

PERFORMANCE MEASUREMENT AND PROGRAM DELIVERY

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BACKGROUND

During the 1990s, municipal governments increasingly confronted the challenge of delivering a diverse range of programs and services in an environment of fiscal constraint, heightened scrutiny of expenditure and taxation levels, and greater responsibilities related to the downloading of services and costs from senior levels of government. In the face of these challenges, municipalities have sought ways to improve program efficiency and effectiveness.

One of the strategies used by local governments to improve program efficiency and effectiveness is performance measurement. Although a relatively long-standing feature of private sector management, the public sector has more recently adopted performance measurement in an effort to improve public accountability, “do more with less” and to “do better with less.”

This summary reviews various aspects of implementing and managing performance measurement systems to improve program delivery, such as implementation plans, the selection and development of performance indicators, the design of reporting systems and the application of information technology. While performance measurement and program delivery are the focus of this summary document, other strategies such as benchmarking, best practices and program/activity-based management are also discussed. These strategies are often used in combination with performance measurement to achieve improvements in program delivery.

This summary document presents a brief overview of these practices, highlighting a number of particular approaches utilised by local governments in their efforts to improve the cost and quality performance of programs and services.

ORGANISATION

This summary pulls together a selection of existing resources on performance measurement and program delivery available through the ICURR library collection. In selecting publications for inclusion in this document, the following criteria were considered: currency, Canadian content or relevance, and the potential for practical application by municipalities. Related topics such as alternative service delivery are not included in this document as they have been the subject of other ICURR publications (see *Alternative Service Delivery in Canadian Municipalities*, 1996 and *New Directions in Municipal Services: Competitive Contracting and Alternative Service Delivery in North American Municipalities*, 1998). Entries are presented in chronological order, beginning with the most recent works. While this summary document is wide-ranging, it is by no means exhaustive.

ICURR LITERATURE SUMMARIES

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OTHER ICURR LITERATURE SUMMARIES

June 1998 *Alternative Guidelines and Practices for Municipal Planning and Development*
July 1998 *Healthy Cities, Healthy Communities*
August 1998 *Remediation and Redevelopment of Former Industrial Sites*

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Shane, Byran. 1998. Improved Performance Measurement: A Prerequisite for Better Service Delivery. *Optimum - The Journal of Public Sector Management*, 27(4): 1-5. (5 pages, ICURR Doc. new, English and French)

Purpose

To review approaches to performance measurement as a mechanism for improving service delivery.

Key Definition(s)

Performance measurement is a management approach that possesses three aspects: (1) a philosophy of continuous learning and adjustment to improve program delivery; (2) a process that sets objectives, develops strategies for implementation, and creates performance measures to assess progress; and (3) a structure in which strategic and operational plans are linked through a systematic feedback process based on performance measures. The *balanced scorecard framework* for performance measurement emphasises more than just financial objectives, and includes consideration of client satisfaction, internal business processes, and the ability of an organisation to sustain innovation and learning.

Summary

This article focuses on the need for better, more holistic performance measurement systems in the public sector. Governments face a number of challenges in providing affordable, accessible and responsive programs in a time of fiscal constraint. While recognising these challenges, this article underlines the benefits of implementing performance measurement systems. The article proposes the balanced scorecard framework for performance measurement, and uses a case study to illustrate its application. While aimed at federal departments, the principles are applicable to other levels of government.

Key Findings, Conclusions and Recommendations

The need for strong leadership, innovative management structures and the sharing of best practices to develop alternative delivery approaches to reduce costs and improve service delivery is hindered by the lack of effective performance measures. Most performance measurements focus on financial goals, overlooking the importance of customer satisfaction, internal business processes and organisational learning. Performance measurements also tend to produce reactive instead of pro-active information, and fail to recognise outstanding group or individual performance or provide useful information for determining whether objectives are being met.

Among other possible benefits, effective performance measurement can:

- provide managers with multiple sources of information for enhancing program delivery.
- facilitate pro-active identification of program-related issues and challenges.
- help present a business case for the continuation or existence of a particular program.
- establish a common frame of reference for staff and managers to improve program operations and planning.

A balanced approach to performance measurement is required to deliver programs and services that are affordable, accessible and responsive to the needs of Canadians. Effective performance measurement and the feedback obtained through such an approach is fundamental to achieving improved program delivery.

