Report on performance management at local level

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Survey of CDLR members: findings and conclusions

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Foreword

The CDLR decided to include this activity in its programme for 2003. A questionnaire was adopted by the LR-FL Committee in September 2003.

On the basis of the 25 replies received, a preliminary report was prepared with the help of Professor Claude Jeanrenaud (Switzerland) and Professor Stephen Martin (UK).

At its November 2005 meeting, the CDLR examined the draft report and sent it to the LR-FL Committee which finalised it at its meeting in December 2005.

1. Introduction

In late 2003 a survey of performance measurement and monitoring in Council of Europe member countries was conducted by means of a questionnaire, the Steering Committee on Local and Regional Democracy (CDLR) having decided to programme as part of its work for 2003 a review of performance management at local and regional level. The survey was designed by a consultant, Mr Claude Jeanrenaud, and discussed by the Committee of Experts on Local Finance (LR-FL) at its 8-9 September 2003 meeting. It was decided for practical reasons to restrict the scope of the survey to performance management at local level. The questionnaire was sent to CDLR members on 25 September 2003, with a request for it to be returned by 15 January 2004, accompanied if possible by case studies. It was hoped that the latter would provide information about interesting initiatives in the field of performance management. Responses to the questionnaire reached the Secretariat and the consultant between December 2003 and February 2004 and a draft report was presented to the Committee of Experts in May 2004. In March 2005 Professor Steve Martin (Director of the Centre for Local and Regional Government Research at Cardiff University) was appointed to provide additional material which set out the main theoretical frameworks for performance management systems for local public services and some conclusions and recommendations relating to performance management at local level.

Section 2 of the report describes the role and importance of performance management.

Section 3 outlines principles for effective performance management systems.

Section 4 presents the key findings of the survey.

Section 5 suggests some key conclusions and recommendations.

2 The role and importance of performance management in local government

2.1 Definitions

Performance management includes a range of processes, techniques and methods that facilitate the identification of targets and measurement of progress towards achieving these.

In the public sector performance management has often been associated primarily with ensuring that services provide 'value-for-money'. However, it can also be used to compare the performance of local authorities, to identify best practice and as a means whereby service users, the general public and national governments can hold local service providers to account.

2.2 The increasing importance of performance management

In recent years effective performance management has been seen by many European countries as a key ingredient of good governance and has played an increasingly important role in the management of public services. There are a number of reasons for this including:

♦ **Fiscal stress** – many European countries have faced growing pressure on public spending. National governments and local tax payers have demanded that local service providers secure value-for-money, and many local authorities have had to review their budgets and prioritise services in order to make cost savings. This in turn has focused attention on performance and increased demand for reliable performance information;

♦ **Managerialism –** over the last two decades managerialist practices have increasingly been adopted by governments at both national and local levels and a range of management approaches adapted from the private sector (including management by objectives, quality assurance and performance measurement techniques) have been used in local public services;

♦ **Rising public expectations** – service users' expectations have been rising. This has been fuelled partly by better experiences of privately run services and by the way in which they have been encouraged to think of themselves of customers with rights to certain service standards and to redress where services fail (through initiatives like Citizen's Charters and performance promises);

♦ **Accountability** – accountability to the public has been recognised as a key condition of effective governance. Regularly updated and widely reported performance measures provide the public with information that can be used to hold services to account. In some countries local politicians have also become more closely involved in overseeing services and they too have needed better performance data in order to fulfil this role;

♦ **EU assistance** – effective monitoring and evaluation is a pre-condition of EU assistance provided by the European Union under the Structural Funds and a range of other programmes. This has helped to heighten awareness of performance measurement at local and regional levels;

♦ **National performance frameworks** – in some countries national governments have introduced new national performance management frameworks and/or statutory performance indicators;

♦ **Benchmarking** – traditionally local public services have not been exposed to direct competition of the kind that exists in the private sector. Comparisons of performance between services and between authorities have increasingly been used as proxies for market signals in order to identify best practice and to highlight instances where services need to be improved;

♦ **Competitive tendering** – in some countries some local public services have been exposed to competition. In these cases local authorities have had to develop performance measures in order to develop specifications for tenders and to monitor contract compliance.

2.3   The benefits performance management

Osborne and Gabler, whose work has been a major influence on public sector reform strategies over the last decade, argue that effective performance management is a key feature of successful organisations in both the public and private sectors because:

♦   If you don't measure results, you can't tell success from failure
♦   If you can't see success, you can't reward it
♦   If you can't reward success, you're probably rewarding failure
♦   If you can't see success, you can't learn from it
♦   If you can't recognise failure, you can't correct it
♦   If you can demonstrate results, you can win public support
♦   What gets measured gets done.[1]

Performance targets and performance measures provide:

♦   **A focus for decision making and action**, enabling service providers to prioritise the achievement of the most important outcomes. The process of discussing targets can in itself help to clarify options, identify the trade offs that exist and encourage innovative thinking about how best to achieve policy outcomes;

♦   **A basis for learning** about what is and is not working. Performance measures help local managers and politicians and national policy makers to know how well services are performing and to alert them to instances where corrective action is needed;

♦   **A means of comparing** the performance of different services and different service providers in order to identify best practice and to choose between alternative providers;

♦   **A check on service providers** to make sure that they are delivering the best possible value for service users and tax payers;

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[1] Osborne and Gabler (2002) *Reinventing Government*

♦   **Key information to users and the wider public** to enable them to make informed choices about which services to use and also to hold service providers accountable for how public money is used.

There are however a number of common problems with performance management regimes. In particular:

♦   **There is a risk that performance measures distort the behaviour of managers and patterns of service delivery** by encouraging a focus on those aspects of performance that are being measured. This does not matter if performance measures encompass the priorities of all of the key stakeholders. But in many services it is easier to quantify costs and activity levels than outputs and outcomes, and this can lead to an undue emphasis on these aspects of performance.

♦   **Outcomes are influenced by a range of factors not all of which are within the control of service providers.** It may for example be more difficult and expensive to provide services in areas where there is a high level of deprivation or a low population density. Performance measures often fail to take account of these issues.

♦   **Performance measurement can lead to perverse incentives**. In particular they may encourage managers to do things that improve key indicators but have an adverse impact on service users. For example there are some hospitals that have improved their performance in terms of the length of time patients were recorded as waiting for admission to Accident and Emergency Units by removing wheels on trolleys and designated them as 'beds' or by renaming the corridors in which patients were waiting for admission 'treatment rooms'.

♦   **Performance indicators can be susceptible to dishonest reporting**. Some head teachers in the UK have, for example, been found guilty of misreporting examination results in order to boost their schools' performance returns.

♦   In order to guard against such cheating, governments often introduce external **validation which can prove costly** and distract efforts away from the real business of service delivery.

♦ **Unfavourable comparisons between services can de-motivate staff** in local authorities or services that are performing badly and this may in turn may lead to a further decrease in effectiveness.

♦ **Performance measures can militate against partnership working** if they encourage agencies to focus on their own objectives or targets to the detriment of the bigger picture. This can be a particular problem in dealing with issues that require concerted action by several agencies - for example objectives such as reducing crime which depend on the combined actions of the police, probation services, local authorities and schools.

It is therefore very important that performance management and measurement systems are designed and implemented with care, and the next section of this report summarises the evidence (from research and practice) about the conditions for effective performance management in local public services.

3.   Principles for Effective Performance Management

3.1   Main types of performance measures

A comprehensive performance management system should include four main types of measures which can be represented in terms of a simplified service 'value chain' as follows:

OBJECTIVES	INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES
	Resources	*Processes*	*Services*	*Impacts or value added to the community*

♦ **Objectives** – the intended outcomes of the policies or programmes need to be considered in order to ensure that the choice of measures is right from the start.

♦ **Inputs** - the resources used to produce a service including finance, staffing, equipment and land/property. Inputs are usually measured in financial terms i.e. the costs of acquiring or using a resource but they can also be measured in terms of other 'physical' units such as the numbers of staff, hours of staff time, floor space or the area of land used.

♦ **Activities** –the processes, systems, cultures and procedures required to design and deliver a service. They may include organisation and management, infrastructure and technology and procedures such as partnership working between agencies and service user involvement.

♦ **Outputs** - the units of service delivered to users. They can be measured in terms of capacity (e.g. the number of facilities built), throughput (e.g. the number of customers/clients using facilities or taking up places) or level of service (e.g. hours of care, teacher: pupil contact hours or passenger-miles). Related measures include levels of awareness of the availability, levels of citizen participation in the design and delivery of services, and the level of take-up of services.

♦ **Outcomes** - the effects that a service has both directly on users/recipients and indirectly on the wider community/locality. Outcomes (sometimes referred to as impacts) may include intended and unintended effects; they may be positive or negative; and they can include political outcomes (such as increased public participation) as well as economic and social impacts. Measures of outcomes often include user satisfaction. Performance management systems should include indicators of short-term effects (sometimes called 'immediate outcomes') and longer-term (or 'final') outcomes. For example, a scheme to reduce crime amongst young people may reduce the rate of youth offending in the short term (an immediate outcome) and contribute to an increase in educational attainment and reduction in unemployment among young people in the longer-term (a final outcome).

3.2   Concepts of 'value'

A range of different concepts are involved in the measurement of inputs, activities, outputs and outcomes. Between them they provide a fuller picture of the 'value' of the service than that which can be obtained by focusing on just one or two elements.

♦   **Economy and efficiency** measure 'value-for-money'. Economy refers to the cost of resource inputs (e.g. staff costs). Efficiency expresses the relationship between outputs and inputs (or costs). Examples include the unit cost of each kilometre of new road constructed or the average cost of residential care per older person per week. Productive (or technical) efficiency measures the ratio of service outputs to the attributable resource inputs or costs of production.

♦   **Quality and effectiveness** measure value in terms of the extent to which a service achieves defined standards and objectives. Effectiveness is concerned with the relationship between actual and intended outcomes. It can be assessed in the short or long-term, depending upon whether the focus is on intermediate or final outcomes. Measures of quality may include 'process quality' (organisational and management capability) and 'service quality' (how good the final product is). Measures of user and/or citizen satisfaction are often important measures of quality and effectiveness. They may relate to satisfaction with processes of consultation and participation and/or satisfaction with services.

♦   **Impact** is concerned with the 'net added value' of a service in terms of its overall benefit to a community or locality. This includes indirect effects (such as 'capacity-building' in economic, social and political terms) and unintended 'side-effects'. Cost-benefit or cost-effectiveness analyses measure so-called 'social efficiency' - the relationship between final outcomes in terms of a 'net social benefit' and 'social costs'. They can incorporate user costs and indirect costs, as well as direct production costs.   As with quality and effectiveness, user or public satisfaction is often a useful measure of impact.

♦ **Equity** is an important, and often neglected, element of performance. It concerns access to services and the impacts that a service has on different groups (defined by socio-economic status, gender, race etc).

Examples of measures of these different types of value include:

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| Workload (output) indicator | Gives information about the volume of work done by an agency (books lent by a library, parking tickets issued by the police, areas cleaned, entries made by the accounts department). |

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| Productivity indicator | Relationship between services provided and resources used (generally staff). Number of books lent per employee, number of parking tickets per officer, number of accounting entries per accounts employee. |

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| Cost indicator | Gives information about unit cost. Cost per pupil, cost per parking meter repaired, cost per book borrowed from the library. |

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| User satisfaction indicator | Percentage of clients very satisfied with the services received, number of complaints per 1000 clients. |

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| Outcome indicator | Number of diplomas awarded by a training institution, number of patients treated in a hospital that are not readmitted, number of crimes per 1000 inhabitants. |

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| Efficiency indicator | Gives information about the relationship between services provided and those that could potentially be provided (technical efficiency) or between actual cost and the minimum possible cost in conditions of absolute efficiency (cost effectiveness). |

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| Effectiveness indicator | Gives information about the extent to which objectives have been achieved, or about the relationship between results achieved and resources committed. Number of files processed by the set deadline, number of machines repaired that are still working six months later in comparison with the objective, number of diplomas per teacher. |

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In summary the key questions answered by each of these aspects of performance are:

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Economy	What are the costs of the service?
Efficiency	What is the ratio of outputs to resource inputs?
Quality	Is the service achieving quality standards and 'customer satisfaction'?
Effectiveness	Do actual outputs and outcomes achieve our intended objectives?
Impact	What net improvement does the service make to quality of life of the local community?
Equity	Is the distribution of outputs, outcomes, benefits and impacts equitable?

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3.3   Reference points

To be useful to politicians, policy makers, service managers or the public measures of current performance need to be compared against one of more reference points. There are four main types of comparators:

♦   **Baselines -** the present position is compared with an established starting point to measure the 'distance travelled'. This analysis answers the question, 'How fast is performance improving (or deteriorating)?'

♦   **Minimum standards –**performance is compared against defined minimum standards. These may be defined locally or nationally, by managers, politicians and/or service users and tax payers. This kind of analysis answers the question, 'Are we meeting our minimum obligations?'

♦   **Targets** - the present position is compared with defined desired
     standards. As with minimum standards, the target may be specified
     locally or nationally and by a range of stakeholders. This analysis
     measures the 'distance still to be travelled' and addresses the question,
     'How much more do we need to improve in order to meet our
     objective?'

♦   **Benchmarks -** the present position or progress over time is compared
     with the performance of another service, unit, authority or organisation.
     This answers the question, 'How good is the service compared to
     similar services in other localities?'

Each of these reference points can be used to judge performance in terms of
measures inputs, activities, outputs and outcomes, and each can be applied to
any or all of the concepts of value outlined above.

