

join the club?

benchmarking for best value



contents

Executive summary	2
List of tables	3
Acknowledgements	4
1. Introduction	5
1.1. About the guide.....	5
1.2. Why benchmark?	5
1.3. What the guide is for?	5
1.4. Who is the guide for?	6
1.5. How the guide is structured	6
2. Benchmarking and Best Value	7
2.1. Introduction	7
2.2. Statutory requirements.....	7
3. What is benchmarking?	8
3.1. Introduction	8
3.2. Defining benchmarking	8
3.3. Understanding benchmarks and benchmarking	8
3.4. What can local authorities usefully measure as part of a Best Value review?	9
3.5. What can benchmarking achieve in the Best Value review process?	10
3.6. Summary	10
4. Using benchmarking for Best Value – a toolkit	11
4.1. Scene setting	11
4.2. Do's and don'ts in benchmarking for Best Value.....	11
4.4. Planning for benchmarking	14
Step 1: Identifying the service area to be benchmarked	14
Step 2: Defining objectives	15
Step 3: Selecting the benchmarking type	15
Step 4: Selecting the benchmarking partner type	17
Step 5: Deciding whether to join a benchmarking network or club	18
Step 6: Identifying resources for benchmarking activities	19
Step 7: Agreeing a code of conduct with benchmarking partners	19
Step 8: Agreeing a communication strategy	20
Summary	20
4.5. Data collection for benchmarking.....	20
Step 9: Selecting appropriate partners	21
Step 10: Managing benchmarking activities across partners	21
Step 11: A benchmarking protocol.....	22
Step 12: Data collection methodologies	22
Step 13: Comparability issues.....	23
Summary	24
4.6. Data analysis for benchmarking	24
Step 14: Analysing the data collected and identifying better practice.....	24
Step 15: Making sense of the gap with an identified best practice or better performing organisation	24
Step 16: Validation and reflection.....	26
Summary	26
4.7. Action and follow up	26
5. Signposting services	28
6. Further reading	29
Appendix 1 – The Core Cities Benchmarking Group methodology	30

executive summary

For many authorities Best Value is now beginning to deliver the improvements in public services for which it was intended. However, for some local authorities Best Value remains a difficult area and completing and implementing Best Value reviews has proved a challenge. In many authorities such as these the contribution made by benchmarking to their Best Value efforts is seen as slim with benchmarking efforts often being a resource-intensive activity with little visible impact on the quality of service. This publication aims to help authorities get the best out of benchmarking for Best Value by:

- explaining the context in which Benchmarking for Best Value has developed;
- providing an easily accessible toolkit on how to benchmark for Best Value; and
- signposting users to other resources that can help maximise the opportunities that can flow from effective and appropriate benchmarking exercises.

Benchmarking is not a standalone exercise nor an end in itself. Many believe that if used effectively, it can contribute to knowledge management practices by creating the ideal conditions for effective knowledge sharing and joint learning. In this sense, benchmarking for Best Value can be seen as one of the key building blocks in promoting learning within a service or organisation.

In producing this publication five key criteria emerged that should be satisfied if those charged with delivering Best Value reviews are to use benchmarking effectively. They are:

1. identify at an early stage what the review is expecting to gain by engaging in benchmarking for Best Value exercises – and include in this process an honest cost-benefit analysis of undertaking the exercise;
2. once a benchmarking project is agreed take time to plan each exercise and make the appropriate connections with knowledge management and performance management processes so as to maximise investment;
3. resource each activity appropriately and maintain the resource level so as to enable continuity of officers involved;
4. focus on outcomes from the start – what are the precise improvements in service delivery that the public will see as a result of the review and how will the benchmarking exercise contribute to this?;
5. use existing resources to identify better performing authorities and organisations – more often than not the information is (probably) already there: it just needs to be researched; and
6. remember! – benchmarking is not an end in itself. It can be a powerful tool for contributing to the ‘challenge’, ‘compete’ and ‘compare’ elements of a Best Value review, but in itself it does not deliver change or service improvement. What the benchmarking exercise should achieve is the identification of service improvement potential – actioning those improvements is the key to bringing the exercise to a successful and effective close.

list of tables

Table 1	Types of data measures and processes, their definitions, and typical applications	9
Table 2	Do's and don'ts for benchmarking for Best Value by the Audit Commission.....	12
Table 3	Benchmarking types, their characteristics and applicability	16
Table 4	Determining factors for benchmarking partner types	17

acknowledgements

In producing this guide, the IDeA would like to acknowledge the work of members of the Benchmarking for Best Value Project Advisory Group:

Robert Hassall	Project Manager and report author [seconded from Newcastle City Council]
Aren Atkin	London Borough of Croydon
David Beake	Plymouth CC
Richard Bealing	Kirklees MBC
Mike Carroll	London Borough of Southwark
Andy Clark	South Bedfordshire DC
Donna Colgrave	Cannock Chase DC
Joanna David	London Borough of Camden
Rob Faulkner	Liverpool MBC
Ian Gallagher	Knowsley MBC
Dennis Gamblin	Southampton CC
Phil Hoyland	East Riding of Yorkshire
Harold Knight	Telford and Wrekin UA
Graham Knott	Oxford CC
Michelle Maloney	London Borough of Barking and Dagenham
Mike Staniforth	Portsmouth CC
Paul Wright	Sandwell MBC

The IDeA would also wish to thank the Core Cities Group with support from District Audit for information on their benchmarking methodology.

1. introduction

1.1. About this guide

- 1.1.1. This guide is about the use of benchmarking in Best Value and is aimed at those who are charged with delivering Best Value reviews. In particular, it focuses on the contribution that benchmarking can make to the 'compare' and 'compete' elements of Best Value reviews.
- 1.1.2. Benchmarking is a key element in performance management and performance measurement processes. It is an activity that can both inform decisions on future performance targets and add to a service's overall performance improvement by acknowledging the gap between current performance and best practice services or functions.
- 1.1.3. The guide complements other publications from the Improvement and Development Agency on Best Value, quality, and performance management processes. In common with such publications, the guide is very much evidence-based. It has been produced with the support of a wide representative group of local authorities and their support is recognised.

1.2. Why benchmark?

- 1.2.1. Best Value requires local authorities, to continuously improve the services they provide, and also to evidence how such improvements will be achieved and within what time-scale.
- 1.2.2. Benchmarking – as is shown in this guide – provides an effective tool to enable local authorities to promote continuous service improvement through a rigorous comparison of their performance with that of other providers. These can be service providers in similar public sector bodies, within the private sector, or within the voluntary sector.
- 1.2.3. Moreover, these comparisons can act as a contributory factor in supporting local authorities to challenge whether or not the service should be provided as it is at present. Benchmarking, in some form, has the potential to play a part in every Best Value review.

1.3. What this guide is for?

- 1.3.1. The guide has been produced to help local authorities understand what benchmarking is and how it can be used effectively in Best Value reviews.

It has three aims:

- to explain the statutory context in which benchmarking for Best Value has developed;
- to provide a toolkit of how to benchmark for Best Value; and
- to signpost users to other resources that can help maximise the opportunities that can flow from effective and appropriate benchmarking exercises.

- 1.3.2. It is hoped that by taking such a wide audience perspective, the guide will help to de-mystify perceptions that benchmarking activities are necessarily complex, resource-intensive, and of minimal value in terms of service improvement outcomes by providing straight-forward, practical advice.

1.4. Who is the guide for?

1.4.1. The guide has been written for anyone involved in Best Value service reviews. It acknowledges the particular needs of Best Value review managers in maximising the effective contribution that benchmarking can make to Best Value reviews. But the guide is also intended to be of use to any staff who take part in benchmarking activities, or who are involved in making use of comparative data that flow from them as part of follow-up service improvement plans.

