Introduction of the new performance improvement framework for Wales in 2011, the Data Unit on behalf of the WLGA, has been given the responsibility to provide performance management and benchmarking support as well as a key role in the on-going development, collection and analysis of local government performance data (WLGA).

Currently, the Local Government Data Unit runs the “Benchmarking Wales” hub which is considered as “the new repository of local authority service improvement data” (LGDU). The data and information on the Benchmarking Wales website is not publicly available as it is intended that these should be used to support shared learning amongst the 22 local authorities and used for improvement of their services. Users have to register and state their reasons to be able to access information and data available on the website.

There is a wide range of data that is currently available for registered users of the website. Listed below is an outline of the data sets and resources that are available on-line:

- Local Authority performance information on Service Improvement Data (SID) which are “data sets that are used by local authority services and their regulators as they plan, deliver and improve services”.
- Some basic statistical analysis tools and access to results.
- Current guidance and definitions for the collection of benchmarking data or performance indicators
- Information on established benchmarking clubs that LGDU coordinates

- Added Value Analysis produced annually on selected performance indicators for some of the service Benchmarking.
- Contact information of different local authority representatives who are involved in specific benchmarking clubs.

In addition to running the Benchmarking Wales hub, the LGDU also plays a key role in providing support to the various benchmarking clubs that it facilitates.

## **6.1 LGDU Benchmarking Model**

### **6.1.1 The “can opener”**

The Local Government Data Unit uses a particular approach or model in benchmarking. Key to this approach is using the benchmarking data or comparative data as a “can opener” or as a tool and catalyst to stimulate or facilitate dialogue between service area representatives from different local authorities. This dialogue provides them with the opportunity to examine the differences in their service performance, share information and learn from the experiences and processes that others have adopted. The whole approach is focused on developing a culture of information sharing and learning from others in order to improve service delivery.

In an interview with Richard Palmer, Head of Improvement for the LGDU he succinctly captures the benchmarking approach and the service improvement “culture” that the organisation wants to encourage in saying that:

“It’s not about the data, it’s about what the data tell you and what is behind the data”....

....“It’s about sharing and learning”, not about publishing a performance league tables and saying “We’re good and you are not”...”

### **6.1.2 Having a core set of performance indicators that are comparable.**

The data that is available and used in the “Benchmarking Wales” clubs, have been selected and defined by local authorities. Over the years the Local Government Data Unit has worked in collaboration with local authorities to develop a robust set of “metadata” that should be used in during the collection and calculation of each performance indicator. The measurements have been standardised and each indicator has a detailed definition and guidance for its collection including what should be included and excluded in the calculations of the output figures. In an interview with Richard Palmer, he believes that there is almost no issue with regards to subjectivity with the interpretation of guidance and the robustness of the reported figures.

Palmer stated that local authority individual returns are validated, and in addition to this there are also built in validation checks integrated in the return forms. However, he stated that it is possible that there could still be some misinterpretation of the guidance for data collection. Although these cases are quite rare, these are often readily corrected. For example, in cases where reported figures deviate or vary so much from previous results, (or where individual results deviate so much from the result of others) local authorities are contacted to validate the reported figures.

“it is not in anybody’s interest to fudge it or to try and get it wrong. We find now that there are genuine mistakes, genuine misunderstandings about how to collect some of this stuff. As soon as people realise that they’ve got it wrong they go away and fix it”

Where new or additional data is required for benchmarking, (data other than those that are already held by the LGDU and those that are publicly available from the Stats Wales site) the LGDU also works in collaboration with relevant organisations and officers to develop and collect the data that will be used for



benchmarking. Definitions and guidance as well as validation checks are formulated for the new benchmarking data that will be collected.

The standardization of measurements (e.g. using same units of measure) in Wales and the validation of returns has enabled comparisons to be possible for benchmarking purposes. Palmer also acknowledged that behind the reported data sets, are possible differences in local authority processes, strategies, priorities, resources etc. which could account for variations between performance levels. The identification of these factors are what he believes to be key to the benchmarking process.

### **6.1.3 Trusting and “safe” environment for dialogue and sharing of information**

Another characteristic of this approach/ model in providing a “trusting” and “safe” environment to enable effective sharing of information and learning between those involved in benchmarking.

It is also for this is reason, that the benchmarking data that is currently available on the “Benchmarking Wales” website is only available to registered users. In using the data resources, users have to agree to the confidentiality requirements stated on the website. Registered users are required not to make publicly available any data relating to any local authority without the authority’s consent and users should not use the data for any other purpose other than what it is intended for by the Benchmarking Wales hub i.e. to inform strategies for improvement of services.

The individual benchmarking clubs are also “closed groups”. Palmer stated that it is important that the discussion in benchmarking is restricted to its members and selected participants/facilitators and not conducted in a public forum. It is important that “trust” is developed” as service representatives could be “exposing their weaknesses”. Some of the information that is shared during benchmarking could potentially include confidential and sensitive

information, and could involve “exposing” or “sharing” service weakness or constraints that some local authorities may have and do not want to be made public knowledge. The “culture” of sharing and learning from others needs to be cultivated and reinforced. The sharing and learning from others is a key principle behind the benchmarking approach that is promoted by the Data Unit.

“Because it is not about being publicly held accountable. We are not about producing league tables for the Western Mail. It’s about the service learning from itself as a group”

The Local Government Data Unit is very clear about its role in facilitating and supporting the dialogues between service representatives to examine the differences in service performance, share information and learn from the experience and processes that others have adopted.