SECTION 1: what is performance measurement ?; SECTION 2: a suggested framework for performance measurement; SECTION 3: conclusion.

Swope, Christopher. 1998. Performance Measurement's Essential Ingredient. *Governing*, 11(7): 61-65. (4 pages, ICURR Doc. MG 245, English)

Purpose

To review the role and possible contribution of information technology to performance measurement.

Key Definition(s)

Effective performance reporting is both timely and easy to derive vital information from (p. 62).

Summary

This article describes the benefits of adopting technology to enhance performance measurement. The article reviews a number of programs that have utilised technology to improve performance measurement and program delivery, such as New York City's Parks and Recreation Department.

Key Findings, Conclusions and Recommendations

For a decade, New York's Parks and Recreation Department conducted inspections of its park maintenance operations, generating massive reports and information that was out-of-date by the time it was published. In 1995, the department purchased hand-held computers for its park inspectors. Inspectors now enter information through a touch-screen keypad and a handwriting feature. This information is uploaded directly into a database used by the department to produce timely performance reports issued on a bi-weekly basis.

Following the introduction of New York's Parks and Recreation Department's new data collection technology, the percentage of parks reported in "acceptable" condition rose from 44% in the summer of 1995, to 83% by the winter of 1998. The adoption of technology can speed the data collection process required for timely performance reporting, facilitate the ability to address problems as they arise and improve accountability.

There are many other examples of government using information technology to support performance measurement and program delivery. In Florida, the Florida Government Accountability Report (FGAR) produces a web-site that provides performance measures and budgeting information for state-funded programs.

To assist with performance measurement, government computer systems need to be re-oriented from counting transactions (e.g. number of building inspections completed) to measuring results (e.g. improvement of building conditions). Technology can be an essential ingredient in performance measurement because of its ability to facilitate the following:

- the collection of performance data.
- the processing and analysis of performance data.
- the dissemination of performance data to decision-makers and the public.

PART 1: introduction; PART 2: living numbers; PART 3: simple tools; PART 4: the role of the Web; PART 5: "fishy" data.

Duhamel, Ronald. 1998. Performance Management: What is It ? Why Does it Matter ? Insights, 3(1): 1-2. Ottawa: Public Management Research Center. (2 pages, ICURR Doc GI 111, English and French)

Purpose

To review the meaning and significance of performance management in government.

Key Definition(s)

Performance management is both the measurement of performance, as well as how this information is used by management for decision-making and by external parties for accountability purposes (p. 1).

Summary

This article briefly reviews the key concepts and practices associated with performance management. This review of concepts and practices is achieved through the presentation and discussion of a case study of the Improved Reporting to Parliament Project (IRPP). This project was part of a larger federal government initiative to focus departmental reports on outcomes.

Key Findings, Conclusions and Recommendations

Government is increasingly required to account for its decisions and to demonstrate its ability to manage public funds efficiently and effectively. Politicians, public servants and the general public all want to be more aware of the performance of government. Accountability is enhanced by making commitments and results more visible.

The report presents the following suggestions for those interested in performance management:

- accept modest steps forward as a sign of progress.
- facilitate an ongoing dialogue across departments to help overcome hurdles, share best practices and understand lessons learned.
- foster a working environment where it is safer to try and then fail, than not to try at all.
- focus on objectives and the attainment of them.

PART 1: introduction; PART 2: case study; PART 3: recommendations.

Prychodko, Nicholas. 1997. Best Practices and Benchmarking in the Public Sector. *Municipal World*, 107(10): 3-5. (3 pages, ICURR Doc. GA 135, English)

Purpose

To define “benchmarking” and “best practices”, outline the principles of their application and examine some recent implementation experiences within the public sector.

Key Definition(s)

Best practices are those organisational practices identified at other workplaces and replicated or adopted for use by particular organisations in order to improve performance. A *practice* should be clearly defined by its beginning and end points, components and relationship to other organisational practices. *Best* refers to a quantifiable, superior performance of one practice versus another. Usually, *best practices* demonstrate a proven and measurable superior performance in terms of cost-efficiency or customer satisfaction over a given period of time that can be replicated by other organisations, taking into consideration the need for modifications in the adaptation process (p. 3).