1.5. How the guide is structured

1.5.1. The guide is divided into four sections:

- This first section examines the statutory context in which benchmarking for Best Value has developed.
- The second section looks at what benchmarking is and how it has been defined, particularly in the context of public sector services.
- In the third section, the guide outlines the key stages involved in benchmarking for Best Value activities. This section forms the toolkit of how to benchmark in Best Value service reviews.
- Finally, section four contains details of a new signposting service that provides a range of other services, links and databases that support Benchmarking for Best Value activities.

1.5.2. Throughout the guide, examples of local authorities' experiences of benchmarking are given.

2. benchmarking and best value

2.1. Introduction

2.1.1. For the purpose of this guide, we need to understand the statutory basis for benchmarking exercises in the context of Best Value; expectations in terms of deliverables from benchmarking; and follow-up processes that flow from such exercises. In this section of the guide, an overview of the current statutory requirements relating to the 'compare' and 'compete' elements of Best Value service reviews is provided.

2.2. Statutory requirements

2.2.1. Best Value is not static. At the time of publication of this guide the Government has published a new White Paper for local government as well as (carrying out) a 'three-month' review of Best Value. Whilst it is safe to assume that comparison of performance through benchmarking exercises will remain valid, it is likely that councils will be encouraged to reduce the bureaucracy associated with Best Value processes – including the time and resources currently put into benchmarking.

2.2.2. However the central thrust of Best Value will remain. The Local Government Act 1999 repealed compulsory competitive tendering in England and Wales from 1 January 2000, and from 1 April 2000 required local authorities, amongst others, to:

...make arrangements to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness. (Local Government Act 1999, section 3(1)).

2.2.3. The processes involved in obtaining Best Value services, outlined in some detail in DETR Circular 10/99, and are known collectively as the 4 'Cs' will also remain:

- Challenge the purpose of the service or function;
- Compare its performance with other providers;
- Consult the community or communities on their needs and aspirations;
- Assess compete.

Circular 10/99 continues:

Authorities should aim to compare their current and prospective performance against other public sector bodies, and those in the private and voluntary sectors. This will rarely be a process of exact comparison, rather the intelligent exploration of how analogous services or elements of such service perform: this needs to be sufficient to enable authorities to identify the significant performance differences and the reasons for them.

DETR Circular 10/99, paragraph 29

2.2.4. The Best Value regime is likely to continue to deliver two key messages for those charged with undertaking Best Value reviews:

- that comparison with other organisations exercising a similar function is required, and
- that such comparisons necessarily need to test out the competitiveness of the service provided.

2.2.5. Benchmarking can provide the means to achieve the first and demonstrate, in certain circumstances, the latter. Benchmarking networks can facilitate the exchange of data and information on processes that enables comparisons on service performance to be made. Equally benchmarking provides one vehicle through the systematic comparison and analysis of data – or processes – that can contribute significantly to a test of service competitiveness.

3. what is benchmarking?

3.1. Introduction

- 3.1.1. Before using benchmarking within a Best Value review, it is important to understand what kind of tool it is. This section of the guide looks at:
- how benchmarking has been defined;
 - the difference between a benchmark and the process of benchmarking;
 - an overview of what local authorities can usefully measure; and,
 - an analysis of what benchmarking for Best Value can achieve.

3.2. Defining benchmarking

- 3.2.1. Over the last decade, definitions of benchmarking have emphasised the link between the collection of comparative data, its collective (i.e. networked) analysis, understanding the implications for service improvement, and implementing changes required to achieve improvement. Amongst the hundreds of definitions available, the following one is probably the most succinct.

'Benchmarking is the process of searching for, and achieving, excellent levels of performance. This is achieved through a systematic comparison of performance and processes in different organisations, or between different parts of a single organisation, to learn how to do things better. Its purpose is continuous improvement in levels of performance, by identifying where changes can be made in what is done, or the way in which things are done.'

Benchmarking to improve performance; CIPFA, 1996

- 3.2.2. It is possible to identify a number of key factors that appear to be critical to the effective use of benchmarking for Best Value. These can be summarised thus:
- developing an organisation's capacity to learn from other operators in the field or market, or from others who have carried out a similar service or thematic Best Value review;
 - orientating an organisation's future to be open to new ideas on how to do things;
 - effectively and routinely collecting service and process data to enable valid comparisons to be made;
 - connecting appropriately with market leaders or service providers recognised as best in class;
 - acknowledging that benchmarking is not an end in itself but more a critical component or even building block in continuous service improvement processes.
- 3.2.3. Taking these characteristics on board it is easy to see that benchmarking is a management tool that can assist significantly in service improvement as part of the Best Value review process.

3.3. Understanding benchmarks and benchmarking

- 3.3.1. Fundamental to an understanding of benchmarking is an equal appreciation of a benchmark. Essentially, a benchmark can be considered as a standard or point of reference, i.e. it is a performance reference point. The standard or level for a particular service can be set either internally within one organisation, or externally for the same or similar function across a group of organisations. Benchmarking clubs or networks are the most likely vehicles to progress this work.
- 3.3.2. It is important to note that any benchmark, for example agreed between members of a benchmarking club, can only ever represent a performance reference point – either achieved or desired – at a given point in time. As performance improves towards the goal of best practice, so the benchmark might need to be re-evaluated and re-defined.

3.4. What can local authorities usefully measure as part of a Best Value review?

- 3.4.1. Local authorities are required already to collect statistical data for a range of statutory performance indicators, or to comply with financial audits. In this respect benchmarking should start with an understanding of what data is already available within a local authority.
- 3.4.2. For now, it will be useful to consider the types of data and process information that can provide local authorities with a baseline position to support benchmarking activities. Table 1 below outlines the primary types of measures that can be used for comparative purposes. Care needs to be exercised not only in the preparation and collection of comparative data, but as with benchmarking in general, in the aims or purpose of collecting such data.
- 3.4.3. Thus, efficiency measures on their own will only tell part of the story: quality factors or political prioritisation processes and decisions can impact on efficiency data and will need to be acknowledged if the data is to be valid for comparison purposes.

Measure type	Definition and application examples
Inputs	The resources that are used to provide a service Cost data – particularly unit cost data Human Resource data – staff numbers; deployment; ratios, e.g. staff numbers to Members; efficiency measures, e.g. days spent on staff development, sickness monitoring data Asset data – buildings; information technology
Throughputs	Those activities that convert inputs into outputs, often expressed as the ratio of outputs to inputs The number of enquiries dealt with by a Customer Service Unit per FTE member of staff The number of planning applications processed as a percentage of the total within the statutory or other agreed time-scale
Outputs	The product or end-service The number of defective street lights mended The volume of household waste recycled The total number of planning applications approved
Outcomes	The impact the service or product has on the recipient, usually the service user or community Measuring the success a regeneration programme might have through: reducing social movement, reducing tenancy turnover, addressing crime and disorder issues Assessing jointly with health colleagues the impact of a teenage pregnancy programme

Table 1: Types of data measures and processes, their definitions, and typical applications

- 3.4.4. Similarly, data on inputs or outputs will not of themselves give any sense of how successful the services have been. Take-up of service might be measured but not whether the service as delivered had the desired objective, or whether the service recipient is satisfied with the service provided. Issues such as these are considered in the toolkit in the context of designing and implementing performance indicators that would be both acceptable to, and capable of being adopted by all members of a benchmarking network or club.