#### **6.1.4 The management and analysis of data**

Apart from their role in supporting and facilitating the benchmarking club, the LGDU also runs the “Benchmarking Wales” hub. The website enables and provides the users with some basic statistical analysis tools. The analysis of performance data that is available/presented in the website would show quartile positions of 22 different local authorities. The quartile analysis is used to show the “relative position” of a local authority’s performance level in relation to the performance of others. Simply, this means that the analysis that is used will group the 22 local authorities in performance bands into groupings of those that are relatively “best performers” (upper quartile) and those that are the “worst performers” in the (lower quartile). The Data Unit also produces rankings, calculates the median value and the “Wales figure” or the statistical average value of the reported figures and produces some trend analysis to illustrate the changes (trends) in levels of performance over time.

With regards to the level of analysis that the “Benchmarking Wales” provides Richard Palmer stated that:

“So far as the data analysis is concerned, it’s pretty basic” because all we’re interested in doing is enabling that dialogue. So we don’t focus too heavily on analysis”

Within the benchmarking clubs, the analysis that is undertaken by the Data Unit for each benchmarking club is often defined by “what its members what to know”. The types of analysis that is undertaken as part of the value added analysis that the LGDU produces is discussed in more detail in the following section.

#### **6.1.5 The “Benchmarking Wales” Hub and Clubs**

Table 6 below shows a listing of the of 26 service themes within the Benchmarking Wales hub, including information on the clubs, their reporting schedule and contact details of Cardiff Council officers who are represented in these benchmarking clubs.

Table 6. LGDU's Benchmarking Themes and Clubs including Cardiff contact

<b>Data Unit Benchmarking Topic Area</b>	<b>Benchmarking Club</b>	<b>Reporting Schedule</b>	<b>Type of Report</b>	<b>Cardiff Contact</b>
Adult Services	Not Established	Not Applicable	Not Applicable	Not Applicable
Asset Management	Data for Consortium of Local Authorities in Wales (CLAW).	Annual 2012-2013 Report Available	Group Report	There is a service area contact
Building Control	Not Established	Not Applicable	Not Applicable	Not Applicable
Children's Services	Not Established	Not Applicable	Not Applicable	Not Applicable
Countryside Management	Not Established	Not Applicable	Not Applicable	Not Applicable
Education	Not Established	Not Applicable	Not Applicable	Not Applicable
Engineering Services	Engineering Services Benchmarking Club.	Annual 2012-2013 Report Available	Rolling Average Data Tool	There is a service area contact
Highways	Not Established	Not Applicable	Not Applicable	Not Applicable
Highways Development Control	Wales Highways Development Control Benchmarking Club in collaboration with CSS Wales <sup>2</sup>	Return Forms due Sept 2013	No Info Available	There is a service area contact
Homelessness and Housing Advise	Not Established	Not Applicable	Not Applicable	Not Applicable
Homelessness Services	In collaboration with Homelessness Network in Wales	Annual 2012-2013 Report Available	Value Added Analysis by Local Authority	There is a service area contact

<sup>2</sup> County Surveyors' Society (Wales) 'CSS (Wales)' is the professional association of all the Directors/Heads of Service of technical services in Wales. Membership includes all 22 of the Welsh unitary authorities (CSS Wales)

Legal Services	Data for Welsh Legal Officers Joint Working Group	Annual 2012-2013 Report Available	Value Added Analysis by Local Authority	There is a service area contact
Libraries	Not Established	Not Applicable	Not Applicable	Not Applicable
Planning	In behalf of the Planning Officers Society Wales (POSW)	Annual Data due September 2013	No Information	There is a service area contact
Private Sector Renewal	Not Established	Not Applicable	Not Applicable	Not Applicable
Public Protection	Not Established	Not Applicable	Not Applicable	Not Applicable
Regulatory Services	Benchmarking the 4 National Enforcement Priorities (NEPs) in Wales	Annual Data due October 2013	No Information	No Information
Sport and Recreation	Not Established	Not Applicable	Not Applicable	Not Applicable
Street Scene	Not Established	Not Applicable	Not Applicable	Not Applicable
Traffic Management				
Transportation	In Collaboration with CSS Wales Benchmarking Clubs	Annual 2012 – 2013 Report Available	Transportation benchmarking National Report – PowerPoint Presentation	There is a service area contact
Waste Management	Not Established	Not Applicable	Not Applicable	Not Applicable
Workforce Benchmarking	Report produced in behalf of CLAW  Also work with the HRD Network and workforce benchmarking sub group	Annual 2012-2013 Report Available	Group Report	There is a service area contact
Youth Justice	Not Established	Not Applicable	Not Applicable	Not Applicable
Youth services	In collaboration with Principal	Annual	Value Added Analysis by	There is a service area

	Youth Officers	2012-2013 Report Available	Local authority	contact
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The information that is presented above was collected and collated from various service documents that are available online from the Benchmarking Wales website. **Consent needs to sought from the Data Unit whether these various information including names of service area contacts can be made publicly available.** The results above show that currently there are 11 established benchmarking activity groups or clubs where there is representation from Cardiff Council Staff. These benchmarking groups are also specified in the Table above. According Richard Palmer, the benchmarking groupings that have been created are simply a reflection of existing arrangements for the different service areas. For example, the benchmarking for engineering services works closely with CSS Wales, for Asset Management with the CLAW benchmarking group, for youth services with the Principal Youth Officers. He stated that:

“It is important that that is the case because you don’t want to create an artificial structure just for benchmarking because that won’t work. You need people in their existing structures who recognise the value of sharing”

There are various sources of data that are used for the “Value Added Analysis” benchmarking reports produced by the Data Unit for individual benchmarking clubs. Some of the data that is used for these reports are already existing data that is collected by the Local Government Data unit or data that is published from the Stats Wales website. In some cases, (e.g. Asset Management Benchmarking, benchmarking groups, Legal Services Group, Planning Group, etc.) additional benchmarking data will be further collected by the LGDU (via on line return forms) from participating members. The LGDU also facilitates the collection of new data and analysis of results.