3.4   Levels of analysis

Performance needs to be measured and managed at different levels within a
local authority. A comprehensive performance management system connects
all of the different levels so that individual staff objectives are linked via
service plans to the authority's overall objectives - as shown on the following
diagram[2]:

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[2] adapted from IDeA (2004) *Making Performance Management Work*, IDeA:London.

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| type of measure | use of performance information (PI) |

community and
quality of life PIs — vision for the locality
partnership working

statutory PIs
corporate PIs — strategic priorities
co-operation agreements
performance plans
business plans

local PIs
service level indicators

management information indicators
team/individual indicators — individual staff performance
managing the business

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There are five main levels at which performance management usually operates:

♦   **Locality –** performance management at this level is likely to reflect the work of several agencies (e.g. the police, health services, housing providers etc.) and to measure achievements against key strategic objectives (for example reducing crime, improving health, reducing unemployment, increasing quality of life)

♦   **Local authority** – here the focus will be upon corporate plans and priorities

♦   **Service** – here the focus is on key service objectives, standards and targets

♦   **Business Unit –** performance management at this level focuses on detailed business plans, contracts, specifications and service level agreements

♦   **Individual staff –** where performance management focuses on individual work programmes, appraisals and workload targets.

For example a local authority may decide that the elimination of homelessness in its area is a key strategic target. This will mean that service objectives will include finding homes for all households within a specified time period; estate management teams will be given targets for re-letting homes; individual staff work plans will list specific actions needed to achieve this as follows:

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Community Plan target:	*Zero homelessness in the city*
Service Plan target:	*100% households offered accommodation within 21 days*
Estate Management team target:[2]	*100% houses available for re-letting within 28 days*
Individual Work plan target:	*Collect keys, assess condition, arrange repairs, notify when repairs completed*

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3.5   Specifying performance measures

There are three important issues relating to the design of performance measures:

♦ Should measures be defined locally or nationally?

♦ Which stakeholder group(s) should be involved in defining measures?

♦ What are the characteristics of effective performance measures?

Locally determined measures are tailored to the particular needs and circumstances of a community and are likely to secure greater 'ownership' than national targets. But nationally determined measures can save local authorities the effort of working out their own measures and can be used to for comparative purposes. In a few countries national governments have powers to impose measures on local authorities, but in most cases if they are adopted it is on a voluntary basis.

Performance measures can be established in a number of different ways and by different kinds of stakeholders. Many performance management systems involve a combination of indicators set by local public service managers and/or politicians, central governments and national professional networks and associations.

The advantage of measures that are established by experts (service managers and policy makers) is that they are likely to reflect an in-depth understanding of the processes and trade-offs involved in delivering a service. But measures that have been defined in consultation with service users and/or the wider public have the advantage that they are likely to emphasise the things that matter most to local people, and increasing numbers of local authorities are therefore using surveys and/or panels of residents and/or service users to evaluate their performance. This can also be an important step towards getting users more involved in the design and delivery of services, which can have in turn lead to a range of benefits.

Criteria for effective measures include:

Relevance:	Measures should relate to aspects of performance that are important to an authority and they should reflect the views and interests of all relevant stakeholders, including service users
Credibility:	Measures should be accepted as reliable and accurate by stakeholders and be able to be verified independently. Participation by relevant staff and other stakeholders in specifying measures can help to ensure this.
Timeliness:	Measures need to be able to provide information to managers and policy makers at the times when they need it (for example at the time when key budget decisions are being made or for quarterly reviews on service performance)
Clarity:	Measures should be simple, well-defined and easy to use and understand. They must also deliver a clear and unambiguous message.
Focus:	A limited number of key measures should be used which focus on the important aspects of performance and provide the key messages. A proliferation of (sometimes contradictory) targets and measures means that efforts to improve are likely to be spread too thinly or that performance management becomes too burdensome to service managers and therefore just a paper exercise.
Comparability:	Ideally measures should be comparable over time within the same service and with other organisations

Attribution:	Indicators need to measure issues that can be influenced by local authorities. Caution should be exercised in measuring changes over which local service providers have little control.
Cost effectiveness:	It must be possible to collect the data at reasonable cost and over a period of time.
Responsiveness:	Measures need to be able to accommodate future changes in policies or priorities. They must also avoid stifling innovation.

In addition it is important that local authorities develop a culture that is receptive to performance management. This means that performance measures need to be owned by staff and used to drive performance, rather than being see as a form filling exercise imposed from outside, and, as noted above, staff need to be part of the process of developing measures. They also need to be trained in using performance data and need to know that managers will respond to the information provided.

3.6   Performance management techniques

There is a wide range of approaches to performance management and measurement. Techniques that can be applied to the management of local public services include:

♦   **Monitoring of corporate performance** – usually against overall strategies and key priorities defined by a local authority;

♦   **Monitoring of service plans** – which typically includes monitoring of performance measures over time and/or in comparison to specified service standards and targets;

♦   **Monitoring of statutory performance indicators** – set by regional or national governments or arms length audit and inspection agencies;

♦   **Performance reviews -** in-depth reviews of services and/or programmes often undertaken in order to identify ways of tackling particular performance problems;

♦   **Quality reviews/audits -** in-depth assessments of the extent to which quality standards are being achieved, usually on the basis of performance measures, complaints, user feedback and inspection;

♦   **Value for money reviews** – can be used to identify ways of delivering services more efficiently in response to the need for budget cuts;

♦   **Scrutiny by politicians** – elected representatives can undertake reviews of performance through committees and/or one-off inquiries. These can be particularly useful in securing high level support for improvements and in enhancing accountability to the public.

♦   **Benchmarking** – there are two main types of benchmarking: comparisons of processes of service design and delivery ('process benchmarking') and comparisons of costs and outputs/outcomes ('performance benchmarking'). Both kinds of benchmarking usually involve inter-authority comparisons based on performance indicators but they may also include comparisons with providers of similar services from the private or voluntary sectors;

♦   **EFQM Excellence Model**– which has been adapted from excellence models used in the private sector business and has increasingly been used to provide baseline assessments of services from a range of stakeholder perspectives;

♦   **CAF** (Common Assessment Framework) – which has been developed from the EFQL model especially for the public sector under the aegis of the Public Services Group (IPSG), an informal working group of national experts set up by the EC Directors General and can be used across the public sector as a tool for organisational self assessment.

♦   **Complaints monitoring** – this can include analysis of the volume of complaints (over time and/or in relation to a target), the content of complaints and types of complainants;

♦   **Public consultation** - feedback from service users and residents has become increasingly important in the management of local public services. A wide range of techniques can be used including: comment/suggestion boxes, telephone, postal, face-to-face or electronic questionnaire surveys, user panels, focus groups, tenant's associations, citizen's juries, neighbourhood or area based forums and on-line bulletin boards. Authorities may also consult with user groups and voluntary organisations. Consultations may be about overall priorities and/or the performance of individual services;

♦   **Quality systems/awards** – some local services use schemes such as ISO9000, ISO14000, Investors in People, Business Excellence and Charter Mark, and competitions to identify and celebrate best practice;

♦   **Staff satisfaction** – there is evidence that staff satisfaction is a determinant of performance. Some local authorities therefore monitor this on a regular basis. Staff surveys also provide opportunities for monitoring perceptions of performance and inviting suggestions for improvements;

♦   **Staff appraisal** – linking objectives and targets for individual staff to service plans and performance management systems;

♦   **Internal audit –** which reviews arrangements for securing value for money;

♦   **External audit and inspection** – which review financial probity, management arrangements and performance (usually against national criteria developed by independent bodies).

3.7   **Performance management cultures**

The success of a performance management system depends not only on its design but also on the culture of the organisation in which it is implemented. Ideally the local authorities need to be receptive to rational policy making and service planning. Staff need to be able to use performance indicators to drive up performance and the leadership of a local authority should try to encourage this by responding constructively to the evidence produced by performance indicators. Performance management needs therefore to be embedded into mainstream management and political processes (see the diagram below[3]):

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formulate policies and
revise policies

review performance and   set objectives, standards,
policies   targets

monitor performance   develop action plans

resource objectives

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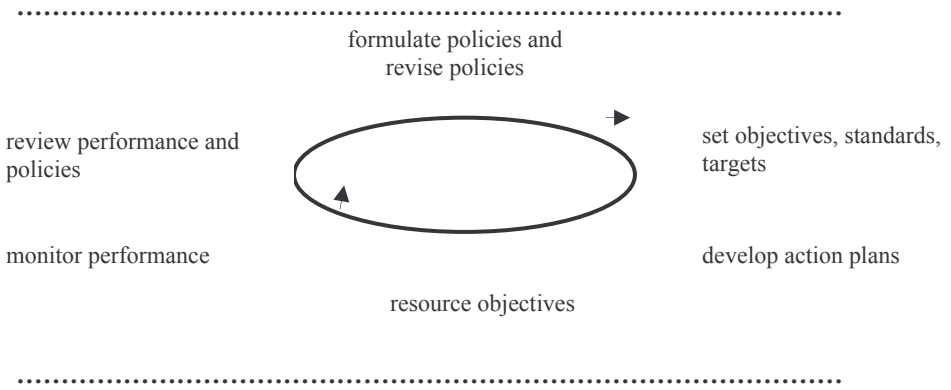
These conditions are most likely to apply where:

♦   Senior managers and politicians are committed to rational processes of
        strategic planning and service planning;

♦   Managers, staff and politicians are able to accept bad news, learn from
        mistakes and take action to address performance problems;

♦   There is a focus on a small number of well defined priorities and related
        performance measures;

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[3] Source: IDeA (2001) *All in a day's work: delivering effective performance management*, IDeA: London

♦ Authorities have developed clear links between corporate priorities, performance indicators and targets, service plans and staff appraisal and reward systems;

♦ There are effective processes for communicating throughout the organisation the importance and use of performance management;

♦ There is widespread understanding and ownership of the authority's performance management system;

♦ There is a system of meaningful incentives for managers and staff to achieve targets;

♦ There is a close tie up between performance information and key strategic and budget decisions.
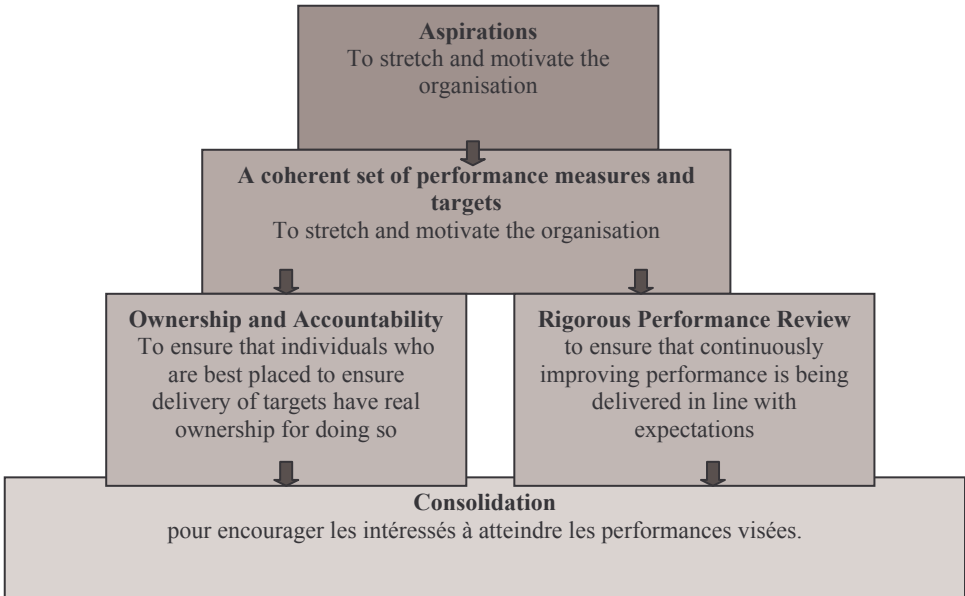
The Improvement and Development Agency for local government in the UK has presented these conditions as a series of 'building blocks' as follows[4]:

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[4] Source: IDeA (2001) *All in a day's work: delivering effective performance management*, IDeA: London

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Building blocks of effective performance management

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                    ┌─────────────────────────────┐
                    │        Aspirations          │
                    │    To stretch and motivate  │
                    │       the organisation      │
                    └─────────────────────────────┘
                                  ▼
            ┌─────────────────────────────────────────┐
            │  A coherent set of performance measures  │
            │                and targets               │
            │    To stretch and motivate the           │
            │             organisation                 │
            └─────────────────────────────────────────┘
               ▼                              ▼
    ┌──────────────────────────┐  ┌──────────────────────────┐
    │ Ownership and            │  │ Rigorous Performance     │
    │ Accountability           │  │ Review                   │
    │ To ensure that           │  │ to ensure that           │
    │ individuals who are best  │  │ continuously improving   │
    │ placed to ensure         │  │ performance is being     │
    │ delivery of targets have │  │ delivered in line with   │
    │ real ownership for doing │  │ expectations             │
    │ so                       │  │                          │
    └──────────────────────────┘  └──────────────────────────┘
               ▼                              ▼
    ┌──────────────────────────────────────────────────────────┐
    │                    Consolidation                         │
    │  pour encourager les intéressés à atteindre les          │
    │              performances visées.                        │
    └──────────────────────────────────────────────────────────┘
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4.   Survey findings

4.1   Objectives

The purpose of the survey of Council of Europe countries was to provide an overview of performance management systems used in connection with local public services and highlight key conclusions and recommendations for action.