3.5. What can benchmarking achieve in the Best Value review process?

- 3.5.1. Benchmarking itself achieves relatively little: the application of learning that can be gained from the interpretation of comparative data and/or processes has the potential to achieve much. By comparing the performance of similar functions across a range of organisations (networked benchmarking), or within a single organisation (internal benchmarking), an effective benchmarking exercise should enable the Best Value review to result in:
- improved performance measurement techniques and systems;
 - improvements in service performance;
 - improved quality of product;
 - improved throughput or productivity.
- 3.5.2. In addition, benchmarking can contribute to the continuous service improvement required by the Best Value review by:
- providing opportunities to share innovative ideas;
 - providing opportunities to share solutions;
 - providing opportunities to identify good and best practice;
 - engaging staff at all levels of an organisation to participate in change-agenda programmes.
- 3.5.3. The collection and comparison of data or processes are only two aspects of benchmarking. Through opportunities such as those listed above, benchmarking can be also an effective tool to complement, and contribute to, organisational and cultural changes. In this wider sense, benchmarking can provide an opportunity to promote knowledge management practices through shared learning.
- 3.5.4. Benchmarking provides a very practical way for Best Value review teams to begin to understand how their council operates, what works well, and what areas are less effective. It can do this by getting review team officers not simply to consider the data on how their council performs, but also the structures in place and the processes involved in delivering services.
- 3.5.5. Seen in this light, benchmarking can be placed at the heart of a Best Value review – in part informative and retrospective (e.g. reviewing historical data on performance), and in part aspirational and challenging (e.g. outward looking and prepared to learn from others).
- 3.5.6. In terms of the 4 'Cs', benchmarking can contribute specifically to:
- Challenge by developing an understanding of the contribution the service or function makes to the council's overall vision and strategies
 - Compare by providing a structured and coherent approach to the development of shared effectiveness measures such as performance indicators; and
 - Competitiveness through the collection of baseline data, for example on unit costs, so as to evidence competitiveness – or indeed the lack of it.

3.6. Summary

- 3.6.1. Benchmarking can make a significant contribution to the successful delivery of Best Value review outcomes. An initial data-based assessment of a service's performance for comparison or benchmarking purposes should lead not only to a gap analysis – i.e. the difference between the organisation's performance and that of the best or better performers – but also to an investigation of the processes that underlie and perhaps help explain the gap. This not only provides evidence for the 'compare' element of any review but also for the 'challenge' element.

4. using benchmarking for best value – a toolkit

4.1. Scene setting

4.1.1. In this section of the guide, a toolkit of how to benchmark for Best Value activities is provided. Four stages are proposed in which to complete a benchmarking for Best Value project. These are:

- planning
- data collection
- data analysis
- action and follow through.

4.1.2. Each stage is examined in detail so as to provide a framework for action. Whilst there can be no guarantee that following a process will always deliver the goods, by adhering to the model as outlined, staff involved in benchmarking activities should be able to avoid wasted effort by remaining focused on outcomes. Each stage is sequential, i.e. whilst a number of the key activities can run concurrently, the totality within each separate stage should be completed before moving on to the next stage. Case examples from the experiences of a range of local authorities are evidenced as indicators of what can work well in practice.

4.1.3. To begin with, however, the toolkit itself is given a context with an examination of:

- common pitfalls of benchmarking – and how to avoid them;
- the role of performance indicators in benchmarking for Best Value; and,
- the contribution benchmarking can make to Best Value reviews.

4.2. Do's and don'ts in benchmarking for Best Value

4.2.1. Benchmarking provokes a very mixed reaction in local authorities. The evidence available indicates that benchmarking for Best Value activities are pursued along a continuum ranging from committed enthusiasm to benign resignation to a task that has to be done. Similarly, expectations of what benchmarking exercises can achieve in terms of tangible outcomes for a local authority are mixed.

4.2.2. The Audit Commission (for local authorities in England and Wales) and the Accounts Commission (for local authorities in Scotland) have made a number of critical observations on benchmarking for Best Value activities. Their observations can be summarised thus:

- confusion within local authorities over what purpose benchmarking is meant to serve in the context of a Best Value service review;
- an unrealistic expectation that benchmarking will provide automatic answers to service improvements;
- an over-concentration on gathering data and searching for perfect comparability;
- a failure to connect outcomes of benchmarking exercises to recommendations and action plans for service improvements.

Most recently, the Audit Commission has commented:

“Collecting comparative data is not an end in itself, nor is it a process to check that ‘we’re OK’. The key aim of ‘compare’ is to identify what others are doing differently and identify potential opportunities for improvement or gain evidence to argue for significant changes. Benchmarking is simply a ‘tin-opener’ to this process, and if collating it is problematic, other less formal routes (such as professional networks or published inspection reports) should be used. Councils should use benchmarking data where available to query service costs and performance in the light of local priorities. However, before engaging in data collection exercises, councils must consider whether potential benefits outweigh the costs”.

Audit Commission: Changing gear: best value annual statement 2001, S.48, p.20

4.2.3. In an attempt to address the resource-intensive argument and other critical issues, the Audit Commission has made a number of suggestions. These are summarised in Table 2 below. The messages coming from the Audit Commission are clear. For authorities to avoid the 'don'ts' of benchmarking, a number of critical factors need to be addressed:

- benchmarking is not a cost-free activity. However a basic cost-benefit analysis needs to be undertaken so as to estimate the true advantages to the authority that are likely to emerge from participating in a benchmarking exercise
- senior managers need to actively support each project, and to guard against the work being downgraded before its completion
- benchmarking should not be seen as a stand-alone activity. It should connect logically to a Best Value review in terms of an initial understanding of the improvements that are likely to be required for a service, and its potential contribution to the 'compare', 'compete' and 'challenge' phases of the review
- benchmarking is not about providing authorities with a sense of well-being. If benchmarking exercises are to contribute effectively to continuous service improvement, all local authorities – even better performing ones – need to be open to the potential for change

Function	Do	Don't
Planning and resourcing benchmarking	Make sure the staff involved have time to contribute to the project.	Delegate the project to junior staff, unless they have sufficient senior management backing.
	Engage the support of senior management, members or directors early in the process.	Take staff off the project once it is underway.
		Expect instant results.
Objective settings	Be clear about the improvements wanted – for example, cost, value for money, customer satisfaction, or the implementation of good practice.	Engage in benchmarking with the sole aim of seeking reassurance.
	Be open to changing service delivery.	
Focusing on important issues	Choose a service that is significant in terms of its importance to the overall service or goals of the organisation.	Waste time on services where there is little evidence of room for improvement.
	Use national data or research into good practice to check whether there is scope to improve performance.	
	Consider the potential benefits and costs.	
	Consider whether the organisation will be able to make changes.	

Table 2: Do's and don'ts for Benchmarking for Best Value

Source: Audit Commission

- 4.2.4. Identifying the scope for improved performance in the context of a Best Value review can be tested out by reference to a range of existing good practice research studies and other sources. The Beacon Council Scheme, The Local Government Improvement Programme (Peer Reviews), Charter Mark, the Audit Commission's inspection report web-site – all of these provide source material for local authorities to begin to assess their capacity for service improvement, and tackle the 'compare' and 'challenge' aspects of a Best Value review.
- 4.2.5. Local authorities need to be robust in assessing their capacity to implement change as a consequence of benchmarking for Best Value exercises. Members' views may be of critical significance here; if there is a lack of political desire to position their authority in a particular market, then the validity of entering into potentially high-cost, resource-intensive benchmarking exercises needs to be fully thought through.
- 4.2.6. To summarise, in order to avoid the pitfalls, local authorities need to be:
- clear in their thinking about what they want to achieve in terms of service improvement as part of the review, and
 - clear about where benchmarking needs to be positioned strategically in order to contribute effectively to these improvements.