The Data Unit works closely with the club members and other relevant groups to develop, collect and disseminate the benchmarking data. Each year, the data sets or subject areas that are included for benchmarking are reviewed to ensure the needs of local government are being met and the results “continue to be relevant to the work of officers who are involved in service delivery”.

The Local Government Data Unit plays a key role in facilitating and producing bespoke analysis (benchmarking reports) for these different Benchmarking Clubs. The types of reports that are produced also varies. Most of the reports would be a bespoke analysis of the benchmarking data sets that have been selected by the specific club. The reports would generally present a comparative analysis of selected performance information data from the 22 local authorities in Wales. In some cases the Data Unit produces a bespoke analysis for each local authority. These individual authority reports would present analysis comparing for example Cardiff’s performance on specific indicators against the “best and “worst performers” in Wales, comparison of performance with all different local authorities, comparison of Cardiff’s performance against the “Wales figures”, and comparison of Cardiff’s current performance against previous years performance data (trend analysis). Some of the reports are in a PowerPoint format presenting comparative analysis of relevant data.

## **7 Other Benchmarking Service Providers**

### **7.1 APSE (Association for Public Service Excellence) Benchmarking and Comparator Authorities**

The Association for Public Service Excellence (APSE ) is one of the key benchmarking providers that the Council subscribes to. This service is provided through membership in APSE’s Performance Network. As an APSE performance network, members are entitled to receive an annual benchmarking report comparing its performance with those comparable local

authorities who are part of a member's benchmarking "family group". In addition, members can also request for additional comparison reports produced with other criteria (e.g. core cities, Wales-only report, etc), beyond the traditional family group. Each service area that is part of the network can get an additional 1 report free of charge e.g. a benchmarking report comparing the service performance to core cities report for parks and a core cities report for highways.

Apart from receiving benchmarking reports, network members can also benefit from being involved in a range of regional and service based process benchmarking groups that APSE facilitates. The purpose of these groups is to provide its members with detailed understanding of processes and outputs that other members have adopted or implemented as well as define best practice for the service area.

Members can also benefit from receiving training from APSE on how to analyse and use performance information more effectively.

In collecting the data required for benchmarking, performance network members are required to submit their service area's annual performance information which are used by APSE for its benchmarking reports. To ensure the rigour and quality of these performance reports, APSE also provides training to network members on how to complete data submission reports , peer support as well as one-to-one on-site training upon request. As part of its service APSE also provides an on-going process of electronic data checks, data validation, onsite audits to ensure that the data that they collect from members are robust and reliable.

The information that is used by APSE for its benchmarking service, are collected using performance data return forms that are completed by members of performance network annually.

In order to be able to make effective benchmarking comparisons APSE have created "family group system" which are comparator groupings of local



authorities who operate under similar circumstances. APSE uses a set of criteria called key and secondary drivers to determine the specific family grouping for each local authority. According to APSE, these drivers are those factors that are considered important in assessing service deliver and are weighted to signify the relative importance of each driver. Each of these drivers are allocated a weighting score. An overall driver score is calculated for each local authority which then determines the family group that a local authority would fall into. The number and types of key and secondary drivers would vary for each service type. An example of scoring system that is used is illustrated below using the “Refuse Collection” benchmarking group primary and secondary drivers.

Example of APSE’s key and secondary driver scoring system used in determining comparator family groupings is illustrated in Table 7 below:

Table 7. Example of APSE’s Key driver scoring system for Refuse Collection

<b>Key Driver</b>	<b>Secondary Driver</b>	<b>Weighting</b>
Service Profile	(Overall weighting)	60%
	Number of dwellings	18%
	Population	18%
	Recycling Services	18%
	Ancillary refuse collection services	6 %
Catchment area	(Overall weighting)	40%
	Property types	12%
	Population centres	4%
	Population density	12%
	Deprivation	12%

Apart from benchmarking comparisons with the local authority family groupings, benchmarking network members can commission additional bespoke reports which are free of charge which compare a member’s performance with the following comparator groups: Core Cities, Unitary Councils, and Regional Groups.

## **7.2 The Chartered institute of Financial Accountants (CIFPA) Benchmarking Service**

The Chartered institute of Financial Accountants (CIFPA) also provides a benchmarking service to its club members. The comparability of the data sets that are used for benchmarking purposes is achieved in using a standardised data collection process – using a questionnaire which comes with detailed definitions and guidance for its completion. In contrast, to the APSE's approach where there is a set methodology for identifying comparator authorities, the comparisons that are made for CIPFA benchmarking exercises are made with those who are members of the club. In addition, performance comparisons can be made with the member's choice of comparators. A key feature of the benchmarking undertaken by CIFPA is the confidentiality of the benchmarking data and results. The data that is generated by the benchmarking activity is only shared with other club members. Members are not to divulge or share data about other club members other than to immediate colleagues and are not allowed to pass on data to third parties.

The following is a brief summary of the stages and processes that are involved in the conduct of the CIPFA benchmarking activities.

A steering committee is made up of experienced volunteer members from relevant service areas. The role of this committee is to define the scope of the benchmarking exercise and the content of the benchmarking questionnaire.

Once agreed the questionnaire is circulated to club members with detailed definition and guidance on its completion. The consistency of the data collected is assured by using precise definitions of data that is being benchmarked. In addition to these controls, CIPFA also applies data validation techniques to ensure that the data collected or benchmarks are as good a comparison as they can reasonably be. CIPFA also offer a telephone helpline service to support the data collection process.

The returned forms are subjected to validation and analysis in order to produce the report for club members.

Two types of benchmarking reports are made. The first type of report compares data of all club members (or organisation type where relevant), the other type is a benchmarking report that compares members with named comparators of their choice.

As part of the service, members who supply data are provided with a database of the raw data for the club. Club members are also able to access an “interactive report” to allow them to carry out further analysis, e.g. with a different group of comparators of their choice.