In particular the survey aimed to:

♦ Discover how widespread the use of performance indicators and other measurements is among CDLR members;

♦ Improve knowledge of the working methods used in different countries, identify new methods and approaches and promote a better understanding of what makes for success;

♦ Increase understanding of how the responsibility for performance assessment at local level is divided between central government, regions and local authorities;

♦ Evaluate the effects of the division of responsibility on how the performance management system operates;

♦ Identifying aspects of performance that are most frequently measured and those where measurement is less common;

♦ Determine whether information is transmitted to all parties concerned and ascertaining by what means this is done.

4.2   Response rates

Twenty-three of the 45 Council of Europe member countries responded to the survey (a response rate of 51%). Two countries (Belgium and Moldova) returned more than one questionnaire (4 in each case) and as a result the total number of responses was 29. Sometimes a local authority was asked to fill in the questionnaire. In such cases, responses were supposed to reflect practice observed throughout the country and not the situation of that particular local authority. It is not always possible to know whether this stipulation has been fully complied with. In the case of Italy, the information provided was relevant to both the local and provincial levels. The Caucasus, Russia and most of SE Europe are missing from the list of respondents.

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Country	Respondents	Responses

…………………………………………………………………………………

Albania	Ministry of Local Authorities & Decentralisation, Directorate of the Decentralisation Department	1
Belgium	Ministry of Flanders Region-Administration a of Local Powers/ Ministry of Wallonia Region (Directorate General of Local Authorities/ Ministry of Brussels-Capital Region, Administration of Local Powers (Wolluwe Saint-Lambert municipality)	4
Czech Republic	Ministry of Interior, Ministry of Finance	1
Denmark	Home Affairs & Health Ministry	1
Finland	Ministry of the Interior, Department for Municipal Affairs	1
Hungary	Home Affairs Ministry	1
Iceland	Directorate of the Department for Municipal Affairs	1
Ireland	Department of the Environment, Culture & Local Affairs	1
Italy	Home Affairs Ministry, Home & Territorial Affairs Department, Central Directorate for Local Finance	1
Lithuania	Ministry of the Interior, Public Administration Department	1

Malta	Department for Local Government	1
Moldova	Towns of Hincest, Orhei, Soroca & Straseni	4
Netherlands	Home Affairs Ministry	1
Norway	"Improving Local Authorities" network and various senior local government officials	1
Poland	Information not provided	1
Portugal	Local Authorities Directorate	1
Romania	Civil Service & Home Affairs Ministry	1
Slovakia	Home Affairs Ministry, Organisation & Co-operation Department, Public Administration Section	1
Slovenia	Home Affairs Ministry, Autonomous Local Authorities Office	1
Spain	Public Administration Ministry	1
Switzerland	City of Lausanne, General Studies & External Relations Service	1
Turkey	Home Affairs Ministry, Local Authorities Directorate	1
United Kingdom	Office of the Deputy Prime Minister, Democracy & Local Leadership Division	1

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TOTAL **29**

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4.3   Distribution of powers between the central and local levels

Centralised or decentralised management

The first section of the questionnaire asked which tier(s) of government (local, regional, national) was responsible for specifying performance measurement systems for local public services. Two extreme positions are possible:

♦   Central government (or one of its agencies) specifies tools and procedures, decides on standard values, requires local authorities to adopt the relevant tools and monitors implementation.

♦   Local authorities decide unilaterally whether to set up a performance monitoring and assessment system and how to use the information they obtain.

As noted above, there are advantages and disadvantages with either end of this spectrum.

Centralisation has the advantage of ensuring uniformity via the use of standard definitions and procedures. This simplifies the making of comparisons at local level, hence the task of local authorities wishing to use this tool to improve their management and cut costs. Where there are no common rules, it is never clear whether data are really comparable. Furthermore, when the initiative originates from central government, it is more likely that performance management will be introduced at local level. Experience shows that local authorities sometime hesitate to introduce management tools liable to highlight unsatisfactory performance and oblige the authorities to take action.
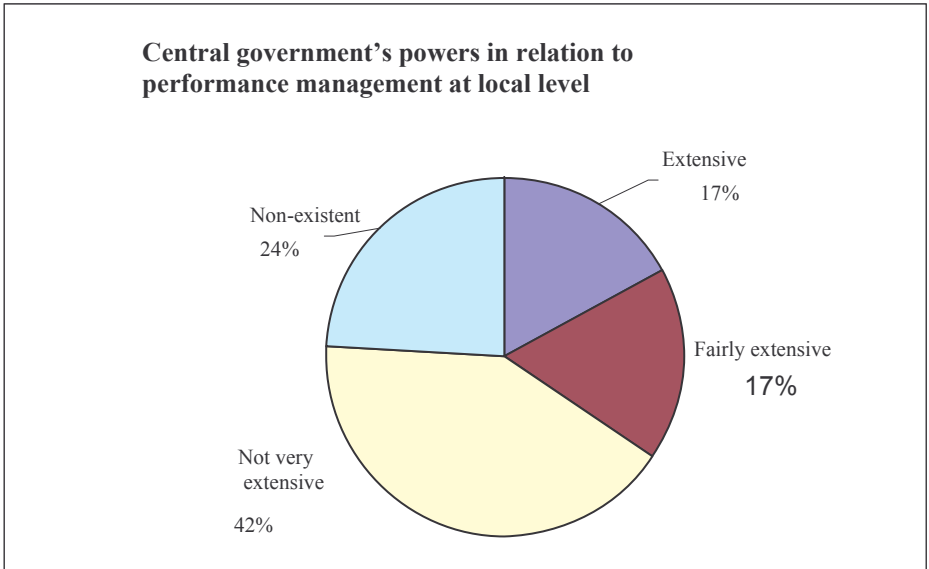
The risk with centralisation is that local authorities will see performance indicators as having been imposed on them and will do the bare minimum to comply with requirements placed on them. They will thus fail to use performance management to improve services. However, imposing measures from outside may be the only way of forcing poorly performing authorities to develop a more performance-oriented culture.

Decentralisation too has positive features. Empowering local authorities to monitor performance encourages innovation and the use of original methods of performance assessment and monitoring. It also increases the chances that

systems will be designed in association with key stakeholders (service managers, staff, service users, local residents), thereby strengthening the latter's commitment.

The performance indicators obtained by local authorities lose much of their value if they are not comparable with others elsewhere. The main disadvantage of decentralisation is a lack of co-ordination and compatibility. There is less likelihood of difficulties arising when indicators are compared if the regional authorities are vested with powers in this field. In extremely decentralised countries, comparisons between local authorities from different regions are difficult because of differences in the breakdown of responsibility between the regional and local levels. In such cases it is preferable to give the regions rather than central government the task of urging local authorities to introduce performance management and of ensuring a minimum amount of compatibility.

Four countries – Denmark, Romania, Turkey and the United Kingdom – reported that they have vested most responsibility in central government. A relatively centralised system also exists in Ireland, Italy, Lithuania, Norway and Slovakia. But in most countries the responsibility for performance management and monitoring lies with the local authorities, or sometimes with the regions, and national government often have little or no control over the performance management systems adopted by local authorities. In Finland, the central government has no control, but it plays an active role in helping local authorities.

Central government's powers in relation to performance management at local level

Extensive
17%

Non-existent
24%

Fairly extensive
17%

Not very
extensive
42%

Regional involvement in setting up systems

Respondents had to state whether the regions are directly involved in setting up performance monitoring and management systems. In some countries where central government has extensive powers the regions too have some responsibility for introducing performance indicators. This is the case in Lithuania, Romania and the United Kingdom. It is interesting to note that several countries with a decentralised regime have allocated powers to the regions (Belgium, Moldova, Spain). This combination of centralisation and decentralisation makes sense if it strikes a balance between the subsidiarity principle and a minimum of standardisation in the definition of indicators. In the majority of countries, responsibility essentially lies with the local authorities (e.g. Albania, Hungary, Iceland, Netherlands and Switzerland).

**Regional government is directly involved
in performance management**

…………………………………………….
	Number of responses
Yes	10
No	14
Don't know or doesn't apply	3
TOTAL	**27**

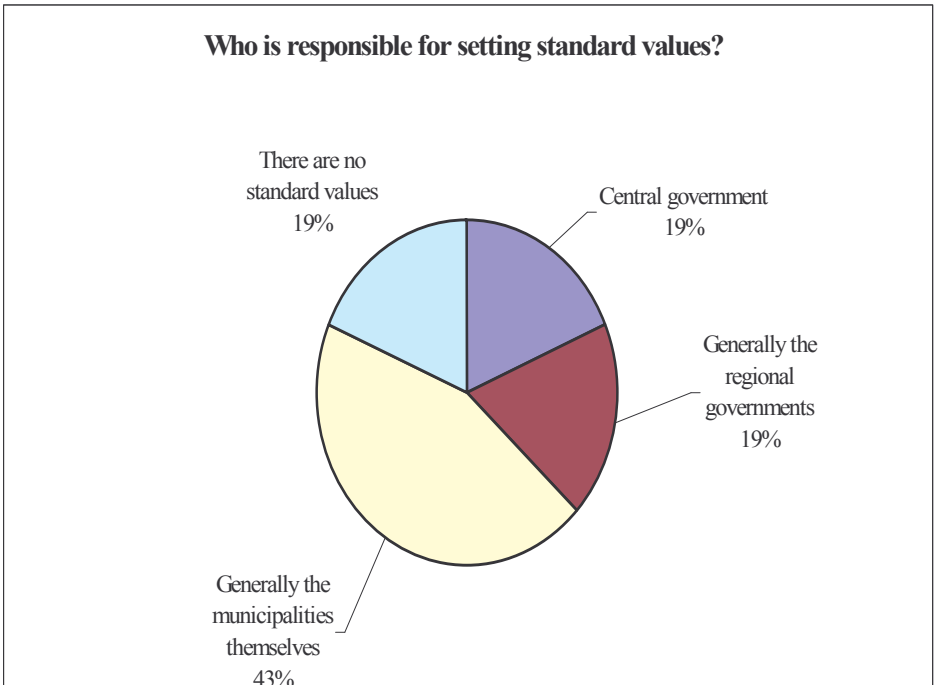*Designing an indicator system*

Performance management tools are designed by central government, the regions or the local authorities, depending on the country. The countries where central government has this responsibility are approximately equal in number to those where the local authorities are so empowered. In some cases, responsibility is shared between the central and local levels (Hungary, Ireland, Moldova, Romania, Slovenia, Spain). In Hungary and Spain responsibility is divided between the three levels of government. Regardless of the responsibility, the actual design of these tools is often performed with the help of consultants or private firms.

Responsibility for designing evaluation tools

Agency responsible	Number
Central government	17
Generally regional governments	7
Generally the local authorities	19
TOTAL	**43**

Setting standard values

Here too practice varies from one country to another. Standard or reference values allow local authorities to assess their performance and to see whether targets have been achieved. A minimum amount of co-operation between local authorities or intervention by a higher level of government would seem necessary in order to define reference values. Central government alone is empowered to set standards in Denmark, Malta, Slovenia, Turkey and the United Kingdom. Five countries or regions – Iceland and Belgium (Brussels) – do not seem to use standard values.

Who is responsible for setting standard values?

There are no
standard values
19%

Central government
19%

Generally the
regional
governments
19%

Generally the
municipalities
themselves
43%

Monitoring

Monitoring is conducted very differently from one country to another. In countries with a centralised regime, performance is assessed and monitored by a central government agency. In other countries this is done by regional agencies (e.g. in Belgium's Wallonia), by a semi-independent agency or by an auditing firm (e.g. in the Netherlands). Some countries have a dual monitoring system (internal and external), e.g. Spain.

Who conducts the monitoring?

……………………………………………………….…………………

Monitoring agency	**No of responses**
A central government agency	13
A regional government agency	5
A semi-independent agency	4
An auditing firm	3
Other agency	6
TOTAL	**31**

……………………………………………………….…………………

4.4   Use of performance indicators

Prevalence of use of performance indicators

Most countries taking part in the survey have introduced or are introducing some form of performance monitoring. In Hungary performance does not seem to be measured at municipal level. The only country where performance monitoring is systematic is the United Kingdom. The fact that central government has extensive powers in this area may have something to do with this. In countries where local authorities can choose whether to introduce monitoring, performance measurement is often not very widespread (e.g. Belgium and Switzerland). In some countries however (e.g. Finland and Iceland) the fact that central government has no responsibility for performance

monitoring does not prevent the practice from being widespread. There are also countries where central government has extensive powers in this field but performance monitoring by local authorities is not very widespread. In Italy, performance monitoring is widespread in the large local authorities but much less so in the smaller ones.