4.3. Performance indicators and their role in benchmarking

- 4.3.1. Measuring how a service is performing is the function of performance indicators. As their title suggests, a performance indicator provides an organisation and external interested parties with a mark of how performance has been for a stated service within a defined time period. Therefore, for those managers and staff involved in Best Value reviews, performance indicators can provide essential data.
- 4.3.2. Within Best Value, performance indicators of use to those involved in reviews can be classified as being of one of the following types:
- a statutory Best Value performance indicator determined by the DTLR (BVPI) and other national indicators such as Social Services PAF indicators;
 - a local performance indicator (LPI); and
 - management information indicators

These types are not mutually exclusive: an indicator can cut across types.

- 4.3.3. In addition, performance indicators can be conceptualised according to the location to which they refer. Thus, an indicator could be seen as:
- European-wide, for use, for example, in Euro-Cities comparisons
 - national, e.g. a BVPI;
 - regional/local, based on a known geographical area that might include several local authorities;
 - corporate, for use, for example, in strategic assessments;
 - directorate/divisional, for use by senior operational managers to assist in performance monitoring and forecasting exercises; or,
 - business unit based, providing, for example, detailed data on unit costs, efficiency targets etc.
- 4.3.4. In making use of any performance indicator for benchmarking purposes, it is essential that how it is defined, what it includes, and how the data is to be measured and over what specific time-frame, is shared and understood by all members of a benchmarking network or club. If local authorities and other organisations that form part of a benchmarking network or club can agree the totality of the detail that underpin such indicators, then they can become the building blocks for benchmarking for Best Value activities.

Tendring Borough Council is involved in a benchmarking group for Open Spaces, Recreation Grounds and Play Areas. The group has worked on developing local performance indicators that will see the same data measured consistently across all participating local authorities. By emphasising the consistency of data collection, the local authorities involved in the group are confident that the benchmarking exercise will contribute effectively and significantly to the cross-authority monitoring of continuous improvement.

Source: IDeA's Third Annual Survey of Benchmarking Projects

- 4.3.5. Performance measurement is at the heart of benchmarking for Best Value activities since it is the comparison of data on how services perform that better and more effective approaches can be evidenced that in turn can inform continuous service improvement.

4.4. Planning for benchmarking

- 4.4.1. If the benchmarking exercise is to remain focused and deliver tangible outputs, how it is planned will be critical. The IDeA's third annual survey on benchmarking projects in English local authorities reveals that only 11% of respondents had a planned duration for such exercises: the majority of respondents saw benchmarking as an on-going activity without any planned end.

Planning a benchmarking exercise involves the following key steps:

- Step 1 Identifying the service area or theme to be benchmarked within the Best Value review scope
- Step 2 Defining the objectives of the exercise and indicating what measures will be used to assess success
- Step 3 Selecting the particular type of benchmarking most appropriate to both the service area in question and the objectives of the exercise
- Step 4 Selecting the most appropriate benchmarking partner type
- Step 5 Determining whether the project's objectives are best met through internal or external benchmarking
- Step 6 Identifying resources for the project
- Step 7 Considering whether to establish or join a benchmarking club or network and agreeing a code of conduct
- Step 8 Agreeing a communication strategy.

Each of these key steps is now reviewed in detail so as to identify critical issues.

Step 1: Identifying the service area to be benchmarked

If the benchmarking exercise is to remain manageable and focused, it is essential that the parameters of the service area to be benchmarked be agreed at the outset. For functional or service-specific reviews, this will involve a view being taken on whether core services are to be reviewed or whether it is the totality of services going into the identified area that are to be reviewed. For example, would highways maintenance involve solely the repair and maintenance processes or include support services such as legal services?

For thematic or cross-cutting reviews, the process of defining the parameters is of no less significance. It may indeed be more problematic in determining what portion of functional services contribute to a particular theme. What elements, for example, of a social services function contribute towards community safety?

There is a logical connection between how an authority's Best Value programme is constructed and benchmarking exercises. Decisions need to be made about how the service under review is defined, what are its component parts, and which of these should be subject to benchmarking exercises.

Step 2: Defining objectives

Clear objectives, i.e. what the Best Value review team wants to see as tangible outcomes of the benchmarking exercise, should be established at the outset.

Within a Best Value context, it can be expected that benchmarking exercises will contribute significantly to the evidence needed for the 'compare', 'challenge', and 'compete' elements of a service or thematic review.

Setting and agreeing the objectives of each exercise is necessary if benchmarking as a management tool is to be evaluated properly. Simply having aspirations to improve a particular service does not provide a framework in which to measure any particular benefit that might flow from benchmarking. The objectives need to be precise and focused on the desired outcome, in particular how it will contribute to comparison, competitiveness, and challenge and ultimately to the improvement of services.

In contrast, authorities need to keep an eye on the bigger picture: how does the service or theme under review impact on other areas of service delivery, and what might an overall picture of service configuration look like in, for example, five years time?

LB Barking and Dagenham has identified one of their key learning points from Year One reviews as the need for Best Value review teams to ensure that they have a clear vision of what the service might be like in say five years time. A visioning exercise with staff and other stakeholders provides an opportunity to start to develop a shared vision. The council uses a variety of methods to think through what a best service might look like, and then assesses the gap between current service performance and the best performers.

Source: LB Barking and Dagenham, Project Advisory Team

The objectives of the exercise might thus be to improve a particular efficiency target, a throughput, or the authority's position in relation to other councils or service providers. Finally, it is worth remembering that objectives can be amended as the benchmarking exercise progresses and its contribution to a Best Value review becomes either clearer or better defined.

Step 3: Selecting the benchmarking type

Whilst there is a range of approaches to benchmarking outlined in the literature, the most popular types are data benchmarking (sometimes referred to as metric benchmarking), and process benchmarking. Table 3 summarises the four main approaches to benchmarking, key characteristics, and examples by type of suitability and/or applicability.

In practice, Best Value review teams are at present probably making most use of data and process benchmarking. There is a natural connection between the two approaches. Collecting appropriate data to enable service comparison between local authorities will lead logically in many cases to further work to understand why certain processes and systems lead to improved service performance.

A common starting point with local authorities for data benchmarking is via Best Value Performance Indicators – particularly as these are already used in part to contribute to national comparison tables of performance. But if such exercises are not to become bogged down through the sheer weight of such data, officers need to be able to agree at an early stage the more key comparators that can be used to provide an initial service overview. Often the general health indicators of a service can provide this overview data.

Depending on how the local authority is assessed as performing in comparison to others for a particular service the review team should then:

- examine the data that evidence poor performance in greater detail;
- examine the processes that underpin the areas of poor service performance;
- examine the structures and organisational hierarchies that are responsible for the service delivery area in question; or,
- examine the authority's strategic and policy objectives and assess their impact on, or relevance to, poor service performance.

Benchmarking Type	Characteristics	Application
Data	Comparison of inputs, outputs, throughputs, and outcomes Comparison can be against national or local standards, or against improvement targets Performance data are often – but not essentially – cost based Evidence can be used for monitoring service improvement	Usually service/function based Data, often unit cost-based, comparisons League table comparisons, especially for national performance indicators
Process	Comparison of processes, i.e. what organisations do to change inputs into outputs and how they do it Can involve an overview of processes, or analysis of detailed systems Often flows from, and based on, gap-analysis work carried out as part of data benchmarking	Directorate or section-wide Shifts focus from how an organisation is performing to learning how to do better
Functional	Comparison of structures to deliver services, outputs etc. Comparison of different/alternative service delivery models Analysis of critical component elements that make up the structure or model	Organisation or, more usually, specific service/function-wide Can be applied to service delivery models
Strategic	Comparison of organisations' strategic and/or policy objectives Emphasis on exploring business and business strategies, not the underlying processes involved	Organisation-wide

Table 3: Benchmarking types and their characteristics and applicability

A key point to note is that the benchmarking exercise should not be allowed to drift from one type to another.