The final stage of the benchmarking process involved the review meeting which are designed to a small group of members to review the benchmarking exercise and discuss matters of concerns. This stage of the process marks the progression from results benchmarking towards the benchmarking of processes, systems, organisational structures, quality and value for money.

According to CIFPA the rigour involved in the data collection for their benchmarking service enables them to compare like for like. They achieve this through the use of precise definition of what is being benchmarked and apply data validation techniques to ensure that the data that is used will produce good comparisons as can be reasonably expected.

## **8 Comparing Cardiff’s Performance Indicators**

### **8.1 Comparing local performance indicator data externally**

A number of performance indicators were selected randomly to illustrate one of the key challenges in undertaking quantitative benchmarking exercises. For this exercise we will try to illustrate and give examples of the challenges with

the comparability of these performance indicators to what might be “perceived” as similar performance indicators in other local authorities outside of Wales.

Table 8. Comparability of Cardiff's local performance indicators with external performance indicators

<b>Performance Indicator</b>	<b>Type of Indicator</b>	<b>Comparability</b>
Percentage of new HB claims processed within 14 days of all information received (BEN19HB)	Local Indicator	Probably Not
The number of working days/shifts per full-time equivalent (FTE) local authority employee lost due to sickness absence (CHR/002 )	Local Indicator	Probably Not
Percentage of people helped back to independence without ongoing care services, through short term intervention (SCAL23)	Local Indicator	Probably Not
The percentage of council tax due for the financial year which was received by the authority (CFH/007)	Used to an NSI but now a Local Indicator. Also showing as part of the "Measuring – up" indicator set	Probably not

The four performance indicators listed in Table 8 have been classified as Local Indicators for Cardiff Council. These performance indicators are locally developed and reported, monitored by individual service areas.

Up to the present, Cardiff Council's Communities, Housing & Customer Services Directorate continues to monitor the performance indicator "Percentage of Housing Benefit claims processed within 14 days of all information received" for the benefit of the Directorate. Similarly Cardiff Council's Resources Directorate also continues to monitor the "The number of working days/shifts per full-time equivalent (FTE) local authority employee lost

due to sickness absence” while the Health & Social Care Directorate continues to monitor the “Percentage of people helped back to independence without ongoing care services, through short term intervention”.

These performance indicators are not part of the Welsh Government’s National Strategic Indicators (NSI), Public Accountability Measures (PAMs) and Service Improvement Data (SIDs) which are a set of performance indicators that local authorities are required to report on periodically or annually. As there is currently no statutory requirement to report the outputs for these performance indicators, useful comparison would only be possible where other local authorities within Wales or in England continue to collect similar performance indicator data in a similar manner. Within current knowledge, it is probable that useful comparison could not be made in these cases.

A search of the performance indicators listed in the “Single List of Central Government Data Requirement from Local Government“ that had replaced the National Indicators Set for England in April 2011, shows that there are no similar indicators that are monitored nationally and therefore it is unlikely that other potentially comparable local authorities in England would be collecting a similar data set, unless individual local authorities have chosen to do so. In cases where there are performance indicators which would appear to be similar to those cited above, there is need to check with the relevant local authorities the definition and guidance for the collection of the relevant data to ensure that they are comparable to those that are collected by Cardiff Council. The metadata that Cardiff Council currently uses to provide guidance for the collection of data should be compared with the relevant documents from other local authorities to ensure that the data are comparable.

In order to illustrate the difficulty of finding comparable performance indicators to Cardiff’s local performance indicators, a web search was undertaken to find similar performance data to Cardiff’s “Percentage of new HB claims processed within 14 days of all information received”. A check of the Department for Works and Pensions (DWP) show that there are some

statistical information relating to housing benefits claims which are collected and reported nationally. However the specific information that is collected by DWP from each local authority and reported on this subject area is very different, not related to the abovementioned “housing benefit” performance indicator data that Cardiff collects. The statistical information on this subject area that is available from the DWP website is on: “The average time taken to process new HB claims” and on: “The average time taken to process change of circumstances to HB claims”.

## 8.2 Comparing the Welsh nationally reported performance indicators externally

Table 9. Comparability of Welsh nationally monitored indicators with performance indicators in England

Performance Indicator	Type of Indicator	Comparability
The percentage of initial assessments that were completed during the year where there is evidence that the child has been seen by the Social Worker  (SCC/011a)	Public Accountability Measure (PAM)	Required submission to the Welsh Government  Not comparable to performance indicators in England  Comparable to performance indicators collected by other local authorities in Wales
Percentage of pupil attendance in Primary Schools  (EDU/016 (a))	Public Accountability Measure (PAM)	Required submission to the Welsh Government  Not comparable to performance indicators in England  Comparable to performance indicators collected by other local authorities in Wales

The percentage of local authority municipal waste recycled.  (WMT/010 (ii)),	Service Improvement data (SID)	Required submission to the Welsh Government  Not comparable to performance indicators in England  Comparable to performance indicators collected by other local authorities in Wales

### 8.2.1 Comparability with other local authorities in Wales

The three performance indicators listed above are some examples of performance indicators that different local authorities in Wales are required to submit annually to the Welsh Government. On behalf of the Welsh Government the Local Government Data Unit validates, collates and provides statistical analysis of the collected performance information. Each performance indicator that local authorities are required to submit nationally, has a detailed definition and guidance on what should be included and excluded when calculating the outturn figure.

The standardisation of the definitions and calculations of these nationally reported performance indicators, has enabled these performance data collected by different local authorities in Wales to be comparable.

Comparisons the performance information of different local authorities in Wales are reported annually as part of the Wales Programme for Improvement. Performance Indicators included as part of the “Public Accountability Measures” and the “Service Improvement Data” are used as data sets for the “Benchmarking Wales” hub run and facilitated by the Local Government Data Unit.