Use of performance indicators

	Number of responses
Systematic	2
Very widespread	2
Fairly widespread	13
Not very widespread	13
Non-existent	1
TOTAL	**31**

Statutory requirement or left to local authorities to decide

In 10 countries local authorities are required to introduce performance monitoring tools. The most common practice is that the local authorities decide whether or not to introduce a performance monitoring system.
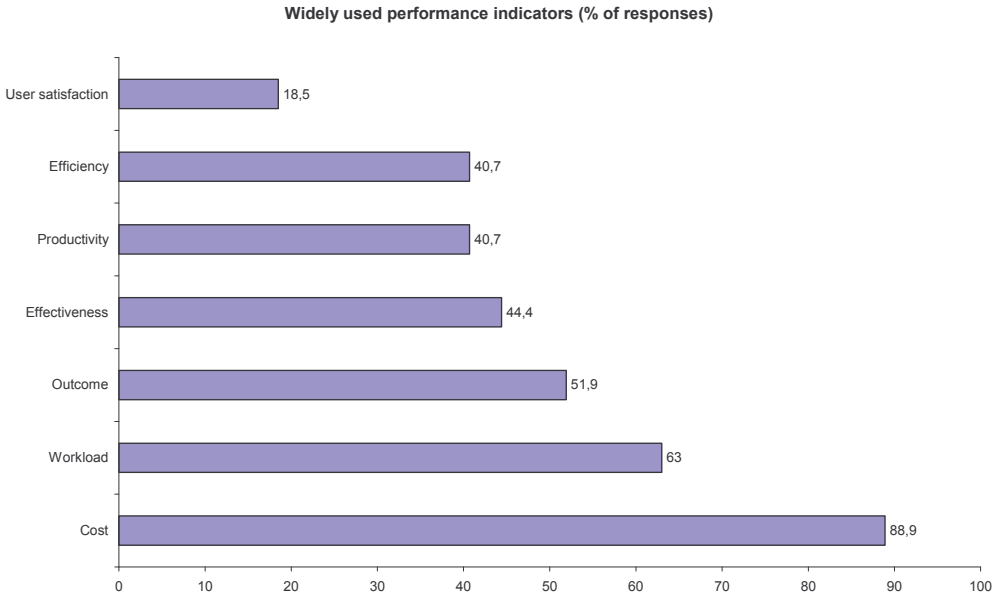
Introduction of performance monitoring in local authorities

………………………………………………………………………………

Required	Required	Decision left to in some regions local authorities

………………………………………………………………………………

| Denmark, Italy, Republic Lithuania, Norway, Romania, Spain, Turkey, United Kingdom | Finland, Moldova | Albania, Belgium, Czech Republic, Finland*, Hungary, Iceland, Malta, Moldova, Netherlands, Poland, Portugal, Slovakia, Slovenia, Switzerland, |

………………………………………………………………………………

*Monitoring is compulsory for education and it is done by provinces.

Most used types of performance indicator

There are several types of performance indicator. The easiest to set up are workload indicators, though they also provide the least useful information for improving performance. They are descriptive in nature and do not always accurately measure the relevant aspect of performance. All the other indicators – productivity, efficiency, effectiveness, and user satisfaction – have a solid theoretical basis (tools designed). Comparison is made with best practice in the case of efficiency indicators (always) and cost indicators (sometimes). The most complex tools are efficiency and effectiveness indicators and outcome indicators. The usual difficulty with cost indicators is lack of cost accounting. User satisfaction indicators involve the use of surveys and this may explain why they are less often employed.

Widely used performance indicators (% of responses)

Indicator	Value
User satisfaction	18,5
Efficiency	40,7
Productivity	40,7
Effectiveness	44,4
Outcome	51,9
Workload	63
Cost	88,9

....

In the United Kingdom local authorities frequently use the full range of available tools. User satisfaction surveys are currently carried out every three years across England, and in addition some authorities undertake their own surveys more frequently than this. Workload indicators are little used. In Finland, all types of tool are frequently used, with the exception of user satisfaction measurement which is only occasionally used. It thus appears that it is possible to make good use of performance measurement tools whether responsibility is centralised (United Kingdom) or is largely left to the local authorities' discretion (Finland). Portugal is another country which reported that it is possible for performance indicators to be introduced without central government necessarily intervening to a significant extent in the process. However, whilst larger authorities have adopted performance management, smaller authorities have tended not to do so, and Switzerland suggests that the absence of any obligation from the central level may result in performance management tools being little used.

Functions of indicators

Performance indicators are tools for the use of municipal management. They fulfil a number of functions, e.g. providing the executive or legislative authorities with concise information with a view to monitoring management, lowering costs, improving service quality and providing services more in keeping with users' needs. Performance indicators can be powerful tools for helping local authorities to perform their tasks using fewer resources and to improve the services they offer provided that the authorities:

♦   compare themselves with others and draw appropriate conclusions

♦   identify the "best-in-class" in each area of municipal activity and look for ways to reproduce their performances

♦   are continuously on the lookout for areas where improvement is possible.

The United Kingdom is the only country where these three functions are considered to be highly important. It should be observed in this context that this entails performance measurement tools being standardised at regional level, or better still at national level. Standardisation of systems is much easier when central government has extensive powers in this field. It is thus hardly surprising that the United Kingdom, and to a lesser degree Denmark, attach considerable importance to comparisons between local authorities. It is surprising that many of the tools which provide the best opportunities to improve management are not those that local authorities appear to consider to be the most important.

Fields where performance measurement is often introduced

Performance measurement almost invariably involves measuring output or outcomes. Outcome measurement varies in difficulty from one service to another. The more important the role of quality in the service provided, the greater the precautions that need to be taken. In other words, it is relatively easy to define performance indicators for technical services such as water and energy supply, refuse collection and waste treatment, water purification, roads and transport. In these fields the product is relatively easy to define: tonnes of refuse collected, m^3 of water treated, persons/km transported, surface area cleaned, etc. These are the fields where performance is most often measured.

It is far more difficult to gauge the output of the police and fire services because of the wide range of functions involved, the importance of the social environment (police) and of topography and type of buildings (fire service).
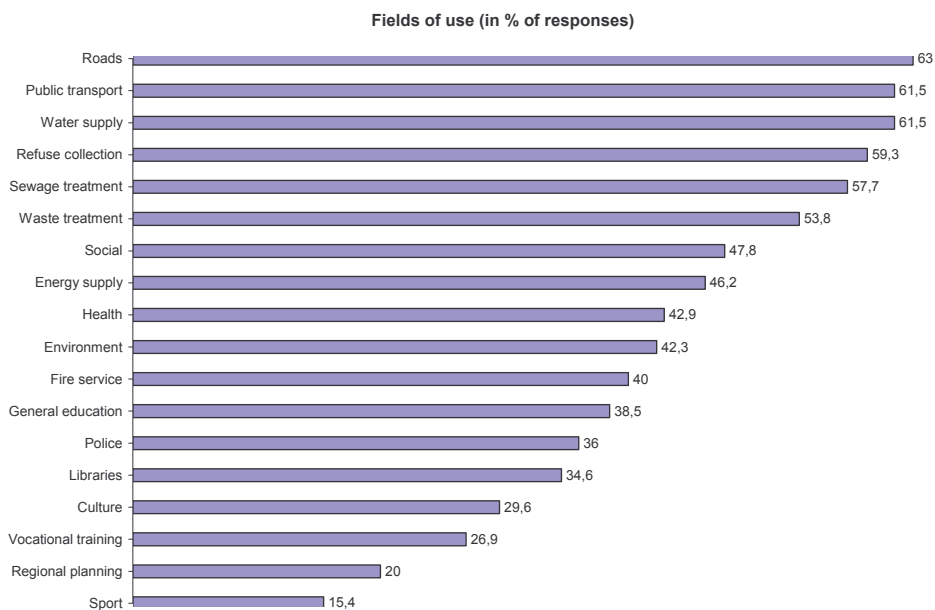
The output of training institutions is measured on the basis of the number of diplomas and the results achieved in standardised tests. But tests of this kind

do not exist in all countries and regions. Furthermore, the social and cultural characteristics of the population probably have just as much bearing on results as input from teachers and the quality of school organisation. So a way must be found of factoring this environment into measurements of effectiveness and efficiency.

Health – the performance of hospitals – is an even more complex field since outcome indicators are not usually given in hospital statistics. Performance measurement would involve knowing the effect of treatment on patients' life expectation and quality of life. In point of fact, hospitals do not usually keep track of patients once they have been discharged. This means making do with rough and ready indicators like whether or not patients died in hospital or were readmitted later. The fact that the illnesses to be treated and the ages of patients sometimes vary widely from one hospital to another makes it difficult to compare hospital costs. It is true that case classification systems (DRGs – diagnosis-related groups) do exist, but they are still not widely used in Europe.

The main obstacle to performance measurement in the fields of culture (with the exception of libraries) and regional planning is the difficulty of establishing objective output or outcome indicators.

In most countries and regions it seems that performance assessment is most often applied to technical services. As might be expected, analyses covering sport, regional planning and vocational training are uncommon.

Fields of use (in % of responses)

Field	%
Roads	63
Public transport	61,5
Water supply	61,5
Refuse collection	59,3
Sewage treatment	57,7
Waste treatment	53,8
Social	47,8
Energy supply	46,2
Health	42,9
Environment	42,3
Fire service	40
General education	38,5
Police	36
Libraries	34,6
Culture	29,6
Vocational training	26,9
Regional planning	20
Sport	15,4

Comparison with standard values

The United Kingdom is the only country where national minimum standards have been defined for most services. However, Belgium, Italy, Slovenia, Spain and Turkey all undertake some form of comparison against national standards.

Frequency of comparison with standard values

	Number of responses
Always	1
Almost always	7
Sometimes	19
Never/don't know	2
TOTAL	**29**

Comparison between local authorities

Performance indicators lose much of their relevance if they are not compared with reference values. It is hard to interpret the value of an indicator in absolute terms. Indicators become significant when they are compared with equivalent values obtained in other communities. Government agencies are not subject to competition and that is one reason why services are not efficient. In this field comparisons play a similar role to that of competition in the private sector, pressurising agencies to improve their performance. Most countries and regions have realised this and this type of comparison is the one most often made, being routine in countries with a centralised performance management system.

**Indicators are usually presented alongside
comparable values achieved by other local authorities**

	Number of responses
True	21
False	6
Don't know	2
TOTAL	**29**

4.5 Introduction of tools for performance measurement, monitoring and analysis of outcomes

Workload (output) indicators can be interpreted without reference to the values obtained in other local communities. The same goes for effectiveness indicators, which are designed to inform the authorities how far objectives have been achieved, and for productivity indicators. Comparisons may be made over time – e.g. the growth in productivity of a roads service – or in relation to a target value the local community has set itself. The results of user satisfaction surveys speak for themselves and use of a standard measurement system is not essential. When, on the other hand, the aim is to obtain information about potential for improvement, relative performance needs to be

measured and one local authority's performance compared with that of others with similar characteristics. An efficiency indicator has to be based on comparisons between decision-making units. Performance and potential for improvement are compared with a best-in-class unit. This type of information cannot be obtained – except as a result of immense effort – without recourse to a standard system of indicators used in all the local authorities of a region or even of a country.

It might be expected that only countries where performance management is centralised will have a standard measurement system. This is not the case. It is true that Denmark, Ireland, Norway, Romania and the United Kingdom – countries where the central government has wide powers over performance management – have introduced standard measurement tools. But other countries where the central government has extensive powers have not done so – Italy, Lithuania and Slovakia – whereas some countries and regions in which the local authorities have the power of decision have introduced these tools (Moldova, Slovenia, Spain).

**Existence of a standard performance
measurement system for local authorities**

…………………………………………………………………………………

Number of responses

…………………………………………………………………………………

Yes	13
No	15
Don't know	1

…………………………………………………………………………………

TOTAL	**29**

…………………………………………………………………………………

Checking the accuracy of information

A national or regional performance data base is in a sense public property. It is in everyone's interest for local authorities to provide accurate information, since this information acts as a reference value for assessing performance and setting future objectives. It is particularly important that data provided by best-in-class local authorities should be reliable. Provisions for checking the

information collected vary from one country and region to another. In some cases (Belgium, Norway, Spain) the local authority is responsible for checking, in others (Denmark, Ireland, Italy, Romania) this is done by a central or regional government agency or by an independent auditor (United Kingdom). Several countries have not introduced any mechanism for checking (Iceland, Poland, Portugal, Switzerland).

**Checking accuracy of data
provided by local authorities**

…………………………………………………………………………………

Agencies responsible for checking	Number of responses
Municipal body	11
Regional or central government body	12
Independent auditor	4
No provision for checking	6
TOTAL	**33**

…………………………………………………………………………………

Increasing agencies' accountability

Performance indicators need to be widely disseminated. All concerned should have access to this information and the public should be informed if their authorities' performance is inadequate. The ideal situation would be for these data to be reported and commented on in the press. If transparency is lacking, under performing municipal services will have no strong incentive to improve. If performance – good or bad – is given publicity, it will encourage the authorities to feel they are accountable to users.

Performance indicators are usually published only in municipal management reports. Less frequently, they appear on the local authority's website (Finland, Slovenia, United Kingdom). In Denmark, they are disseminated by the press in the form of reports and appear on a central website. In Poland, municipal performance data are published on the website of the association of local authorities, the Netherlands is currently developing a similar website.

How performance data are disseminated

………………………………………………………………………………

	Number of responses
In the municipal executive's management report	23
Publication on the local authority's website	9
Other	6
TOTAL	**38**

………………………………………………………………………………

There is a widespread feeling that establishing and publishing performance indicators helps to give the authorities a greater sense of accountability to the legislature and the public (79.3% of responses). Only one country felt differently. Five did not express an opinion.

4.6   User satisfaction surveys

Requirement to carry out regular user satisfaction surveys

In most countries, the decision to conduct user satisfaction surveys is left to the local authorities' discretion. Only four countries – Italy, Romania, Spain and the United Kingdom – have statutory provisions requiring local authorities to conduct such surveys.