Exeter City Council effectively used cost data benchmarking to review its ICT Communications and Development services. The review identified relatively poor value in terms of the Council's approach to personal computer purchasing. Rather than move onto more detailed – and lengthy benchmarking exercises – the Council successfully implemented reduced cost contracts prior to the end of the Best Value review.

Source: IDEA's Third Annual Survey of Benchmarking Projects

Once the objectives of an initial exercise have been achieved, there should be closure, and if required, a new exercise with appropriate objectives begun.

Step 4: Selecting the benchmarking partner type

For any of the benchmarking types, the nature and range of potential partners will be guided by the focus of the exercise. In general, however, potential partners will fall into one of two groupings – although there is no rule to mutually exclude either partner type within a single group:

- Internal partners, i.e. within the same organisation but located in different sections or functions
- External partners, either within the same sector (e.g. public), but increasingly in other sectors (e.g. private and/or voluntary)

At this stage, and reflecting the characteristics of benchmarking type outlined in Table 3 above, Table 4 provides an overview of the determining factors that point to a particular partner type in terms of internal or external partners. An authority needs to consider seriously if internal benchmarking alone is sufficiently challenging to address Best Value requirements. It can provide a more cost-effective approach, but there are clearly limitations associated with it.

Equally, it needs to be recognised that DTLR Guidance clearly indicates that local authorities should also investigate benchmarking with the private and voluntary sectors. Section 5 below provides information on possible signposts.

Determining factors	Partner type
Where one unit or section within the organisation is recognised as performing significantly better than its peers; Where exchanging market-sensitive information with external suppliers and/or competitors is imprudent; Where experience in benchmarking activities is limited; Where internal resources to promote, service, and maintain benchmarking activities are significantly limited; Where time constraints demand a swift analysis.	Internal benchmarking partners
Where there is an acknowledgement that <i>best practice</i> cannot be found within the organisation; Where innovative solutions are sought to complex challenges; Where staff involved have previous experience of benchmarking activities; Where time and resources are available to collect valid data compatible with the needs of other partners; Where time and resources are available to support off-site meetings.	External benchmarking partners

Table 4: Determining factors for benchmarking partner types

There are no hard and fast rules about the choice of potential partners for benchmarking exercises. Choosing benchmarking partners is likely to be affected by one or more of the following factors:

- the nature of the service to be reviewed, particularly in respect of its size, structure, and internal culture and/or history of being open to competition;
- the focus of the review;
- the type of benchmarking activity: data, process, functional, or strategic;
- the resources available to carry out the benchmarking activity;
- the time-scale to complete the exercise so as to contribute effectively to the review process;
- the availability of suitable partners; and,
- the willingness of identified potential partners to engage.

Step 5: Deciding whether to join a benchmarking network or club

As Best Value has become more embedded in local authorities' activities, so there has been a simultaneous rise in the number of benchmarking networks and clubs.

Local authorities face essentially three options:

- collating comparative data from existing published sources rather than taking part in a benchmarking club or network;
- joining an existing benchmarking club or network for the service or cross-cutting theme in question; or
- establishing a new benchmarking group.

Pragmatically – and recalling criticisms of the increasing resource-intensive nature of some benchmarking exercises – the first option can be seen to have some appeal. Depending on the size and scope of the Best Value review, a review manager might decide that adequate comparative data can be found from existing published sources, or from making informal approaches to other service providers to gather information. The downside to this approach to benchmarking is that it can only really concern itself with data, and that any understanding of the underlying processes that might contribute to any evidenced gap in terms of performance will be minimal.

For the second option, local authorities need to approach membership of a benchmarking club or network with a significant degree of adaptability. Benchmarking clubs and networks may, by their very nature, be more successful if member authorities and organisations are prepared to adapt their specific needs to more generic and cross-authority goals and outcomes.

The signposting service described in section 5 will signpost the reader to a range of databases and contacts through which to establish whether a relevant benchmarking club or network already exists and is likely to meet the needs of the exercise.

Derbyshire County Council is pleased with its involvement in a benchmarking group that looked at emergency planning. By working collaboratively with a number of other agencies, the group was able to develop a range of performance indicators for an area of service provision where detailed national indices were thought to be weak.

Source: IDeA's Third Annual Survey of Benchmarking Projects

If an authority determines to establish a new benchmarking group, there are a number of potential partners that could be approached. These fall roughly into five groups:

- 1 neighbouring local authorities with whom there is likely to exist already an element of co-operative practice;
- 2 local authorities nationally recognised through some form of externally validated quality assurance scheme as providing best practice (e.g. Charter Mark, Beacon Council etc.);
- 3 District Audit's family group of local authorities;
- 4 the top-performing quartile of local authorities as identified through the Audit Commission's audit and inspection processes
- 5 service providers in the private and/or voluntary sectors recognised as delivering better practice, quality services.

For this last group, a starting point for local authorities could be contractors or partners known through procurement processes and local strategic partnerships. In considering the option to establish a benchmarking club – or indeed even in joining an existing one - a local authority needs to recognise that such exercises can require considerable resources.

Step 6: Identifying resources for benchmarking activities

Resourcing benchmarking activities so that they deliver effective outcomes is a critical issue: failure to recognise the total resource needs will inevitably lead to any benchmarking activity having a limited or reduced impact. A cost/benefit analysis of each benchmarking exercise is a critical factor in determining the level of resource to invest. Essentially, Best Value service review managers need to secure a commitment from a range of people to satisfactorily resource a benchmarking activity, including:

- the operational or service director or directors with overall responsibility for the service or services being reviewed;
- the head of the specific service or services in a cross-cutting or thematic review in question;
- service managers with responsibility to authorise officers to produce work (e.g. data information with which to baseline comparators); and,
- managers with responsibility to authorise specialist input into the benchmarking exercise (e.g. research officers, corporate Best Value officers).

Evidence from the Audit Commission's inspection reports indicates that benchmarking as part of Best Value reviews is most effective where the authority adopts a project management approach. Either the review manager should draw up a project plan for benchmarking activities that identifies milestones and desired outcomes within a time frame that fits with that of the overall review, or they should be enabled and resourced to access the expertise to complete this piece of work.

Step 7: Agreeing a code of conduct with benchmarking partners

Although local authorities have a relatively long history of sharing information and performance data, there is evidence of a reluctance to share such data open and transparently for benchmarking purposes. This issue can be further complicated where services are already perceived to be under a significant challenge from a competitor in another sector of the market.

The reality is that local authorities are required both through a range of statutes and audit and inspection regimes to provide publicly accessible information on data on services and performance. In this context, confidentiality becomes something of a redundant factor. In an attempt to ensure that all participants in an externally focused benchmarking activity start from the same baseline for sharing information and data, many groups and networks develop a specific code of conduct covering data management processes and ethical issues. The European

Benchmarking Code of Conduct produced by the Performance Improvement Group with help from the Eurocode Working Group provides organisations with a ready-made document. The Code can be accessed in full at www.efqm.org/bmk/Bmk.htm.

Step 8: Agreeing a communication strategy

Best Value reviews and benchmarking can be perceived as a threat: a threat to jobs, to services, and to the concept of publicly accountable and democratic local government. Entering into an activity that invites comparison with possibly better performing organisations challenges the status quo – an action in itself that contributes to the challenge element of reviews; improvements that might flow from addressing any gap analysis might include partial or full outsourcing of the service in question.

To manage the process effectively it is essential that the purpose of the activity is communicated to relevant staff and elected Members well in advance of the activity itself commencing. This should form part of the whole Best Value review communications effort. Many local authorities already have a communication strategy. Even where this is not the case, it is relatively simple to identify the key points that contribute to an effective approach in communicating with staff, elected Members, service users, and citizens. Central is the understanding that communication is a two-way process. It is about enabling all parties to give and receive reliable information at the right time.