## **8.2.2 Comparability with Performance Indicators in England**

The difference in the performance management (including measurement) framework in Wales with that in England has created a challenge in relation to the comparability of performance information. Performance indicators that were collected and reported nationally in England are very different from those that are collected in Wales.

In England, the implementation of the Comprehensive Area Assessment (CAA) in 2009, has defined government priorities “a single set of a clear set of government priorities with a single set of around 200 national indicators; and through Local Area Agreements (LAAs) up to 35 specific improvement targets for each local area (plus 18 statutory education or early years targets)” (Improvement Service, no year). These CAAs were abolished in 2010 by the Coalition government through the Department of Communities and Local Government was replaced with a “Single List” of central government data requirements from local government with the view of reducing the data requirement and regulatory burden. Changes were also introduced in relation LAA which gave local authorities and their partners in England the powers to amend and drop the LAA targets without needing ministerial agreement. This gave them the option to amend or drop their targets as the central government has no role in monitoring them.

Whereas in Wales, the devolved government uses a smaller number of performance indicators called National Strategic Indicators (NSIs) to measure the performance of Local authorities (WLGA). These indicators were chosen as they reflect/cover the strategic priorities of the Welsh Government. They cover the areas of social care, education, leisure and culture, housing, planning and regulatory services, environment and transport. Local authorities are legally required to collect and publish data for each NSI. In 2009 -2010 these data sets were collected by the Local Government Data Unit. However from 2010 -2011 these have been collected directly by the Welsh Government

and is available from StatsWales. Apart from the NSIs there are two other types of Indicators that are monitored in Wales which include:

The Public Accountability Measures – consisting of a small set of “outcome focused” indicators. These reflect those aspects of local authority work which local authorities agree are considered to be important in terms of public accountability. For example, recycling, educational attainment, sustainable development, etc. This information will be required and reported nationally, validated, and published annually.

The Service Improvement Data – are those performance indicators that can be used by local authority services and their regulators to plan, deliver and improve services. The 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 order to illustrate some of the difficulties in the comparability of Welsh indicators with performance indicators in England, the selected number of performance indicators in the Table above with compared with National Indicators in England. The results of comparisons that were attempted are described below:

### **Performance Indicator on Children’s Initial Assessment**

A search of current and previous nationally reported performance indicators in England which are comparable to the Welsh Government’s PAM on “The percentage of initial assessments that were completed during the year where there is evidence that the child has been seen by the Social Worker” yielded negative results. There are no nationally monitored and reported performance indicators in England which are comparable or remotely similar. Using the guidance document for the National Indicators Set for England, there are three National Indicators were found which relates to Children’s Assessments which are outlined below:

NI 059, Percentage of initial assessments for children's social care carried out within 7 working days of referral;

NI 060, Percentage of core assessments for children's social care that were carried out within 35 working days of their commencement;

NI 068, Percentage of referrals to children's social care going on to initial assessment.

The titles and metadata relating to these performance indicators show that these are not the same or comparable to the abovementioned PAM in Wales.

A search of the "Single Data List" of central government data requirements for local government in 2013 -2014 also show that there are no nationally reported data sets in England which are related to or comparable Welsh PAM mentioned above.

The data that is electronically available from the UK statistics website on children assessments in England is not related or similar to the Welsh PAM. The data available there is on "Referrals, assessments and children who were the subject of a child protection plan: children in need census 2010 to 2011 (provisional)"

### **Performance Indicator on Attendance in Primary Schools**

Similar to the result presented in the preceding section, a search of the guidance document have also shown that there are no performance indicators in England contained in the National Indicator Set which are comparable to the Welsh SID on "Percentage of pupil attendance in Primary Schools". The performance indicator included in NI indicator set for England focus on secondary school absence rather than on school attendance. The title and definition of NI 087, "Secondary school persistent absence rate" show that data sets collected are on absence rates for secondary schools". The data that is collected for the Welsh SID is on pupil attendance, whereas the NI

087 in England collects data on persistent absence rates. The calculation of the outturn figure is also different as in Wales, the output figure is in “percentage”, whereas in England the output figure is in “rates”.

A search of statistical information held by the Department for Education show that the records that are held are on pupil absence rather than school attendance. The Department of Education’s performance league tables for all schools in England report on “percent of school absence” and “persistent absence rates” rather than school attendance.

The new “Single Data List” requires local authorities to provide data on the “Parental Responsibility Measure – Attendance” – to cover the academic year September 2012 – August 2013. Although the title may suggest that data on pupil attendance may be required, the quantitative data that needs to be reported on this is on the usage of control measures that schools use to manage pupil absence.

### **Performance Indicator on Waste Management**

The Welsh SID performance indicator on the “The percentage of local authority municipal waste recycled” is not comparable to the English National Indicator sets relating to the recycling of waste in England. The National Indicator in England that relates to the above is NI 192 , “The percentage of Household waste sent for re-use, recycling and composting”.

The guidance and definitions for the collection of data for Welsh SID is very different from those that are used in collecting data for reporting the output for NI192. In England, the guidance requires local authorities to report only on household waste collected and not to include waste recycled from non household sources e.g. trade waste, incinerator residues, rubble, grass cuttings, leaves etc. in parks. (NRW email communication, Audit Commission, 2011) The guidance for the Welsh SID requires the total collected municipal waste as defined in the guidance. The data sets are not comparable as the

focus in England is on the volume of “household waste” recycled whereas the focus in Wales is on “local authority municipal waste”.

## **9 Challenges in conducting benchmarking.**

### **9.1 Comparability of data**

The comparability of data when benchmarking has often been perceived by many as a key challenge in undertaking benchmarking. A survey by Holloway et. al. (no date) sent out to benchmarking practitioners found that nearly half of respondents (559 completed questionnaires) indicated comparability of data as the key challenge. Most benchmarking practitioners who were concerned about the comparability of data collected “are never sure if we were really comparing like for like” or whether they were “comparing apples with pears”.