A *benchmark* refers to a standard established for the purposes of comparison. *Benchmarking* refers to a four-stage service quality improvement technique that facilitates the identification and adoption of best practices. The four stages include: identification of priority areas for benchmarking, establishment of quantifiable benchmarks for selected priority areas, identification of possible best practices to achieve benchmarks, and implementation and monitoring of best practices (p. 3-4).

Summary

This article provides a succinct and practical review of best practices and benchmarking. The article also reviews recent experiences in implementing best practices. While benchmarking has been used to identify and replicate best practices in the private sector in North America for over 30 years, its application in the public sector is far more recent. Examples of recent experiences with best practices and benchmarking include the provincial ministry business plans now required by the Ontario government, and the amalgamation process underway in Kingston.

Key Findings, Conclusions and Recommendations

The most appropriate source of best practices exist at organisations with similar mandates and organisational structures. While dissimilar organisations may be a source of best practices, it will often be more challenging to adapt such practices. The process of benchmarking is often confused with the act of establishing “benchmarks” or performance criteria and outcome-based performance management.

Given existing economic and political conditions, it is likely that the adoption and implementation of performance enhancing tools such as benchmarking and best practices will become more prevalent in the near future. Both practices possess the potential to reduce costs and improve customer service.

SECTION 1: what are best practices ?; SECTION 2: what is benchmarking ?; SECTION 3: recent public sector applications.

Few, Paula and John Vogt. 1997. Measuring the Performance of Local Governments in North Carolina. *Government Finance Review*, 13(4): 29-34. (6 pages, ICURR Doc. MG 053, English)

Purpose

To provide an overview of North Carolina’s model for measuring and reviewing local government performance and costs.

Key Definition(s)

The project uses three categories of *performance measures*: measures of service need and quantity, measures of efficiency (cost per unit of service, product or output), and measures of effectiveness (quality of service provided or client perception of quality) (p. 29-30). *Full cost accounting* consists of: direct costs, indirect costs, and (depreciation) charges for the use of equipment and facilities (p. 31).

Summary

This article describes Phase I of the North Carolina Local Government Performance Measurement Project, a joint effort of the North Carolina Local Government Budget Association, the University of North Carolina’s Institute of Government and a number of participating cities and counties in the state. In the project, cities and counties in North Carolina use performance measurements to provide data for benchmarking and to help identify areas for service improvement. In addition, the methods and data produced through the project are used by local governments to assess the quality and costs of services, make comparisons among localities, consider alternative service levels and evaluate privatisation proposals.

Key Findings, Conclusions and Recommendations

The article uses residential refuse collection as a case study to illustrate the project’s process for implementing a performance measurement system. Based on this case study, the authors find that comparisons between residential waste collection components (e.g. cost per ton, cost per collection point for refuse collection) are useful, even when service delivery and local conditions vary. Such comparisons can help cities to improve service delivery systems through the adoption of innovative and cost-saving measures. Information collected can also be used over time to evaluate program delivery and costs. Performance measures and cost models can help local governments to evaluate program efficiency.

The expected long-term benefits of this project are: a common set of measures to evaluate service performance for local governments, a common approach to determine the cost of local government services, a basis for benchmarking to measure service performance and costs, and a better understanding of the unique conditions that affect service performance and costs at the city or county level.

PART 1: introduction; PART 2: the project’s beginnings; PART 3: project performance measures; PART 4: implementation of the project; PART 5: residential refuse collection; PART 6: use of the results; PART 7: summary and conclusion.

Leithe, Joni. 1997. *Implementing Performance Measurement in Government*. Chicago: Government Finance Officers Association. (55 pages, bibliography, ICURR Doc. GG 216, English)

Purpose

To provide a framework for understanding and using performance measurement effectively, and to describe how it is related to other management reform efforts in government.

Key Definition(s)

Performance measurement is a process for determining how a program is accomplishing its mission through the delivery of products, services or processes. *Performance measurement systems* attempt to measure performance through ongoing data collection efforts, as opposed to program evaluations, operational audits, and other special studies that are generally more extensive and less frequently performed (p. 3).

Summary

This publication reviews issues associated with the design and implementation of performance measurement systems. It also provides case studies of performance measurement systems in use at the state and local government levels in the United States and in other countries such as New Zealand and Australia. This publication provides an informative overview of performance measurement as a concept and as a system for organising and reporting information about public sector programs.