**Requirement for local authorities to conduct
regular user satisfaction surveys**

………………………………………………………………………………

	Number of responses
These provisions apply to all local authorities	5
These provisions apply in some regions	4
No statutory provisions	20
TOTAL	**38**

………………………………………………………………………………

Norway, Portugal and the UK are the only countries where user surveys are conducted on a regular basis. In most countries, this type of survey is

conducted as the need arises. When the results of user satisfaction surveys are widely disseminated, it is more likely the authorities will heed them and become more responsive to users' needs. In many countries and regions these surveys are for internal use (Belgium [Brussels], Czech Republic, Iceland, Italy, Poland, Slovakia). In some countries, the results only appear in the management report (Iceland, Malta, Switzerland). Practice sometimes varies from one region or local authority to another (Albania, Belgium, Denmark, Italy). Best practice, which consists of publishing results in the management report which is used internally and on the local authority's website so that the public have access to it. This is common practice in several countries (Finland, Lithuania, Norway, Poland, Spain, United Kingdom). Since user satisfaction surveys are usually conducted at the discretion of the local authorities, it is not surprising that the ways in results are disseminated varies.

Dissemination of user satisfaction surveys

Others 17%

Internal use only 31%

Management report and website 31%

Management report only 21%
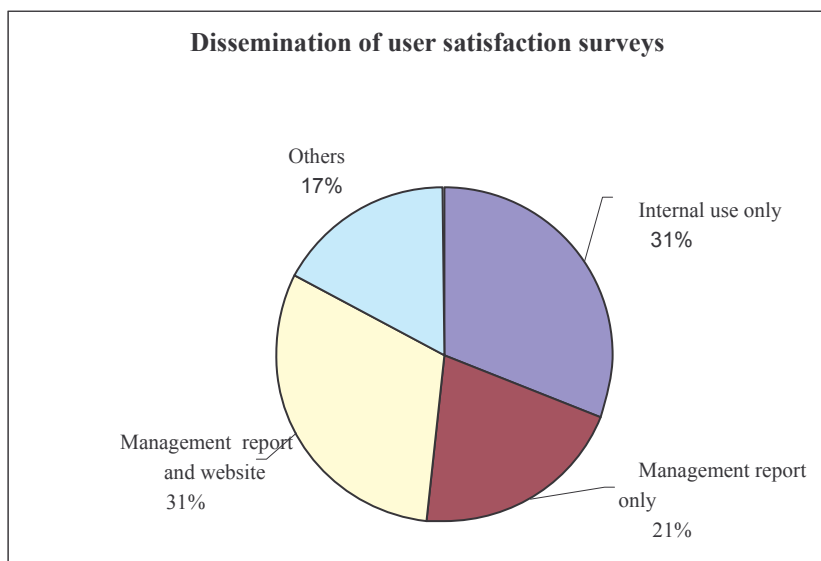
As a general rule, the press, especially national press, does not show much interest in this type of survey and the results are only occasionally published in newspapers. Local press is sometimes active in disseminating the results. User satisfaction surveys are regarded as having a positive impact on the behaviour

of the authorities – greater responsiveness to users' needs – by most respondents (24.5% express agreement, 65.5% complete agreement with this view).

Main areas in which user satisfaction surveys are conducted

It makes sense to measure perceptions of municipal services when the population is able to assess their quality. This is not the case for technical services like sewage and waste treatment. Water supply surveys are not particularly relevant in regions where water quality is good (Iceland, Norway, Switzerland). It is enough to ensure compliance with technical standards of quality. On the other hand, user satisfaction surveys covering water supply are frequently conducted in Romania and Portugal, for example. In other words the relevance of asking users' opinions in these technical fields depends on local conditions. The current process of deregulation of energy supply should increase interest in user satisfaction surveys.

It is more relevant to find out users' views about a service like policing where quality plays an important role and where the public's subjective perception of the service (feelings of security or insecurity) needs to be taken into account. So it is surprising that only three countries – the Netherlands, Portugal and the United Kingdom – frequently conduct such surveys. The public is rarely asked its opinion about police services in Belgium (Flanders), Denmark or Slovenia for example, and never in Belgium (Brussels) or Iceland. In Italy, Norway and Switzerland, user satisfaction surveys of police services cannot be very common because respondents were unable to say whether any had taken place. The fact that a culture of competition does not exist in the police may perhaps explain the lack of interest in finding out what the public thinks about the quality of service they offer.

More than half of countries conduct user satisfaction surveys in the field of general education whether frequently (Finland, Norway, Portugal, Spain and United Kingdom) or occasionally (Albania, Belgium [Flanders], Denmark, Lithuania, Moldova, Romania, Slovakia, Slovenia). In the field of vocational training, surveys are slightly less common (41.6% replied "frequently" or "occasionally").

Frequent areas of use (in % of responses)

Area	Value
Sewage treatment	4,2
Regional planning	8,3
Fire service	8,3
Sport	8,3
Police	8,7
Water supply	12,5
Energy supply	12,5
Roads	16
Culture	16,7
Waste treatment	16,7
Libraries	20
Refuse collection	20
General education	20,8
Environment	20,8
Vocational training	20,8
Public transport	45,8
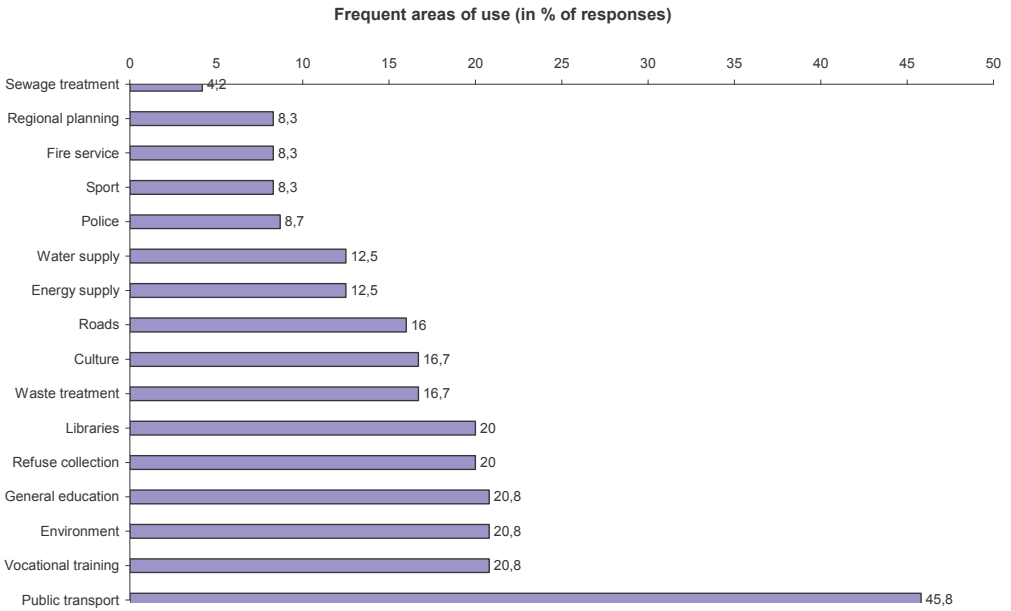
Product assessment is difficult in the field of culture. User satisfaction surveys may therefore yield very useful information for the agencies involved. However only four countries frequently conduct user satisfaction surveys in this field (Albania, Belgium [Flanders region], Portugal, Spain).

Transport is the field where user satisfaction surveys are most common (70.8% of "frequent" or "occasional" responses). Urban transport systems are managed like businesses, with pressure to cover costs and be profitable. They also face strong competition from private transport. This being so, it is understandable for urban transport managers to be receptive to the way users perceive their product.

**Countries and regions where user satisfaction surveys
on transport are conducted frequently or occasionally**

…………………………………………………………………………

Frequent surveys	Occasional Surveys
Belgium (Flanders region), Denmark, Finland, Italy, Moldova (Soroca), Portugal, Slovakia, Slovenia, Spain, United Kingdom	Albania, Czech Republic, Lithuania, Moldova (Orhei), Netherlands,Romania,

…………………………………………………………………………

4.7   Incentive measures

Only a minority of countries have introduced financial incentives to encourage local authorities to measure performance on a regular basis. Norway, Portugal, Slovenia and Spain have introduced financial incentives nationwide. Albania and Belgium have introduced financial incentives in some regions only. In the four countries where the incentive system is nationwide, the central government provides financial assistance.

Prizes rewarding local authorities with particularly innovative or efficient ways of improving local government services exist in eight countries (the Czech Republic, Finland, Hungary, Italy, Netherlands, Portugal, Slovenia and Spain). Portugal, for example, has co-operation programmes between local and central government which involve payments to local authorities if programmes are successful.

Prize to reward innovative municipalities

Special prize for performance
management; 3%

Don't know; 10%

Prize for general good
management an innovation in
the public sector; 21%

No prize awarded; 66%
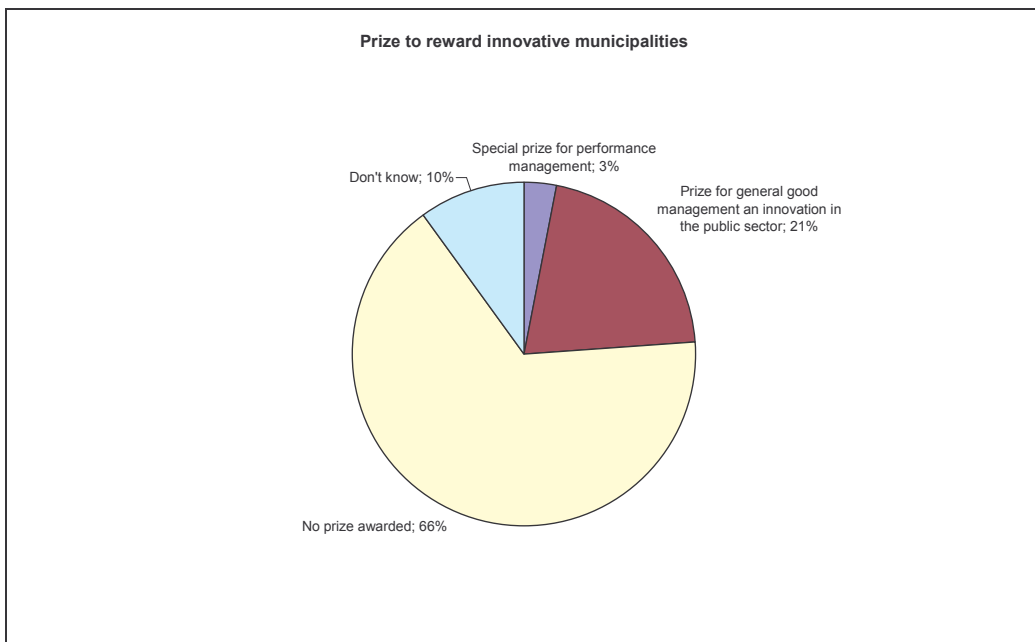
4.8   New information technologies

Use of new information technologies has two advantages. Firstly, the results of performance measurement can be made available to users rapidly and in an attractive form; secondly, in a field where comparison plays a central role, data bases easily accessible to municipal managers (administrators, legislators, financial and management committees) can be created via the Internet.

Municipal websites do not always show standard values or the data collected by local authorities. The Internet is widely used to disseminate performance indicators in only a minority of countries: United Kingdom and Turkey (always); Denmark, Moldova, Slovenia, Spain (almost always). When information was available respondents considered it was almost always (17.9%) or fairly often (39.3%) presented to the public in a user-friendly way.

Indicators and standard values appear on municipal websites
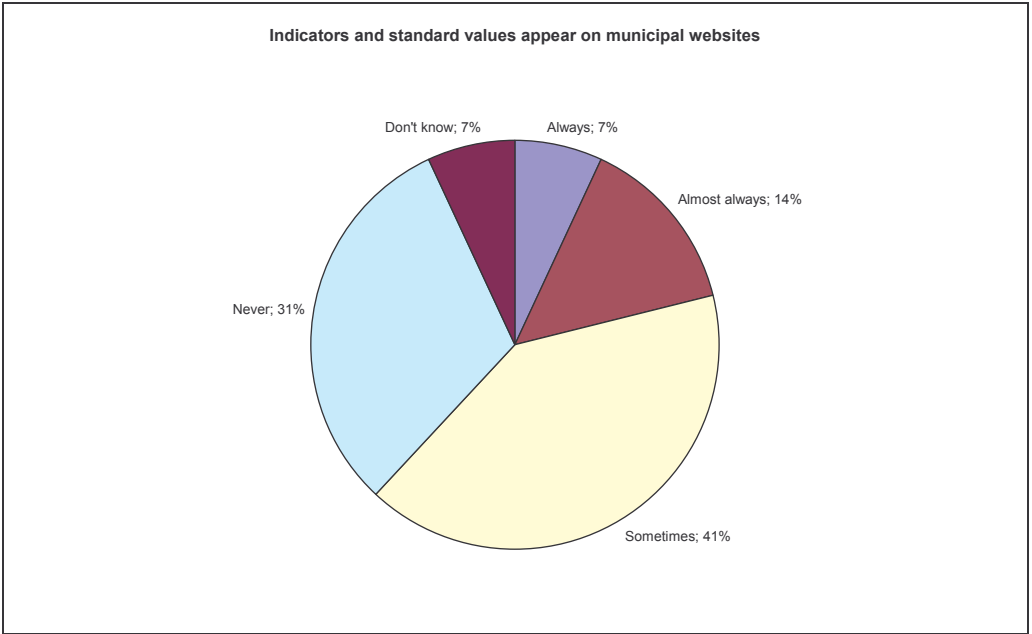
The data collected by local authorities are most relevant when they are collated in large-scale data bases. When these data bases are set up a co-ordinator is required to collect information, ensure its compatibility and present it in such a way as to facilitate analysis and comparison. These data bases are almost always on the Internet.