Hinton et. al. (2000) also highlighted this issue in stating that professionals recognise the difficulties in making performance comparisons particularly in cases where jurisdictions vary in nature, scope and quality of their services. Additionally, he cited that difficulties may also arise in finding performance partners that employ and collect data on performance measures that are truly comparable, reliable and useful for making decisions on service improvements.

The search for performance indicators outside of Wales, which are comparable to the performance indicators selected for this study, has confirmed the difficulties in finding comparable performance indicators in England. As cited by Hinton et. al. (2000) and Holloway et. al. (no year), these difficulties arise mainly due to the differences in performance management frameworks in England and Wales. These differences are specifically in terms of the types and characteristics of performance data that is collected. This will be discussed in more detail in the section below.

The benchmarking experience in Wales (via the work of the Local Government Data Unit) demonstrates that standardization of the definitions and calculations of the performance indicators enables the data which is collected by different local authorities in Wales to be compared. Similarly, the benchmarking service of CIFPA and the Improvement Service Benchmarking project in Scotland has taken a similar approach to the LGDU in standardising performance measures to enable robust comparisons of performance data to be made.

Local authorities or organisations who, on their own collect and compile benchmarking data, often encounter issues with comparability. To avoid these difficulties, some organisations join and pay a fee to formal benchmarking clubs such as CIFPA or APSE who use robust methodology for data collection as well as in selecting and grouping comparator organisations. Both APSE and CIFPA employ a standardised methodology (meta data) to ensure that benchmarking data collected is comparable. Performance network or benchmarking members are required to use the guidance in calculating and reporting performance data. This is further complemented by validation checks undertaken by the providers as well as additional support in completing benchmarking return forms.

## **9.2 Staff resistance and attitudes to benchmarking**

Public sector or government officials can become very defensive when comparisons are made about their performance compared with other organisations. According to Ammons (1999) the defensiveness of operating managers comes from a sense that the purpose of benchmarking is to render judgement on the management proficiency and employee diligence. Most of these officers are proud and protective of their achievements. The results of comparison which show disparity from the performance of others would often be seen as a slap at their operation, or even an attack on their management skills and criticisms of the diligence of their employees. In response, they attack the results of benchmarking as “unfair comparisons” which they justify

in highlighting the differences in the level or size of operations, resources etc. Ammons (1999) argues that in doing this, managers miss the opportunity to learn from the good ideas and strategies that can be adapted from other organisations.

According to Tilema (2007), the results of benchmarking can also have a negative effect on the staff's attitude to improvement. The negative attitude might focus on defending their performance rather than improving it.

“When analysing benchmarking results, staff and managers will regard benchmarking as a tool to demonstrate or justify their level performance and not as a tool to improve performance. As a result instead of looking for aspects in their processes that require improvement, they would search for factors that can be used to explain why the organisations is not to be blamed for inferior aspects of its performance”

### **9.3 Confidentiality of information**

Hinton M. et.al. (2000) and Tilema, S. (2007) are in agreement that sharing of information during benchmarking could be a challenge. Problems could further arise relating to the willingness of organisations to take part and their “openness” to share information or details which could be sensitive.

According to Hinton M. et. al. (2000) difficulties could arise in making detailed or in depth comparisons where information shared would be commercially sensitive. The sharing of confidential information and the need to sustain competitive advantage could act as barriers to the sharing of information between organisations in the same industry or market. Consequently, this will impact on the process of finding suitable benchmarking partners. Holloway, J. et.al. (1997) suggests that the issue of confidentiality is something that needs to be addressed at an early stage of the benchmarking process. Hinton et. al. (2000) however further adds that the issue of confidentiality becomes less of a



problem once a benchmarking partnership (and therefore trust) has been established.

#### **9.4 Institutional constraints**

Unlike the private sector, public sector organisations have certain legal requirements and formal arrangements that may pose constraints to their methods and operations. This could therefore have implications in the public sector organisation's ability and flexibility to develop and implement benchmarking action plan.

#### **9.5 Political influences on benchmarking action plans**

The decision making process in public sector organisations is complex due to various influences and interests such as those of governing bodies, individual politicians and the views of stakeholders and the general public. These stakeholders can place a demand and constraints upon the organisation's ability to decide and implement action plans as a result of benchmarking activity. This can therefore impact on a public sector's ability to make timely and radical decisions and actions.

## 10 How can benchmarking be successful?

### 10.1 Having a “benchmarking mentality”

According to Ammons (1999), in order for benchmarking activities to be successful it is essential that “benchmarkers” or those who are going to be involved in the process, adopt a “benchmarking mentality” or culture. He outlines three key requisites towards achieving this mentality.

First, the organisations culture needs to **recognise that it is “probably not the best” in all aspects of its operation** and is looking for thing to improve. To be successful, benchmarkers cannot become defensive, particularly in cases where there is disparity between their performance levels and others. The results from benchmarking should not be seen as a challenge of existing management skills and a criticism of the diligence of employees. **It is inherent in the benchmarking process (by design) that there will be organisations that will outperform or will have better performance results.** And the success of these “better” performers would ideally be attributable to good ideas and good strategies that can be adopted or adapted by the organisation.

Secondly, successful benchmarkers should be **eager to learn from others.** There is an attitude within some groups in the public sector to “resist adopting something invented or used elsewhere” where the common response to new ideas or practice is “it won’t work here”. To be successful, benchmarkers **need to adapt rather than adopt**, as most good ideas will need to be adapted to a new setting.