The message to be communicated needs to be focused and pertinent. Explaining benchmarking as an abstract process will be less meaningful than putting it into the context of a worked example. Finally, the target audience for what is to be communicated needs to be fully understood and defined. In this sense, a communications strategy needs to have a capacity to be all inclusive, i.e. to be authority-wide, whilst at the same time capable of homing in on the particular concerns of specific groups. This last factor is of special relevance where benchmarking activities might be seen as a threat to job and/or service security.

Summary

4.4.2. This first section of the toolkit on how to benchmark for Best Value has been about planning for benchmarking. It has examined a range of issues concerning the building blocks that need to be in place if a benchmarking activity is to be effective, and the decisions that will need to be taken in preparing for that activity to take place. In the following section, attention is turned to how to progress and manage a benchmarking for Best Value activity.

4.5. Data collection for benchmarking

4.5.1. With the planning stage complete, the local authority will be ready to move on to the next steps:

- Step 9 Selecting appropriate partners
- Step 10 Developing with partners a shared understanding about how the benchmarking activity will be managed
- Step 11 Agreeing, if necessary, a benchmarking protocol
- Step 12 Determining the data collection methodology to be used
- Step 13 Addressing the limitations of comparability issues

Step 9: Selecting appropriate partners

The sections above have provided an overview of the pros and cons of whether to carry out an internal or an external benchmarking exercise, and whether an existing group or a new group would best meet the objectives of the exercise. Inevitably there are potential economies to be gained by applying for membership of an existing benchmarking club or network. Similarly, a locally based network of similar sized authorities presents opportunities to minimise the resource implications of officers attending meetings out of area.

In determining what other organisations to approach to form an effective benchmarking club, a local authority needs to consider its priority aspirations in terms of outcomes. In essence, is the authority wanting to:

- collect and compare data that will inform revised and more challenging target-setting, or
- compare and contrast underlying processes so as to improve service delivery and/or emulate best practice?

Evidence to help local authorities identify partners that will enable the former can be obtained from a variety of sources, including:

- national Best Value performance indicator data and tables;
- data arising from locally-agreed performance indicators;
- data emerging from Local Public Service Agreements; and
- local authorities' Best Value performance plans (that should include all of the above).

Evidence to help identify best practice will tend to be of a more qualitative nature. Local authorities could be approached if they can evidence:

- commendations arising out of external audit and inspection processes for Best Value carried out by the Audit Commission;
- above-average findings in reports from any of the external inspection services, e.g. Housing Inspectorate, Benefits Fraud Agency, Social Services Inspectorate, Ofsted;
- externally-assessed quality awards, e.g. Charter Mark, ISO 9000, Investors in People; or
- positive findings arising from the Local Government Improvement Programme (Peer Review) carried out by the IDeA.

The emphasis here is on evidence of better performance arising within local authorities; some of the schemes and initiatives indicated, however, are equally applicable across central government, and the private and voluntary sectors.

Step 10: Managing benchmarking activities across partners

In choosing its partners for any benchmarking exercise, a local authority will need to weigh up the advantages and disadvantages between establishing a new network or joining an existing one. Establishing a new network will involve significant staff input and research. In addition, with the volume of Best Value reviews that have now taken place, searching for best practice organisations still outside existing benchmarking networks could be problematic. Equally, in applying to join an existing network, a local authority will need to consider if the network's pre-agreed scope and agenda enable an adequate level of fit with its own aspirations and needs.

There are similar issues to be addressed in terms of managing benchmarking activities across members of a network – whether a new one or an established one. The key criteria in effecting successful management arrangements across partners include:

- identifying one member authority or organisation to act as lead and co-ordinator of the activities, particularly in terms of administrative arrangements, circulating papers etc.;

- allocating responsibilities across the network membership so as to promote inclusivity;
- being clear as to the shared objectives of the exercise, realising that reducing these to the lowest common denominator so as to promote inclusion might result in outcomes being of less value to an authority;
- developing a project management approach from the outset, and developing a project management time-frame as soon as possible with clearly defined deliverables;
- sharing not only the chair of the meetings, but also convening meetings as far as possible in each of the member's home sites; and,
- building in appropriate feedback systems to maintain forward momentum, and also formal reviews to ensure the project remains on task and is open to amendment if member needs dictate.

Step 11: A benchmarking Protocol

In terms of the day-to-day activities of a benchmarking network, and reflecting the key criteria outlined above in delivering effective outcomes, a protocol provides a framework to enable more co-operative working arrangements. The protocol necessarily needs to address the issue of working with actual and potential competitors – particularly if membership of a network is to include organisations in the private sector. Again the Performance Improvement Group, with help from the Eurocode Working Group, has produced a standardised Protocol with generic applicability within the code of conduct referenced earlier.

Step 12: Data collection methodologies

Essentially, benchmarking for Best Value is most often about the comparison of data so as to identify organisations that carry out similar tasks more effectively and more efficiently and thus evidence opportunities for improvement. Table 1 outlined the primary types of data that can be measured to facilitate benchmarking activities. A note of caution needs to be added here: performance indicators do not tell the whole story for benchmarking activities. They should be seen as the can opener – a tool with which to develop an understanding of what an organisation achieves not necessarily how it achieves things.

An authority needs to be clear from the outset what it is hoping to achieve by entering into a benchmarking exercise. Clarity over objectives will help guide the authority to determine the type and nature of the data to be collected and eventually analysed and compared. Similarly, other authorities or organisations participating in a benchmarking network will have their own objectives. The challenge here is for participating authorities to agree as soon as possible the broad parameters of the exercise, and then to negotiate what is to be compared - for example, data or processes – and how they can be more specifically determined and defined. Data and even process information can be collected in a variety of ways. Three methods are most common:

- questionnaires;
- site visits; and,
- performance indicators.

Questionnaires

A questionnaire can provide participating organisations with a useful tool to collect data and information in a way that is structured to meet their more specific needs. However questionnaires can be resource-intensive in terms of design and piloting stage time, and that in order to ensure total inclusivity of network members, questions may sometimes tend to the more general and open-ended.

Site visits

One of the key benefits that can flow from membership of a benchmarking network is the opportunity to learn through observation. Inevitably, benchmarking is more often associated with data collection, analysis, and comparison. Whilst data is certainly key to any benchmarking activity, it rarely enables network members to develop a full appreciation of the cultural issues that can contribute towards differing performance levels. Reciprocal site visits provide opportunities not only for network meetings but also to observe different approaches and processes at first hand. Where site visits are to be included in a benchmarking activity, care needs to be taken that they focus on the network's overall objectives, and are structured so as to maximise opportunities for cross-working and learning.

The Beacon Council Scheme managed by the IDeA provides a model of how to host and organise learning-focused site visits.

Performance indicators

Performance indicators are an extremely useful tool with which to develop an understanding of the relative performance of local authority services and activities. Local authorities already produce significant volumes of data in order to comply with statutory regulatory and financial accounting requirements. These data are readily accessible through each authority's Best Value Performance Plan and IDeA Knowledge (www.idea.knowledge.gov.uk), and provide an initial filter for comparing performance.

Whilst there is undoubted value in this initial approach, in order to explain differences in performance, sub-sets of data or processes will need to be examined and considered. Benchmarking can be seen as a secondary, and in some ways more in-depth, method of comparing performance following an initial comparison made on the basis of published and nationally available data.

Performance indicators will tend in the main to fall into one of two primary types:

- high level indicators, sometimes referred to as general health or corporate indicators that can be used by senior managers in an organisation to assess overall performance and detect general trends
- activity indicators that reflect the specific work of services or units which can be used by service managers to support drives and initiatives for continuous improvement.