Existence of data bases on the Internet
……………………………………………………………………………………
Country/region
……………………………………………………………………………………
Albania, Denmark, Finland, Lithuania, Norway, Poland,
Spain, Slovenia, Turkey and the United Kingdom
……………………………………………………………………………………

4.9   Use of benchmarking techniques

Benchmarking is a method of evaluating products and processes by comparing them with units (businesses or government agencies) recognised as the most efficient. The technique consists of identifying the best, observing their working methods and introducing them into one's own organisation. Developed by the Xerox company in the early 1980s, benchmarking has become very popular in the public sector since the mid-1990s. Use and comparative analysis of performance indicators makes introduction of benchmarking techniques easier.

Benchmarking techniques play a significant or very significant role in performance management at municipal level in half of the countries or regions.

Role of benchmarking techniques in performance management

……………………………………………………………………………………

Very significant	**Significant**
…………………………………………………………………………………	
Malta and Portugal	Albania, Denmark, Finland, Hungary, Ireland, Italy, Lithuania, Moldova (some regions), Norway, Spain, United Kingdom

……………………………………………………………………………………

      *Italy: important role in large local authorities, not very important in small ones.

In an informal benchmarking procedure, agencies exchange information about practice and performance in a specific management area. This process is not preceded by a systematic search for the most efficient units with a view to adopting them as models. In a formal procedure, the first stage consists of identifying models which are then observed in order to identify best practice. Without comparative information, it is difficult and costly to identify the most efficient local authorities. For this reason, it is relevant to have data bases containing performance indicators spanning the whole range of local communities (of a specific country or region). The only country where such data bases are always used to identify the most efficient local authorities is the United Kingdom. Local authorities in Denmark almost always use them.

Responses to the questionnaire show that lowering costs, obtaining better results with the same resources and adopting more efficient working methods are more or less equally important factors when deciding to practise benchmarking.

Reasons for benchmarking
…………………………………………………………………………………
Affirmative responses in %
…………………………………………………………………………………
Lowering costs   72.4
Obtaining better results with the same resources   69.0
Adopting more efficient working methods   69.0
…………………………………………………………………………………

For most respondents benchmarking operations are informal in nature; they simply involve pooling of experience by local authorities that co-operate on a

regular basis anyway (62.1% of responses). In the Czech Republic central government initiated benchmarking in collaboration with local authorities. In some other countries benchmarking operations have been initiated by private firms or non-profit institutions (advisory services or consultants). This is the case in almost 40% of respondents (Belgium [Flanders region], Iceland, Lithuania, Moldova, Portugal, Spain, United Kingdom). An almost equivalent number of respondents felt that the initiative for benchmarking usually came from within the agency (Albania, Belgium [Wallonia region] Denmark, Hungary, Netherlands, Norway, Poland, Romania and Slovenia.

**Benchmarking operations are often prompted
by an outside initiative**

…………………………………….………………………………..…

Affirmative responses in %

…………………………………………………………………..

True	72.4
False	69.0
Don't know	69.0

…………………………………………………………………….

Informal benchmarking clubs often emerge from personal associations or invitation and can be encouraged. It may take time to build up trust between local authorities before they are willing to expose weaknesses to each other and confidentiality can help in this process.

5   Conclusions and recommendations

5.1   Key conclusions

The analysis of good practice presented in the first part of this report highlighted a number of critical success factors including that effective performance management systems should ideally:

♦   Focus on a small number of key indicators which provide a balanced picture of overall performance.

♦   Combine a balance of indicators that reflect both national and local priorities.

◆   Be used by senior managers and politicians to inform their decisions
       and achieve performance improvement.

◆   Be owned by staff and seen as relevant to day-to-day operations.

◆   Encourage local authorities to respond to the needs and expectations of
       local people.

It is clear that there are considerable variations between countries in the
constitutional arrangements, in the history of central-local relations, in the
powers and resources available to local authorities, and in the problems the
social, economic and political problems facing local authorities. In some
countries local authorities will not therefore be able to achieve 'ideal'
performance management systems, at least in the short term. However, these
critical success factors provide useful benchmarks for all countries to seek to
move towards.

The results of the survey that has been presented in this report need to be
interpreted with caution for three reasons. First, only just over half of the
Council of Europe countries responded. Second, there is no way of checking
the accuracy or comprehensiveness of the answers given. . Third, given the
complexity and diversity of local arrangements, particularly in countries where
local authorities have considerable autonomy from regional and national
governments, it may have been difficult for some respondents to provide a full
picture of local practices.

However, the information provided by the survey does provide a very useful
overview of the current state of play in terms of performance management and
measurement of local public services.

It suggests seven key conclusions:

♦ **There are wide variations between countries in performance management systems and practices**. Some already have robust systems for monitoring for performance of most local services, but in others performance management appears to be patchy.

♦ **In most countries local authorities have considerable control over the design of performance monitoring systems and which performance indicators are used**. **But there are very few instances of local authorities being given financial incentives to adopt performance management systems.**

♦ Although most countries reported the existence of some form of performance monitoring, **only a handful have comprehensive systems** including the full range of different types of performance measures identified in section 3 of this report.

♦ **The use of performance measures to make comparisons between local authorities is fairly widespread, but few countries compare performance against specified minimum standards**. In most cases benchmarking groups have been started up by external agencies such as private firms or not-for-profit advisory services.

♦ As might be expected, **performance indicators are used most frequently in services that have tangible, physical outputs** that are relatively easy to measure.

♦ Most respondents reported that performance measurement helps to make local authorities more accountable to the public. But **there are very few countries where performance data are published in a form that is likely to be read by the public**. User satisfaction surveys are used fairly widely, but the public and press apparently show little interest in the results.

♦ On the whole, the **countries with the least developed performance management systems are those where local authorities are not required by statute to adopt them**, but there are exceptions to this.

However, as Finland and the UK demonstrate, **it is possible to introduce comprehensive performance management at local level both in countries where power is centralised and in those where it is decentralised**.

These conclusions have four main implications:

♦   First, measurement is a precondition for performance and there is a clear need to create and to use performance indicators for specific services in order to gauge and give indications as to their performance for the benefit of the local authority and the public alike.

♦   Second, comprehensive systems can be adopted successfully in countries with very different traditions of local governance and varying levels of central control and regulation over local authorities; if local initiatives in this field are preferable and should be encouraged, it is equally necessary to ensure a certain degree of comparability between these systems.

♦   Third, a lot more needs to be done before comprehensive performance management and measurement of local public services are in place throughout all of the countries included in the survey.

♦   Fourth, there is a wealth of experience and existing good practice. The challenge is to spread this more widely in order to raise the overall standard of local performance management and measurement across all countries.

5.2   Recommendations

The precise actions that are needed to improve performance management will vary between countries. Individual states, and local authorities within those countries, need to determine for themselves what is best in their own contexts.

In some countries local authorities have already adopted most or all of the good practice identified in this report. They provide useful role models and a potential source of case studies of good practice from which authorities in other countries may be able to learn.

In some other countries larger local authorities already have good performance management systems but smaller authorities need further help, guidance and resources to put them in place.

In some countries all local authorities are facing a range of pressing issues which mean that the development of adequate performance management systems will be a considerable challenge, at least in the short term.

In these circumstances it is impossible to present recommendations that will be equally applicable to all member countries. However, there are a number of actions that might usefully be considered by national and local authorities within individual countries.

Further work to follow-up this report will also be considered on the basis of proposals from the LR-FL Committee.

Recommendations for consideration at national level

The scope for action at national level varies considerably between countries. In a few countries national governments have the power to stipulate statutory performance measures which all local authorities must adopt. But in most countries national officials do not have control of this kind over the detailed operations of local authorities. Similarly, some countries have well developed local authority associations, but others do not. Where they exist local authority associations are probably better placed to develop co-ordinated action at national level than are national governments.

Local authority associations (and/or national governments) might consider helping local authorities to improve performance management systems by:

♦ **Assessing the resources** (including staff, expertise, technology and finance) **that local authorities need to develop effective performance management systems.**

♦ **Identifying and disseminating examples of good practice.**

♦ **Offering incentives to authorities to develop performance management systems.**

♦ **Assisting in the design of systems** – for example by providing standard templates for data collection.

♦ **Providing training in the development and use of performance management** – for example through good practice guides, websites and workshops.

♦ **Facilitating comparisons between authorities** – for example through benchmarking clubs.

♦ **Encouraging the publication of performance data in order to provide accountability and transparency to local people.**

Recommendations for consideration by local authorities

Individual local authorities should seek to put in place performance management systems that:

♦ **Focus attention on improving services.**

♦ **Reflect national and local priorities.**

♦ **Measure all aspects of performance including economy, efficiency, effectiveness and equity between different groups,** by drawing inspiration from methods of evaluation and self-assessment presented in section 3.6 and using clear performance indicators for the various local public services.

♦ **Be completely transparent** in respect of the creation, implementation and the results of any performance management system.

In order for performance management systems to be used and to be useful, local authorities should try to encourage a performance-oriented organisational culture by ensuring that:

♦ **Performance measures are seen as relevant by staff and local people.**

♦ **Performance data guide decisions and actions at all levels of the organisation.**

♦ **There is a willingness to accept bad news and take action to improve.**

♦ **There is appropriate training in how to gather and use performance data and incentives for staff and managers to do so.**

APPENDIX 1:   Examples of Performance management checklists in the UK

Two recently published performance management checklists in the UK provide useful criteria that might be adapted for use by local authorities.

A checklist produced by the UK Improvement and Development Agency [5] lists the following questions against which a performance management system can be assessed:

Key Issues	√
Have the outcomes that the Council needs to achieve to realise the community vision, been defined?	
Has a set of performance measures (indicators and targets), which will measure progress towards achieving the desiredoutcomes, been developed (including statutory and local performance indicators)?	
Are these performance measures specific, measurable, achievable, relevant and time-bound?	
Is there a balance between process and output / outcome performance measures?	
Do these performance measures provide the information necessary to determine how well the council is performing overall and where it needs to improve?	

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[5] IDeA (undated) *Manager's Guide to Performance Management*, IDeA: London. Available at: www.idea.gov.uk

Does the council understand the level of importance and
satisfaction that different sections of the community attach to
its activities?

Do performance targets cover the short, medium and long
term?

A guide produced by the UK Treasury[6] provides a more comprehensive list of
the key features of an effective performance information system and good
performance indicators.   The first set of criteria focuses on the aims and uses
of the overall system of performance management. The second list is
concerned with the soundness of individual measures.

Performance management system

Focused	Is the performance information focused on the core aims and objectives of the organisation?
	What actions could the performance information provoke management to take? (If the answer's none then don't collect the information.)
	Why is the information being collected?
Appropriate	Do stakeholders receive the performance information they need?
	Is it the right information presented in the right way for each group of users?

[6] H M Treasury (2004) *Choosing the Right Fabric: a Framework for Performance Information*, H
M Treasury: London. Available at: www.hm-treasury.gov.uk

Balanced	Do measures cover all significant areas of work in the organisation?
	Are both financial and non-financial measures collected?
	Are indicators of future performance included as well as measures of past results?
Robust	Can the system survive changes in personnel and changes in the structure of the organisation?
	Are there any key people without whom the performance information system couldn't survive?
Integrated	Are the results of the performance information system monitored and used as part of the business planning and management process?
	Is there consistent performance information at all levels of the organisation?
	Are performance measures for individuals and teams, consistent with measures for the organisation?
	Do people within the organisation own the system? Do they take notice of the results and use them? Did they contribute to its design?

Cost Effective	Are the resources put into collecting performance information proportionate to the benefit of the organisation?
	What is the actual cost to the organisation of the performance information? (Including the burden of form filling, and time spent reviewing the information.)

Are the performance indicators

Relevant	Does the measure capture success in terms of one of the organisation's objectives?
	What does it tell you about organisation's performance?
Able to Avoid perverse incentives	Does the measure encourage any unwanted behaviour? (e.g. not reporting mistakes.)
	Could you improve performance against the measure without improving performance in real life?
	Does the measure allow innovation? (Does it discourage changing the way a service is delivered?)
Attributable	Can the measure be influenced by the organisation's actions?
	Is it clear where accountability for the measure lies?
	Is there an estimate of the degree to which the organisation affects the measure?
	Could a specific, measurable, achievable, relevant, and timed target be set against the measure?
Well-defined	Can the measure be expressed clearly, so that it is easy to understand?
	Does the measure have an unambiguous definition, so it can be collected consistently?

Timely	Does the measure provide information in time for action to be taken?
	What's the lag between the event and information becoming available?
	Does the measure provide information frequently enough to track changes and take actions?
Reliable	Is the performance measure accurate enough for its use?
	Has the measure been checked by appropriate specialists? (for example statisticians, social researchers, accountants or scientists.)
	Is the measure responsive to change? Will it show significant changes in performance? Will the measure change because of random 'noise' rather than actual performance?
Comparable	Does the measure allow comparison with past performance?
	Does the measure allow comparison with other organisations delivering a similar service?
Verifiable	Given the documentation could an objective outsider come up with the same results?
	Does documentation exist so that the process behind the measure can be validated?

APPENDIX 2: Performance Management – Benchmarking – The Norwegian case

In the fall of 2000 the Norwegian Association of Local and Regional Authorities (the Association) and the Ministry of Labour and Government Administration agreed to start a joint project based on inter-municipal benchmarking. The Ministry decided to grant this initiative substantial financial support, and to make the project a part of the Government's "Renewing Government Programme".