Thirdly, benchmarkers need to **resist the tendency for benchmarking to be a “beauty contest”.** Often they worry about how their performance “stacks up” when compared to others in the benchmarking group. They would be

anxious about what stakeholders, politicians and the general public will think and react, on how well their performance compares with others. The rationale behind benchmarking should not simply be about performance level comparisons or “how an organisation stacks up”, **it should be about what is learned from others and how this leaning can be used to improve performance.**

## **10.2 Powerful Managers**

As mentioned in the previous section, the implementation of a benchmarking action plan needs to take into consideration the institutional or legal constraints that an organisation has to work under as well as the various interests and influences of a range of stakeholders including politicians, service users and the general public.

The research of Tilema (2007) has highlighted the importance of “powerful managers” and their role in delivering the action plans and strategies resulting from benchmarking. In situations where there are diverse and conflicting interest, the role of “powerful managers” become more important in ensuring that the organisation gains the support for and is able to implement a strategy that balances the various interest that are involved.

Similarly, the research findings of Holloway, J. et.al. (no date) regarding the role played by the CEO of the Warwickshire Ambulance trust, confirms the point made above. Their research acknowledges the importance of a knowledgeable and high status “benchmarking champion” in driving through operational and strategic changes as a result of benchmarking.

### **10.3 The role and influence of stakeholders**

The role of stakeholders is very important in driving improvements identified through benchmarking. Tilema, S. (2007) provides some evidence on how benchmarking exercise will only lead to improvements if pressure is put on the organisation from its stakeholders to narrow the gap identified between the organisation and the benchmark. This pressure can come from internal stakeholders, such as supervisory boards, or external stakeholders, such as users of the service.

Public organisations often have low-exposure to economic markets and do not generally have to rely on market incentives to maintain its service delivery. The role of internal and external stakeholders therefore becomes more important in putting pressure on public sector organisations to improve their relative performance.

The publication of benchmarking results can also put to economic pressure on an organisation to improve. If poor benchmarking results are published, users of the service may switch to alternative providers. However, such economic pressure only works in situations where users can switch service provider and where there is no monopoly of providers.

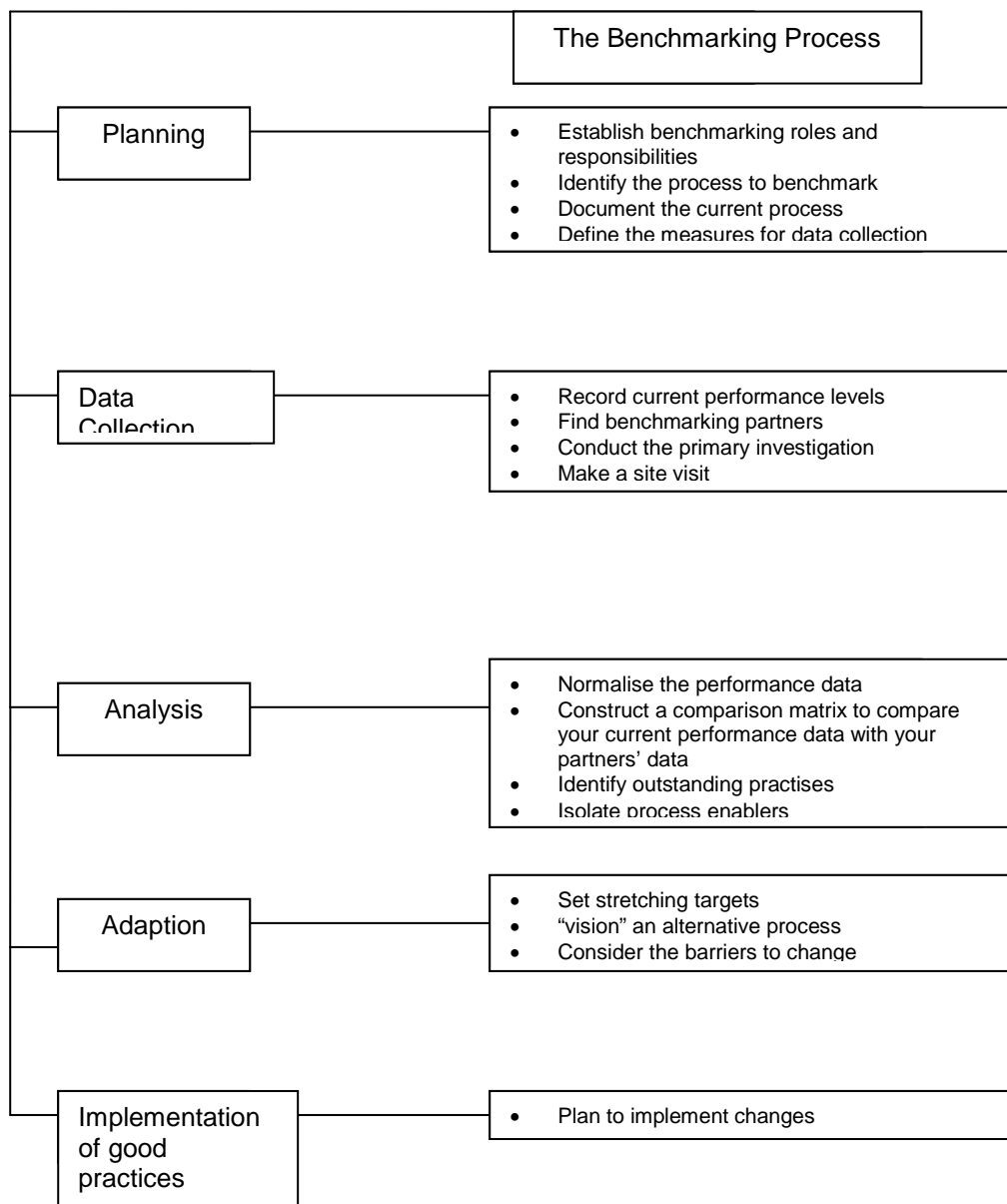
## **11 The Benchmarking process**

The step by step process models for undertaking benchmarking activities vary considerably. Robert Camp (1989), who has produced the earliest work on benchmarking, had developed a 10 phase benchmarking process model. (in Kulmala, J. no year). In contrast, Spendollini's (1992) had developed a five step generic benchmarking model.