Depending on the nature of the objectives of the particular benchmarking exercise, network members will tend to concentrate on either high level or activity performance indicators. If time and resources permit, there is a lot of value to be gained by carrying out both: using high level indicators to reveal general trends across organisations, and then moving on to activity indicators to look more in depth at those areas of greatest performance difference.

There is a range of methodologies around to facilitate benchmarking through the use of performance indicator data. The various methodologies follow broadly the same format. Appendix 1 gives an approach developed by the Core Cities Group and used for some three years across a wide range of services, and including an agreed performance indicator pro-forma.

Step 13: Comparability issues

Anyone involved in benchmarking is aware of the pitfall of comparability. What is defined as a unit cost by one authority, for example, may be quite differently defined by another. The same argument holds across all service areas. With the national Best Value Performance Indicators, and other statutory performance measures, definitions are quite tight.

Members of benchmarking networks can waste resources and time attempting to agree a perfect or complete definition of baseline data. Cost data in particular seems to present difficulties. While it is understandable that local authorities will want to compare like with like there needs equally to be a trade off in terms of the time spent in searching for an elusive perfect fit or match. In any event, even differences of opinion on what should or should not be included in any performance measure will reveal something on the underlying processes and priorities of each member authority or organisation.

The challenge is to agree a definition of a performance measure that promotes inclusion of all members; flexibility is needed if the benchmarking exercise is to take off and deliver tangible outcomes. Regular meetings of the network will provide ample opportunities to work through the areas of difference, but there needs to be an understanding that perfect fits across a range of organisations is in all probability an impossible task.

Finally, and connected to the issue of comparability, participating authorities and organisations in any benchmarking exercise need to adopt a sufficiently mature approach so as to ensure that the agreed methods of data collection are not corrupted, and that the data or information collected are valid and, if required, verifiable.

Summary

4.5.2. This section of the toolkit has progressed how to benchmark for Best Value by an examination of data collection issues. It has looked at how to select appropriate benchmarking partners, how to develop a methodology for collecting performance data, issues of data comparability, and the role of site visits. With these issues addressed, the toolkit now looks at data analysis.

4.6. Data analysis for benchmarking

4.6.1. In this section of the guide, consideration is given to the steps involved in analysing the data:

- | | |
|---------|---|
| Step 14 | Reviewing and analysing the data collected against two perspectives: <ul style="list-style-type: none">• internally, in line with the original objectives set by the Best Value review• externally, i.e. within the benchmarking network, in line with the group's agreed priorities |
| Step 15 | Making sense of the gap with a best practice, or better performing, organisation |
| Step 16 | Developing an understanding of how some authorities or organisations achieved their better performance. |

Each of these areas is examined so as to identify the key tasks involved.

Step 14: Analysing the data collected and identifying better practice

In carrying out a Best Value review, local authorities will collect a vast volume of data:

- some of this will be historical and will relate, in part, to evidencing past performance for statutory performance indicators reporting;
- some of it will be current, reflecting how the authority is performing;
- and some of the data will be speculative, i.e. forecasts of future performance based on trends and other statistical analyses.

In order to ensure that the benchmarking exercises remain focused, organisations involved in networked benchmarking arrangements need to remind themselves of, and revisit, their original objectives if the vast wealth of data is to remain pertinent and the benchmarking activity both meaningful and effective. This is not to discount the mass of data that will have been accumulated as part of a Best Value review. But a qualitative decision needs to be taken over what data supports the Best Value review in its entirety, and what data is required to meet the agreed objectives of the benchmarking network.

If an approach has been taken towards the exercise based on the development of meaningful performance indicators, then the Core Cities pro-forma given in Appendix 1 can help network members focus clearly on the specific parameters of a particular performance area. Similarly, use of such a performance indicator pro-forma can help guide network members in how the data collected is presented. For data benchmarking – particularly data covering costs and throughputs – it is relatively easy to construct two tables presenting the data by alphabetical order of the organisations involved, and also in order of effective performance. From this latter table, it then becomes quite apparent which are the better performing organisations for the range of data identified. This is not the whole story – but it does make a useful start.

The key point is to present the data in an accessible manner. That is why the objectives of the exercise need to be revisited so that the data is presented in such a way as to help address what network members originally intended.

Step 15: Making sense of the gap with an identified best practice or better performing organisation

Identifying the better performing network members where costs or throughputs are concerned is relatively straightforward, and in some ways, it might be beneficial to stay at that level rather than to try to identify the best practice member.

There are some sound reasons for taking this approach. Whilst in theory it is possible to identify a best performing council, there are a range of other considerations that have the potential to impact on how 'best' is defined and interpreted. Thus benchmarking partners would need to consider the impact of:

- quality issues: the cheapest solution is not necessarily the best;
- political issues: Elected Members might have taken a particular stance because of wider political and community considerations; and,
- strategic issues: an authority might tolerate below-average performance in one area on a temporary basis so as to switch resources to a significantly weaker or failing area of service delivery.

In discussing issues such as these, benchmarking partners will be starting to examine the underlying processes – including perhaps strategic decision-making processes – that appear to contribute to why some authorities perform better than others. The point that needs to be stressed here is that participating partners should not feel that they are having to justify or rationalise levels of performance that are seen to fall below the apparently better performing organisations.

The benchmarking exercise is about not only a process of identifying better performing authorities in the identified area, but also about understanding the underlying processes that contribute to the gap between effective and less effective performance. Once these reasons have been identified, each individual authority needs to re-examine them in the context of their own political and strategic experiences and priorities.

Step 16: Validation and reflection

Naturally, there might be a move to close the benchmarking partnership or network as soon as the data have been collected and analysed. This could be premature. Firstly, because enabling the partners to have follow-up sessions allows time for further analysis of the data to be undertaken. Any raw data are open to several interpretations: only with some significantly robust discussions will partners be able to agree a more valid viewpoint on the data collected. Second, and as has been pointed out above, there is a danger in seeing a better performing authority as the one that achieves the lowest unit cost. Whilst data on its own might identify such an authority, other political and strategic processes need to be examined to understand the total picture.

Lancashire County Council has been involved in a benchmarking exercise for its internal audit service via a CIPFA benchmarking club. The benchmarking exercise has helped directly to identify aspects of the service that could be improved, and has led to the development of partnership initiatives with other local authorities. The focus here has gone beyond data comparison and on to the identification and sharing of best practice.

Source: IDeA's Third Annual Survey of Benchmarking Projects

Summary

4.6.2. This section of the toolkit has looked at how local authorities can begin to understand and make sense of the data collected. It has emphasised that an approach of 'first past the post' – particularly for data concerning issues such as unit costs or throughputs – does not necessarily tell the whole story. Political and strategic issues might legitimately impact on both such sets of data. Undertaking process benchmarking can enable these factors to be fully understood. But here a warning note needs to be sounded: data benchmarking is relatively easy to understand and progress; process, functional, and strategic benchmarking require progressively greater resources in terms of time, energy and commitment. Issues around the appropriateness of considering these benchmarking types, in relation to Best Value, efforts and how to effect follow through are considered in the next and final part of the toolkit.

4.7. Action and follow up

4.7.1. Benchmarking is not an end in itself. It can be a powerful tool in contributing to the 'challenge', 'compete' and 'compare' elements of a Best Value review, but of itself it does not deliver change or service improvement. What the benchmarking exercise should have achieved is the identification of service improvement potential – actioning those improvements is the key to bringing the exercise to a successful and effective closure.

4.7.2. Councils that have undertaken benchmarking for Best Value exercises face two primary options at the final stage:

- assessing the capacity and potential to implement quick wins; and
- further investigating the possibility for any more long-term, strategic changes.

