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**From:** Roger Gough, Cabinet Member for Business Strategy, Performance and Health Reform  
David Cockburn, Corporate Director for Business Strategy and Support

**To:** Policy and Resources Cabinet Committee

**Date:** 8 January 2013

**Subject:** Performance Benchmarking

**Classification:** Unrestricted

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**Summary:** As part of the performance management arrangements of the council it is desirable that benchmarking exercises are conducted on an annual basis to ascertain whether the council's performance is in line with similar local authorities.

This report outlines the approach to be taken for the next year, in relation to benchmarking services provided by Business Strategy and Support.

**Recommendation:** Members are asked to NOTE the approach being taken for the benchmarking of Central Support services provided by Business Strategy and Support.

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## Introduction

1. As part of the performance management arrangements of the council it is desirable that benchmarking exercises are conducted on an annual basis to ascertain whether the council's performance is in line with similar local authorities.
2. This report outlines the approach to be taken for the next year, in relation to benchmarking services provided by Business Strategy and Support.

## Existing Arrangements

3. Benchmarking for central support services has always been a difficult area. National data collections and performance frameworks for local government have focussed almost entirely on service delivery outcomes. Even with the removal of the National Indicator Set, we are awash with benchmark data for education and children's social care for example.
4. For central support services, there have only been limited national data collections available for benchmarking, so local authorities have either gone without or sought alternative ways of benchmarking the back office.

5. KCC Business Strategy and Support divisions have looked at a number of benchmarking options in the past. These have in the main involved joining specialist benchmarking clubs and exercises which have been facilitated by external agencies such as CIPFA. Agencies charge a fee for this sort of service.
6. Some of these benchmarking clubs have been very specific to particular functions, such as debt collection, or internal audit.
7. The experience of these arrangements has been found in some cases to have been of limited value. It has not always been possible for information to be collected by the external agencies on a consistent basis, due to differences in the way councils are organised, and therefore genuine like for like comparisons have not always been available, leading to dissatisfaction with the service provided.
8. With more councils cutting back on non-front line expenditure, there are now fewer council's taking part in the various available benchmarking clubs, further reducing the value of these exercises, by limiting further the possibility of like for like comparisons.
9. Existing arrangements have been of some value to individual service areas but have failed to deliver a consistent overview for the Directorate as a whole.

#### **Benchmarking options for the future**

10. New options for how to take benchmarking forward in the future are being considered and these are discussed below.
11. One option has been to look at an overall single benchmarking club offered by CIPFA, which covers all of the core support services in a consistent manner. The relevant club is called the Corporate Services Value for Money Indicators. The club aims to measure efficiency as its main concern, in terms of unit cost and membership includes any form of public body.
12. This CIPFA club initially looked like a good option, but further investigation has revealed that the specification for cost information is too imprecise to produce reliable comparison. The club is also suffering from reduced local authority membership, further reducing its value.
13. A second piece of benchmarking work is now being undertaken, which has been commissioned by Corporate Board, where we are working directly and in a more focussed way with a small group of similar county councils.
14. The initial scope of this exercise is to examine and compare the full suite of indicators being reported corporately by these county councils. This serves two purposes, firstly to identify if other council's are using some good measures which we may also wish to consider using, and secondly to identify options to benchmark indicators which are commonly being used by many councils.

15. We aim to complete this second piece of work in February. Early indicators are that some officers within the group of authorities identified will consider further more detailed work continuing beyond this timeframe. Such work would likely include benchmarking for indicators relating to central support services, including efficiency measures.
16. It will be very important that any such follow-on work is undertaken with great care to ensure that the benchmarking done is robust and of value to those councils which put in the time to participate. The exercise must provide outputs of value which justify the time input.
17. Working with a small group of local authorities, and working directly with them and not through a third party, may help facilitate discussions to ensure that, despite different organisational structures, proper allowance is made within the data to enhance like for like comparison.
18. To support this work we will consider making use of the tool developed by LGA, called LG Inform. This tool, which is currently now moving out of prototype stage into final launch, will be able to provide a central data collection point and analysis tool for local authorities to conduct their own benchmarking exercises without the involvement of third party agencies – delivering more control, and with the service being free.
19. As with any benchmarking work, it will take time to agree what to benchmark, to then specify definitions which all can work to and are happy with, and to trial the data collection and analysis to test the benchmark model. The process may take up to a year to deliver results which the group are happy with, although we would probably aim to run a first trial for financial 2012/13 year data by Autumn 2013.
20. The success of this approach will be dependent on the time that different local authorities can input into the exercise, and we should not underestimate the potential obstacles to producing reliable like for like comparison which previous work was suffered from.

## **Recommendations**

Members are asked to NOTE the approach being taken for the benchmarking of Central Support services provided by Business Strategy and Support.

**Background papers** : None

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