The benchmarking model that is presented below was outlined in Isoraite (2004) and is advancement from Spendolini's (1992) classic model. This benchmarking process would appear to be most relevant to the type of benchmarking that could be undertaken within the local government sector. This process would be particularly useful in when a local authority or organisations want to independently undertake benchmarking.

There are five key stages that are in this process with some details of what is involved in each stage.

Chart 1. Benchmarking process



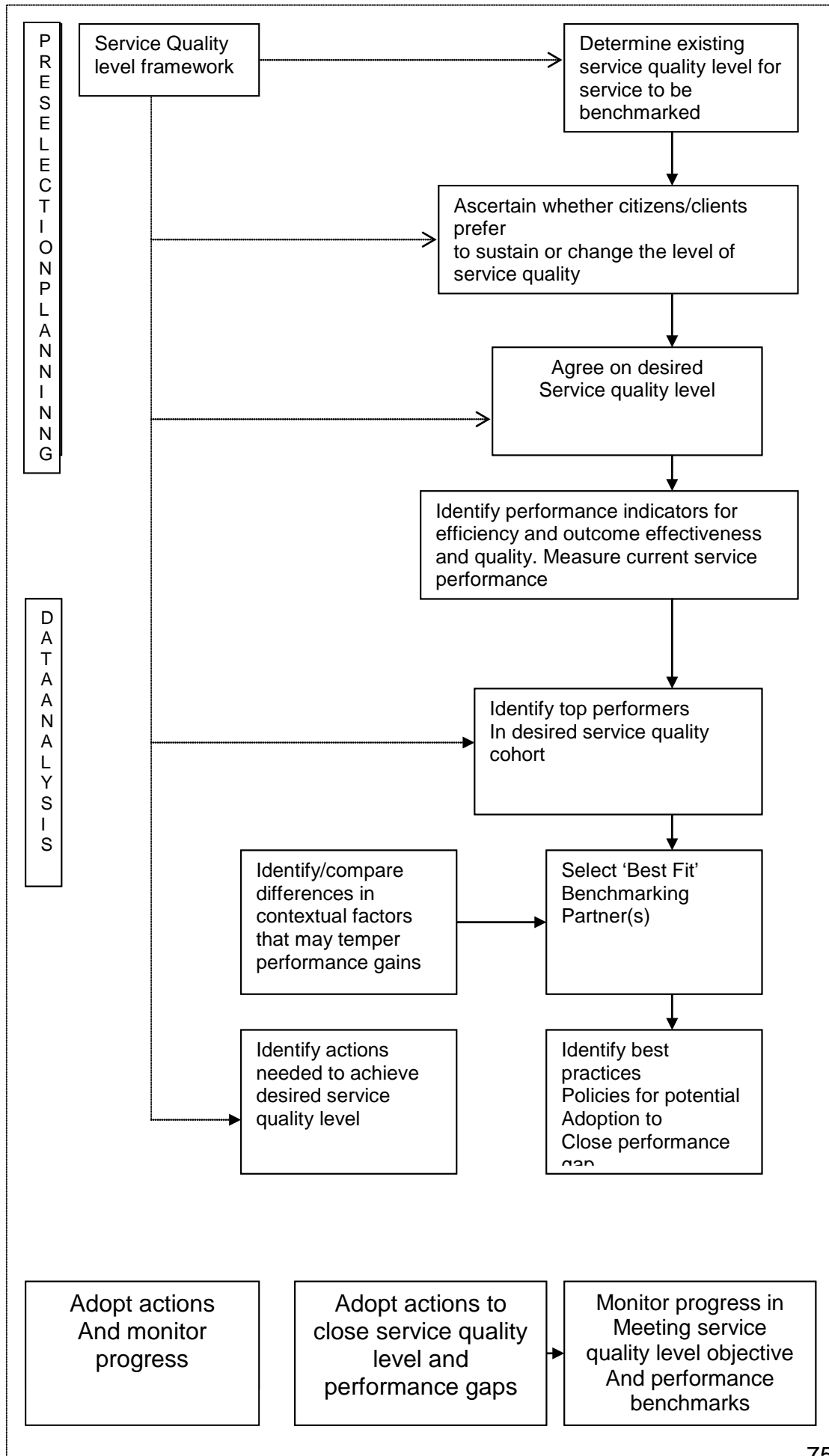
Isoraite (2004) further adds that the evaluation of outcomes and of the entire process should be integral to implementation of the benchmarking strategy. .

### **11.1 Selection of “best practice”**

Once the initial benchmarking results (i.e. the comparisons of performance data) have established the “top performers”, one of the key questions that is often raised is “which best practice or processes should be selected” or simply “which best should be selected”?

Foltz, D. H. (2004) recommends that **managers should explicitly consider the level of quality that they wish to sustain or attain in providing the a service**, and they should use this as a one of the key selection criteria for choosing a comparable benchmarking partner whose best practice has the most potential for adaptation to realise performance improvements within their organisation.

To help in deciding which “benchmarking role model” should be chosen, Foltz, D.H. (2004) proposes the use of a “service quality framework”. A diagram of this framework is illustrated below:



One of the key elements of this framework is about establishing a consensus on the level of service quality that citizens and local officials prefer and will support. Once an agreement is achieved, on the desired service quality (with consideration of available resources) then performance indicators and measures can be identified in relation to this “target”. The work can then focus on identifying the best performers in the desired quality cohort and in identifying the best practices and policies which has the potential to be adopted to improve performance or to close the performance gap.



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