During the fall of 2001, the parties agreed that the pilot project was successful, and decided to launch the project, together with the Ministry of Local Government and Regional Development, as a nationwide initiative denoted "Municipality networks for innovation and efficiency" (The Efficiency Improvement Networks). In January 2002, all 435 Norwegian municipalities received invitations to participate in the project. By March, 195 municipalities had applied, as well as ten districts administrations from Oslo municipality. 133 municipalities and the ten district administrations from Oslo were admitted, bringing the total of participants to 143.

Institutional setting, actors and funding

The project was organized with a "Coordinating group" and a project director with staff. The Coordinating group, which has met every other month throughout the project period, was made up of the project director and representatives from the Association, the Ministry of Local Government and Regional Development, the Ministry of Labour and Government Administration and the Ministry of Finance. The Coordinating group reported to the so-called "Standing committee for cooperation on modernizing local government". The Group's mandate has been to make all decisions on funding and all strategic decisions concerning the project. All day-to-day running of the project, including contact with the municipalities and management of the project staff, has been the sole responsibility of the project director.

Objectives

The Association and the Government agreed that the project was to have the following three objectives: (i) to contribute to improving the quality of the service delivery in the municipalities that participated in the project; (ii) to

contribute to improving the resource efficiency of the service delivery in the municipalities that participated in the project; and (iii) to generate indicators for the development in quality and resource efficiency in the local government sector

Project design

Three features of the design of the benchmarking project need to be underlined. One is that participation itself was voluntary and free of charge for the municipalities. A second important feature is that it was made explicit from the start that neither the Association nor the Government would make use of rewards or punishments in connection with the results from the benchmarking activities. A third feature is that the project was to have two phases; one for benchmarking and one for implementation.

During the spring of 2002, the municipalities that had been selected to participate were divided into 25 regional networks by the project staff. The staff consulted with the municipalities to set up networks of 4-8 presumably comparable municipalities. Each network was assigned a network supervisor from among the project's staff. The municipalities were informed that the project would proceed in two phases; one for benchmarking and one for implementation. The benchmarking phase would last for 9-12 months and consist of at least four full-day network seminars. All performance indicators necessary for the benchmarking activities would be prepared and presented by the project staff, but the municipalities would have to contribute by bringing forward the necessary information,

Indicators

The project focused on two types of indicators. Firstly, focus was on benchmarking of indicators for priority, productivity and availability. That means the relationship between inputs(s) and output(s). The generation of these indicators did not pass any costs on to the municipalities, as all indicators were collected from the Local Government Data Registration and Information Scheme. The Local Government Data Registration and Information Scheme (Norwegian abbreviation: KOSTRA) is a data registration and information system designed to help central government to keep track of resource use in the local government sector, and to help the local government itself in planning and budgeting. KOSTRA started in 1995 as a pilot project with four

municipalities. The number of municipalities has increased gradually since. From 2002 reporting to KOSTRA was made compulsory for all 434 Norwegian municipalities. The scheme is operated by the state-run institution Statistics Norway, but funded by central government. The Ministry with the overall responsibility is the Ministry of Local Government and Regional Development. This is how KOSTRA is run from 2002: Each year, the municipalities submit data concerning finances and service production in electronic form to Statistics Norway. Statistics Norway combines this material with various other types of information, e.g. demographics data, and generates various indicators for prioritization of services, degree of coverage and productivity. These figures are publicly accessible on the internet, free of charge. KOSTRA is frequently used, by central and local government officials, interest groups, social scientists and both local and national media. The internet site contains more than 1 000 indicators distributed on 15 different schemes for services/ programmes. This is a high number of indicators, but the visitor is able to choose at what aggregation level (3 levels) indicators should be presented.

Examples of indicators that were used in the different areas are: For priority: The percentage of the municipality's total expenditure that is used on primary schools, kindergartens and domestic care services for the elderly, respectively. For productivity: Expenses per student, per child in kindergarten or per user of domestic care services for the elderly. For availability: The percentage of the children that have a place in kindergarten or percentage of inhabitants aged 80+ that receive home-based care services from the municipality.

The second element was to focus on the relationship between inputs (priority and productivity) and outputs or outcomes (availability and quality). The project made a distinction between so-called subjective and objective assessment of quality. The generating of both kinds of quality indicators (subjective and objective), represented expenses for the municipalities. "Subjective" quality was measured through surveys of user satisfaction that had been designed by the project. Where applicable, the municipalities were to conduct these surveys among both primary and secondary users. For education, these were students and parents, respectively, and for elderly care services; the elderly and their families. The measures of "objective" quality were less disputable measures, like e.g. the time it takes to process applications for services in elderly care, kindergartens, child welfare and building applications, respectively. Other examples were reading skills among second

and seventh grade students and the percentage of the staff at elderly care institutions with a formal healthcare education. Most of these objective quality indicators existed already, e.g. in the form of routine reporting to the Government (via The County Governor). Some indicators represented costs though, as they had to be calculated for the specific purposes of the project. One example is case processing times.

Analyzing indicators

The project staff calculated indexes of subjective and objective quality, and included them in diagrams that showed the relationship between inputs and outputs. The supervisor compared the network municipalities with each other and with national averages and top scores. It was made clear to the municipalities that all quality data generated through the project would be made accessible for the public. The project did this by publishing everything on the web-page of the Association. No municipalities objected to this. These data have been subject to much attention and have been analyzed and used by both researchers, local and national media and politicians.

All municipalities have prepared a summary of its experiences from the benchmarking activities. Specific attention was to be given to the areas of improvement that had been identified. Furthermore, the municipalities were to agree on which activities the network would focus on in the next phase of the project; the so-called implementation phase. The conclusions from the fourth seminar, was summarized in a network report that was sent to the project director. Only two of the 193 municipalities that joined the project in the spring of 2002 quit the project during the first year. The rest completed the benchmarking phase in April or May 2003, and proceeded into the implementation phase, which was to run throughout 2003.

Results and the road ahead

Participation in The Efficiency Improvement Networks has given good results, like increased insight in the services status, better basis for political decisions, foundation for activities' targets, increased focus on the very delivery of services, the user gets increased focus on performance, the local councils get better tools for managing, the users hopefully get better services. This means better management information, improved analysis competence, useful

exchange of experience, learning from best practice, resulting in developments in efficiency and quality.

In 2005, The Efficiency Improvement Networks is running in regions, with a dedicated supervisor who operates the networks for the members in each area. Operational responsibility includes arranging conventions, continuous contact with the participant local councils and providing advice and guidance. Municipalities that want to participate in networks are subject to a fixed, annual fee. This has however not affected the demand for participating in the efficiency improvement network.

Alongside, there are processes on developing indicators on quality of public services. These processes are based on the work The Efficiency Improvement Networks has done and is planned to collected and published through The Local Government Data Registration and Information Scheme.

APPENDIX 3 –   Performance management at local level – Belgium (Walloon Region)

A.   Performance management – Analysis of information available on local authority internet sites

The Walloon region[7] conducted a survey in June 2004 of the information available on local authority internet sites in the region.

The main function of a local authority website is to provide useful information for members of the public living in the area or intending to go there for a particular purpose.

The objective of this study, designed to assess the performance of local authority internet sites, was to have an overview of the information provided for "members of the public" on local authority websites and analyse the strengths and weaknesses of the websites and the quality of the information they provide in terms of form and content.

I. Introduction

Three complementary methods were employed to obtain the necessary information:

- the 262 local authorities in the Walloon region were asked to complete an on-line questionnaire (121 questions), accessible on a dedicated website with its own login and password. 256, i.e. 98%, of the authorities completed the questionnaire;
- official local authority websites were analysed using a predefined grid (87 criteria). At the end of June 2004, 261 authorities had their own websites. Only one authority was not represented on the web at a ".be" site. It must also be borne in mind that websites are constantly changing. So the results

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[7] In collaboration with the Walloon Telecommunications Agency (Agence Wallonne des Télécommunications)

would probably have been different in some respects if the survey had been carried out a few months later. Thus, in October 2004, we found that some websites had already been updated or completely redesigned;

- two indicators of the on-line performance of local authority websites were measured: a message was sent to all the local authorities in the Walloon region at their main e-mail address to assess their ability to respond and the speed of the response; and the performance of local authority websites was assessed by measuring the volume of information on the home page and the time it took to load it.

An initial study had already been carried out in 2000/2001. We were able to measure the progress local authorities had made in four years:
• the proportion of authorities with "active" websites had risen from 43% to 84%,
• the proportion of websites providing interactive services had risen from 9% to 75%!

It should also be noted that the Walloon region launched a scheme in March 2000 to support the establishment of local internet sites. Every local authority in the region was given a grant of € 5,000 to set up an open internet site, which was required to meet a number of criteria set out in a list of terms and conditions.

Each site had to contain information on the local administrative arrangements (local authority services, facilities for ordering documents on-line, etc.), political structure (composition of the local council, advisory services for young people or children, etc.) and everyday life (useful information on matters of public interest: environment, health services, security, education, etc.).

To extrapolate any very practical recommendations from such a survey requires a degree of caution. Local authorities in the Walloon region vary widely in a number of ways (populations range from 1,300 to 200,000 and average per capita incomes from € 5,200 to € 15,800, to mention but a few indicative figures). Also, our local government laws enshrine the principle of local autonomy which enables those decisions that are most conducive to the development of the community to be taken locally.

II. Key results:

According to the observations, 84% of local authorities have sites that are "operational" (that is to say, sites with more than one web page and information on every page) or under "reconstruction" (4%). Only 43% of local authorities had such sites in 2000-2001.

In France, by comparison, only 34% of local communities had sites in 2004. And even in the Ile de France, just 72% of local authorities with a population of more than 5,000 had sites.

In order to analyse the information available, the content of the information provided on local authority websites was placed in one of three categories:
• detailed: where the information given is complete (address(es), telephone number(s), principal items) and is accompanied by explanatory notes and/or a description of the relevant procedures,
• basic: where the information given is incomplete and is not accompanied by explanatory notes,
• non-existent: where no information (telephone number, address or procedure) is given.

A. Useful information:

The information available on active local authority websites was generally found to be reasonably full. It should be noted in particular that:
• business information (details of retail trade outlets and zoning arrangements) is provided less frequently than other types of information;
• general social information includes not only information on social services centres (Centres publics d'Action sociale, CPAS) and youth centres but also other information such as the addresses and telephone numbers of other centres (Alcoholics Anonymous, homes for the disabled, food charities, clothing depots, etc.);
• environmental information, mainly on refuse collection and arrangements for disposing of larger items.

The subjects covered in most detail are tourism and cultural events (87%); refuse collection dates (84%); sports facilities (83%); educational facilities (81%); social services (Centres publics d'Action sociale, CPAS) and welfare (78%); local council taxes (69%); emergency rescue and fire services (66%);

local police (63%); local hospitals (59%); youth centres (58%); business information (58%).

Other subjects are still relatively poorly covered: local authority regulations (17%); local guides and maps (22%); local council tax appeal procedures (31%); matters of public interest (traffic, markets, etc.) (35%); lists of doctors/chemists on duty (44%).

B. Information on local authorities:

The information on local authorities and their departments posted on their websites serves to improve public relations and save everyone's time.

The contact information for local authority departments (postal address(es), telephone and fax number(s) and e-mail address(es) of departments or staff) and opening hours, was regarded as:

• detailed, if separate information was provided for each local authority department (registry office, statistics, town planning, etc.),
• basic, if general information was provided covering all departments.

There are very few active websites that provide no information at all on these subjects. These are websites that concentrate mainly on business interests in the area. The description of the functions of the local authority departments given on the websites is:
• detailed in 64% of cases, that is to say a separate account of the functions of the respective local authority departments is given in each case,
• basic in 15% of cases, that is to say a brief account is given of the functions of the departments as a whole, and
• on 21% of the active sites there is no account at all of the functions of the local authority departments.

The list of available documents that can be supplied by the local authority (copies of records, planning permits, etc.) comprising at least one page posted on an active local authority website or a website that is under (re)construction, is:
• detailed in 74% of cases: a separate list is posted for each department that can supply documents, accompanied by comments (procedures, etc.),

• basic in 11% of cases: a short list is given covering all departments and providing no comments, and
• lastly, in 15% of cases, the site contains no list of the documents that can be supplied by the authority.

C. Political and financial information:

As part of our analysis of the information available on local authority websites, we also examined information on local authority representatives, their activities, and the general and financial policies that were being conducted.

It should be noted that, in the great majority of cases, names and postal addresses are available for all members of the local council (96% and 92% respectively).
The local authority websites do not give elected members' e-mail addresses quite so often:
• 64% give the mayor's e-mail address,
• 49% give the e-mail addresses of all the aldermen (although 62% give the e-mail addresses of some of them),
• only 3% give the e-mail addresses of all the councillors (but 28% at least give some councillors' e-mail addresses).

Lastly, a description of functions is given more often in the case of the elected college comprising the mayor and aldermen (the executive body), which is fairly natural since councillors do not generally have any specific functions apart from sitting on committees.

The agenda and minutes of local council meetings are another example of information that can usefully be posted on local authority websites.

However, it generally appears to be a matter of "all or nothing":
• either the information provided is detailed (including the matters discussed and a full account of the proceedings),
• or there is none at all.

The procedure for putting a question to the local council is described on 28% of the active websites.

Lastly, in 30% of cases, the local authority policy statement is also posted on the website.