4.7.3. The two options are not mutually exclusive. But the reality is that the majority of benchmarking for Best Value exercises currently undertaken by local authorities are data or metric based, and the information that flows from such exercises tends in the main to lend itself to quick-win improvements.

Hyndburn Borough Council has had a positive experience of benchmarking some of its services to elderly people, including warden schemes. The Council believes that the benchmarking exercise has contributed directly to the development of revised service standards with a view to changing and developing the Council's Supporting People Programme.

Source: IDeA's Third Annual Survey of Benchmarking Projects

- 4.7.4. Data or metric benchmarking can inform and support 'challenge' efforts and lead on to process, functional, and strategic benchmarking, but these latter types are of a significantly different quality and require greater input and resources.
- 4.7.5. In line with the need to remain realistic, this guide has outlined the core elements for data benchmarking whilst at the same time encouraging local authorities to begin to explore the processes that underpin the gap between high performing and low performing services. This in turn can provide further evidence to support the challenge, compare and compete elements of Best Value reviews.
- 4.7.6. To bring the particular benchmarking exercise to closure, there remain three final actions:
- evaluate draft outcomes against the original objectives: revisit the local authority's and if appropriate the benchmarking partners' original objectives, assess if these remain appropriate in the light of the developments and discussions, and if so, question whether measurable service improvements been identified for future implementation
 - evidence the processes involved: ensure that there is a clear and transparent audit trail for all decisions, recommendations, and actions that are the responsibility and remit of the benchmarking network.
 - publish the outcomes and integrate them into the Best Value review findings: share the agreed results between partners and onwards internally within the local authority to members of the Best Value review team and other managers of the service(s) in question.

Bolton Metropolitan Borough Council describes how the local Revenues and Benefits Forum has been useful beyond the development of joint quality measures and process mapping – although these are useful in themselves. Work through the Forum has led to the joint procurement of computer systems by three authorities and to the provision of joint training exercises.

Source: IDeA's Third Annual Survey of Benchmarking Projects

- 4.7.7. Determining actions that flow from the benchmarking for Best Value exercise and that contribute to the improvement plan, and implementing them, are the responsibility of the review team and service managers. And with this acknowledgement, the specific benchmarking exercise can be brought to a close.

5. signposting services

5.1. The IDeA and the Government's Public Sector Benchmarking Service [PSBS] have recently launched a new service to local government designed to help authorities deliver best value. The Local Government Benchmarking Sign Posting Service will provide those charged with delivering Best Value with the valuable benchmarking resource so necessary to ensure effective comparison as part of a review. The annual Audit Commission report on Best Value 'Changing Gear' highlighted the continuing difficulty authorities have with using benchmarking effectively in best value and placed emphasis on using benchmarking as a 'tin opener' to identify opportunities for improvement. The new sign posting service is aimed at facilitating this 'tin opening' through benchmarking by providing benchmarking advice on the telephone and over the internet direct to local authorities to:

- explain what benchmarking involves;
- help local authorities find out what local authority benchmarking clubs are available and what services they cover;
- help local authorities find potential benchmarking partners both inside and outside the public sector;
- put local authorities in touch with others who have undertaken similar exercises both inside and outside the public sector; and
- highlight other sources of advice, guidance and information.

5.2. Anyone charged with delivering a Best Value review requiring advice and guidance on benchmarking is encouraged to register as a member with the PSBS (membership is free). They can do this by contacting the PSBS Helpdesk 0207 865 4949 or via the website – www.benchmarking.gov.uk. The PSBS helpdesk is staffed during normal working hours and there is an answer machine for 'out of hours' callers. Registration brings benefits such as search facilities and the opportunity to participate in discussion groups with others.

6. further reading

Improvement and Development Agency

Best Value Initiatives: Database Survey Report: Winter 1999/2000

So far so good...progress on delivering Best Value

Audit Commission

Seeing is Believing: How the Audit Commission will Carry Out Best Value Inspections in England

Step in the Right Direction: Lessons from Best Value Performance Plans

Changing Gear: Best Value Annual Statement 2001

Getting Better all the Time: Making Benchmarking Work

Department of the Environment, Transport and the Regions

Guide to Quality Schemes and Best Value (2000)

Public Sector Benchmarking Service

Benchmarking for Public Services (2001)

Inter Authorities Group

Jane Foot: *How to do benchmarking: a practitioner's guide* (1998)

appendix 1. The Core Cities benchmarking group methodology

The Core Cities Group comprises the local authorities of Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, and Sheffield. They came together in part as a recognition of the role that major cities can play in national regeneration strategies, but also as a vehicle to share expertise, between themselves, the government, and partners.

The Core Cities Benchmarking Group was established in May 1998 with a brief to:

- collate and compare performance information across services
- agree common indicators of performance for all services and to collect data in an organised way to support valid and meaningful comparison
- co-ordinate an annual programme of detailed benchmarking exercises

The benchmarking methodology was developed with help from District Audit. It has four component elements:

Objective

- To agree 8 - 12 tested indicators that will enable meaningful debate with service users, elected members and service managers for the purpose of improving performance
- To collect baseline data against those indicators

Scope

- indicators should be high-level, quantifiable, and cover an appropriate range, e.g. cost, productivity, process time, service quality, take-up, availability, outcomes.
- availability of existing data should not necessarily be viewed as a limitation.
- The indicators should meet the criteria of being able to:
 - measure performance
 - address stakeholder interests
 - allow targets to be set
 - show clearly how good performance differs from bad performance
 - enable comparisons in performance to be made.

Method

- To compare and review indicators in use
- To draft a shortlist and identify gaps
- To prepare a final list of agreed indicators
- To define specific content and coverage of each indicator
- To test for feasibility of data collection
- To review process and amend as required

Outputs

1 To secure widespread communication and understanding that each indicator needs to be prepared in a common format.

2 Baseline data for each indicator.

On the basis of evidence provided by members of the Benchmarking for Best Value Project Team, agreeing across network member authorities the precise definition and parameters of a particular indicator is problematic. The Core Cities Benchmarking Group have sought to address this issue by designing a performance indicator definition form that ensures a shared understanding of the general thrust of the indicator, whilst allowing room for some – albeit small – flexibility. Key elements covered in the definition form include:

- title of the individual indicator
- its purpose
- a general description of what is involved
- a definition of what data is included - and if required, what data should be excluded
- the reasoning behind the indicator and data collection
- an indication of the likely stakeholder groups with an interest
- a note on practical issues covering data collection, e.g. time-scales
- a note connecting the indicator to other supporting indicators.

The advantage of this particular methodology and approach to benchmarking for Best Value is that it is applicable to both high level and activity performance indicators. In other words, the methodology can be used to carry out corporate benchmarking exercises as well as those for service, function or thematic Best Value reviews.

While the IDeA does not endorse any particular methodology for benchmarking for Best Value, it recognises that the Core Cities Benchmarking Group's approach does have a general applicability and is shared in this guide for that reason.

Speciment pro-forma for Core Cities performance indicators

Social Services example

Indicator	Accessibility of services
Purpose	To measure the effectiveness of work done to promote ease of access to services
Description	Time taken from referral to completion of an assessment
Definition	<ul style="list-style-type: none"> • Time taken calculated in actual days not working days • Time taken to be reported as average number of days not performance against target • Completion = date when statement is agreed • Assessment = comprehensive/complex assessments only • Includes all assessments requiring a community care package • Includes all client groups (can be split if authorities wish to monitor separately)
Reasoning	The speed with which appropriate services are made available to service users is key to their well-being
Stakeholder Interest	Users, carers, managers, partner agencies
Practical Issues	Collect quarterly to reflect seasonal variations
Supporting Indicators	None