The "all or nothing" approach also applies in the case of financial information:
• either the budget (at least the 2003 budget) and the local authority accounts (at least the 2002 accounts) are shown in detail (with a table showing income and expenditure under all headings),
• or there is no information at all (we regarded the financial information as basic if it comprised only the overall income and expenditure for the area).

It was accordingly found that local authorities remain reluctant to communicate this particular type of information. It must however be said, in their defence, that to get the data in question posted on-line in a form that is intelligible to the average man or woman is no easy task, and it may well have discouraged some of them from making the attempt.

Three approaches were observed with regard to the publication of local authority budgets and accounts on their websites:
• either the budget and accounts are presented in one or more tables giving gross figures, for each department or activity;
• or they appear, in a less detailed form, in the general policy statement, under the heading "financial policy statement";
• or they are posted on a web page (in html format) or included in other pages (often in pdf format) containing reports on activities.

These findings raise the problem of clarity of the information contained on local authority websites. There still seems to be a gap between the local authorities' ideas about the value of their site as a useful tool and the use that is made of that tool. A considerable effort still needs to be made to get the local authority budget data on-line and present such data in a sufficiently intelligible way.

D. On-line forms

As part of their e-governance initiatives, local authorities provide teleservices (downloadable or interactive forms, e-mail correspondence, etc.) on the internet.

The teleservices provided by local authorities include:

• forms that can be downloaded and then returned by e-mail or presented at the counter in local authority offices;
• interactive forms that enable an administrative procedure to be started or completed directly on the internet.
These forms enable members of the public with internet access to order copies of records or certificates, or to book rooms, for instance, without having to go to the local authority offices in person.

In analysing the local authority websites, we were able to ascertain that 76% of the active websites provided at least one downloadable and/or interactive form. Similarly, in the on-line survey, 77% of the authorities said they offered this facility to members of the public in their area.

However, some discrepancies were found between our analysis of sites and the on-line survey. Thus:
• 47% of the local authorities said they had put forms on-line that could be downloaded from their website, but in fact we only managed to download forms from 18% of the active sites. In some cases the difficulty in downloading was ascribable to technical problems (the file could not be opened or an error message appeared on the screen).
It is also possible that we failed to locate certain forms, despite our efforts to find them;
• 62% of the local authorities said they provided interactive forms on their sites, but we found such forms on 73% of the active sites! It is possible that some authorities do not use the forms posted on their sites, but it is very likely that local authorities are still in some uncertainty about this tool. Also, the average number of forms that can be downloaded from local authority websites that provide them is 13 per site. Similarly, the average number of interactive forms provided by local authorities that claim to use them on their sites is 12 per website.

However, the number of these teleservices varies considerably from one local authority to another. Thus, when the size of local authorities is considered, in terms of population, it appears that on average fewer downloadable or interactive forms are available in the very large local authorities.

As regards the description of teleservices, we considered it to be:
• clear: if instructions are given, for every available form, on how to complete the interactive forms or how to deal with the downloadable forms, and if the

conditions for obtaining the required document are stated, together with prices and delivery times;
• partly clear: if one of the above conditions is not fulfilled;
• unclear: if the form appears on the site "just as it is", without any information about procedures, conditions, prices and delivery times.

The same type of disparity between the analysis of sites and the on-line survey can be observed in the description of teleservices:
• in the analysis of sites, it was found that 37% of the local authority websites providing teleservices describe all the services clearly before starting the on-line procedure and 6% describe some of them clearly (or else provide general instructions covering all the teleservices);
• in the on-line survey, 62% of the local authorities providing teleservices claim to describe them clearly, i.e. 25% above the result recorded in the analysis of sites. Also, 22% state that their teleservices are described clearly in some cases, that is to say 14% above the result recorded in the analysis of sites. Similarly, it was noted that:
• 1% of the local authorities providing teleservices claim that members of the public can monitor on the internet the progress of on-line procedures they have started and that this applies to all procedures. 4% of the local authorities also claim that progress can be monitored in this way, but only in the case of some procedures;
• in the analysis of sites, there was no indication on the subject. It must be said, however, that 2% of the websites provide (secure) access to Certipost for ordering documents and subscribers must live in the local authority area.
It is physically impossible to test every single on-line procedure to see whether it is operating effectively, so we did not have an opportunity to see whether these arrangements for monitoring progress were available and whether they were well-documented.

E. Processing electronic applications (Registration and processing strategy. Arrangements for payment. Integrating data in the local authority IT system).

To test the operation of each electronic procedure (or e-service) was beyond the scope of this study. However, during the on-line survey, local authorities were asked about the strategies adopted in their areas to process these applications, about arrangements for payment and about arrangements for integrating data from these applications with the authorities' own data.

                                                Performance management at local level

It is very unusual for local authorities to have a fully automated system. While this situation is understandable in the case of the smaller authorities, it may prove difficult to manage in the long term. There is a danger that it may ultimately make more work for local authority staff instead of helping to simplify the work of local government.

We also analysed arrangements for paying for e-services ordered on local authority websites by members of the public with internet access. Payment is still made at local authority offices in most cases and very few authorities provide facilities for direct payment on-line (via the internet). None of the websites we visited provides this facility directly at the time when the order is made via the interactive form (many sites give an account number to which payment can be made).

We also found that:
• 51% of local authorities say accounts for e-services can only be settled at their offices,
• 18% say they can only be settled by bank transfer,
• none of the authorities say accounts can only be settled by direct payment on-line.

F. E-mailing local authorities

In order to test the local authorities' response to questions from members of the public sent by e-mail, we sent an e-mail message to all the local authorities in the Walloon region at their principal e-mail address.

The message to the local authorities read as follows:

"Dear Sir or Madam,
Could you please let me know, for my personal information, how many polling stations there will be in our local area and how many places in the area will have polling stations during the forthcoming regional and European elections? With many thanks for your kind attention, I remain …."

This message was sent to all the local authorities in the Walloon region on 1 June 2004, which gave them more than 10 days to reply, as the elections were held on 13 June 2004.

In cases where the message was returned with a note stating that the address to which we had sent it was unknown or the in-box was full, we looked for another address and sent the message again on 2 or 3 June 2004.

Altogether 55% of the local authorities in the Walloon region replied to our e-mail. Of these, it should be noted that:
• 37% replied on the same day, 5% of them with intermediate e-mail, that is to say an e-mail informing us that our request had been passed on to the relevant department;
• 50% replied within 5 days;
• 13% replied within 5 to 13 days of the date of our original message.
One authority replied on the Monday after the elections (14 June 2004)!
Lastly, 5% of the local authorities in the Walloon region could not be reached by e-mail, despite repeated attempts:
• in 3% of cases, the e-mail returning the message reported that their in-box was full;
• in 2% of cases, all the e-mail addresses we tried were reported to be invalid or our message was not accepted for transmission.
Are we to conclude that almost half the local authorities do not respond to the e-mails that are sent to them? That would probably be going too far, as it may be that some authorities did not consider that there was any need to reply to an e-mail from an unidentified sender.

As regards the content of the replies, on the whole the replies that were given answered the question perfectly well, sometimes with much more information than we had asked for (a full list of polling stations). However, 4% of the local authorities that replied to our e-mail did not answer the substance of our question and one gave a very short and unprofessional reply.
All the local authorities that refused to answer the substance of our question (how many polling stations and how many places) asked us to give our full name and address. Only then would they respond to our request. Among other things, one authority explained that it needed details of our identity for security reasons.
Lastly, one local authority asked us, by e-mail, to write to it by post to get an answer to the question.

III. Conclusions

There seems to be a high degree of correlation between the volume of information available on local authority websites and the size of the authorities in terms of population.

It is reassuring to find that the great majority of local authorities achieve an average, or even a high or very high score in respect of the volume of information available, irrespective of the size of the local authority area.

In the case of very large local authorities, the information available on their websites is generally full or very full.

It should be noted, however, that a fifth of the smaller authorities provide little (or very little) information on their websites. It may be assumed that the small number of staff they employ precludes optimum management of information. Also, there is a link between the volume of information available on local authority websites and local per capita income levels. Local authority areas where per capita incomes are high are more likely than the others to have developed a site providing information of average or above-average quality. And a quarter of the local authority areas where per capita incomes are low have sites providing little (though never very little) information.

As a result of this study, we identified the following steps that could be taken to improve the quality of local authority internet sites and the quality of the information and services provided for members of the public:
• local sites should adopt a more « portal » oriented structure;
• sites need to have "fresher" information, particularly on local democracy and matters of public interest;
• information should be pooled. The Walloon region is going to propose linking regional sites with local sites (RSS flow) so as to make updated information available to them;
• standard documents should be designed to provide certain items of local information (financial and budgetary information, for example) in a readable form that members of the public can understand.

B.   ***The Tonus plan for local authority funding***

On 12 July 2001, in the light of the financial problems experienced by local authorities in the Walloon region, and identified and analysed by the Local Authority Funding Observatory (Observatoire des finances communales), the Walloon Government approved the 2001-2006 Tonus Plan for the local authorities.

The plan comprises 2 main types of intervention.

The first consists of exceptional aid to be granted to all local authorities in the Walloon region in the financial years 2001 to 2006, in the form of annual appropriations. The distribution of this exceptional aid is part of a longer-term strategy for the structural reform of local authority funding and the fiscal pact.

The second is designed for local authorities with structural financial problems. It is intended to assist the 4 big cities in the Walloon region (Mons, Charleroi, Namur and Liège) and local authorities that have applied for exceptional aid.

This type of intervention takes the form of special loans on which the Walloon region pays some of the interest and the cost of repayment. Local authorities receiving this aid are required to bear at least 25% of the cost of loans contracted with the Walloon region.

This additional aid is intended to cover the unavoidable part of the deficit arising from measures passed by previous legislatures, at local level, or decisions taken at other levels of government, all duly identified on the basis of any document and, in particular, the local authority's annual accounts.

Thus the unavoidable and duly justified part of the 2001-2002 deficits of local authorities applying for this aid was determined on the basis of the local authority budgets and accounts for 1998, 1999 and 2000.

Municipalities and local authorities wishing to benefit from this additional aid had to agree in return to produce a management plan limiting future staff recruitment and investment policies. The objective of the plan was to achieve a balanced budget by 2006.

The Walloon Government set the amount of the exceptional aid to be allocated to municipalities and local authorities on the basis of an opinion given by company auditors in the context of a five-year structural recovery plan.

The following basic principles were employed to determine the regional aid to be allocated to the various municipalities and local authorities:

Principle 1: eligibility criterion
Local authorities showing a per capita deficit of more than € 12.40 in the financial year in question are eligible for regional aid from the Tonus Plan for the second type of intervention. This figure represents a lower limit.

Principle 2: upper limit
The maximum amount of aid (in absolute terms and in € per head) that can be allocated to a local authority has been set each year, in proportion to the budget allocated by the Walloon Government.

Principle 3: taking recoveries into consideration
Apart from examining accounts and budgets, the work of company auditors also consisted of identifying recovery operations, that is to say potential losses of income or latent expenditure not taken into consideration in the local authority accounts.

Principle 4: filing a management plan and forming an advisory committee
The allocation of regional aid is conditional on the establishment and strict observance of a management plan limiting future staff recruitment and investment policies in particular, and including an appropriate tax policy.
A note on methods has been produced as a guide to establishing and monitoring these management plans. An advisory committee consisting of the various parties involved (ministerial staff, Walloon government officials and auditors) is responsible for carrying out a critical examination of the said management plans and proposing – or not proposing – that the Walloon Government approve them.

Principle 5: allocation of aid in the form of advances
The regional aid granted to local authorities each year is allocated in the form of an advance to be adjusted when the accounts are closed.
The annual amount of the aid, set in advance, can be included in its entirety in the local authority budget for the financial year in question. However, only 80% of the amount is paid. The remaining 20% being subject to review when the accounts are closed and compliance with the management plan is checked.

The Directorate General for Local Government (Direction générale des Pouvoirs locaux) is responsible for organising the whole procedure and ensuring that it runs smoothly, within the framework of its supervisory functions, particularly with regard to budgets, budget amendments, local authority annual accounts, decisions on the overall framework and on taxation, including the management plan as an element in the assessment of the local authority's situation.

The management plans have been monitored over the five-year period from the approval of the initial budgets, and the budgets in question have been thoroughly scrutinised and compared with the projections contained in the management plans. The scrutiny was carried out during the budget year, culminating in the examination of the annual accounts for the year, deferred to the 1st quarter of the following year to allow time for a proper comparison of the actual factors involved in the management of the local authorities concerned.

After the 2004 regional elections and with due regard to the local authorities' budget problems caused in particular by the tax reforms decided at federal level and by the police reforms, on the one hand, and the desire to preserve the fiscal peace, on the other, it was decided that the upper limits for the second type of intervention under the Tonus plan should be reviewed over time, as follows:

> *) financial intervention to be maintained until 2006 at the equivalent of the 2004 intervention by adapting regional intervention, if necessary, to the realities of the local authority's tax policy and its own resources;

> *) aid to be reduced progressively and eventually withdrawn in 2010.

The note on methods to be employed in drawing up management plans was updated in 2005 to take account of socio-economic developments and changes in local funding arrangements.

In conclusion, it was found that the financial situation of the local authorities in the Walloon region has improved as a result of annual grants of almost € 82 million on average over the period 2001-2004 and stricter budgeting.

Thus in 2001, 147 local authorities had a budget deficit and only 115 recorded a surplus.

In 2004, the situation was reversed: 78 local authorities had a budget deficit, as against 184 with a surplus.