Key Findings, Conclusions and Recommendations

Performance measurement systems help to provide public accountability by identifying results and evaluating past resource decisions, and to facilitate future decision-making processes regarding resource allocation and service delivery options. Benchmarking is closely linked with performance measurement. In the private sector, benchmarking often refers to the search for and duplication of best practices for performance of an operation or function. In the public sector, it often refers to the establishment of long-term goals, such as reducing car pollution.

Performance measurement includes indicators that measure several dimensions, such as effectiveness, efficiency and quantity. Ideally, a set of performance measures should answer the following questions: How many ? How efficiently ? Of what quality ? To what effect ? There are four different types of performance measures: input, output, effectiveness/outcome and efficiency. The four key steps of developing a performance measurement system are:

- identification and definition of indicators.
- collection of appropriate data.
- analysis or comparing performance to previous results or relevant norms.
- reporting the results.

An essential component of a successful performance measurement system is the selection and development of appropriate measures (Appendix A). In addition, a performance measurement system should be based on program goals and objectives, measure programs results or accomplishments, provide for comparisons over time and include reliable, verifiable and understandable indicators to measure efficiency and effectiveness.

In developing a performance measurement system, it is best to focus on identifying and reporting only the most crucial information. A limited number of carefully selected and well designed measures can have a greater impact than an elaborate system not likely to be used or referred to. There are a series of steps that should be considered in developing an implementation system (Appendix B). Performance measurement may also be used in conjunction with other management reforms (Appendix C).

PART 1: introduction; PART 2: overview of performance measurement; PART 3: putting performance measurement to work; PART 4: relationship of performance measurement to other management reforms; PART 5: uses of performance measures by US and international governments; PART 6: examples of performance measurement systems.

Garrett, Michael and Todd MacDonald. 1996. Program/Activity-Based Management at the Regional Municipality of Peel: An Organisation in Transition. *Government Finance Review*, 12(4): 7-10. (4 pages, ICURR Doc. RA 007, English)

Purpose

To document the underlying rationale for program/activity-based management in Peel, highlight the current “state-of-the-art” and outline some of the key technical challenges/costing issues related to activity/program-based management.

Key Definition(s)

Peel’s *Corporate Performance Measurement* (CPM) program is based on the following key elements: program missions and activity maps; activity-based costing, budgeting and reporting; and program performance measures. *Program missions* and *activity maps* outline a program’s objectives and activities. *Activity-based costing* utilises the program activity map to reconfigure the general ledger account structure from the traditional “org-chart” to a program-based structure. This is used to develop an *activity-based budgeting* system that focuses on program outputs and outcomes, rather than departmental inputs. *Activity-based reporting* will employ on-line, real-time accounting information to track program expenditures and performance information. *Program performance* tracks three distinct measures: (1) community impact indicators that document the amount of service provided versus its community demand; (2) program efficiency indicators that compare the cost per unit service over time against historical unit costs; and (3) program effectiveness indicators that measure quantitative and qualitative customer service levels (p. 8).

Summary

The regional municipality of Peel is a fast growing municipality located on the west side of the Greater Toronto Area (GTA). Faced with senior government downloading, grant reductions and fiscal constraint, Peel has instituted a new program/activity-based management program that relies on performance measurement as the centrepiece of the new approach. Peel’s Corporate Performance Measurement initiative makes the transition from traditional municipal management based on an organisational structure to one based on programs and services. 1997 marks the first year that Peel has fully integrated and implemented all of the elements of the CPM into its planning and management cycle. The article uses Peel’s waste management system in order to illustrate its approach to CPM.

Key Findings, Conclusions and Recommendations

The transition to program/activity-based management is a challenging one, both logistically and conceptually. The most challenging transition issues are related to cost allocation, technology, and corporate culture. Peel’s CPM initiative allows the municipality to compare internal program costs over time, and to conduct cost and quality benchmarking with other municipalities.

Program/activity-based management places greater emphasis on customer satisfaction, program delivery and taxpayer accountability. The transition to program/activity-based management is an ongoing iterative process, requiring adjustments and refinements to achieve continuous quality improvement.

SECTION 1: reinventing management in Peel; SECTION 2: the Peel vision: corporate performance measurement; SECTION 3: program-based management; SECTION 4: key costing issues and challenges; SECTION 5: external benchmarking challenges; SECTION 6: summary observations.

Ammons, David. 1995. *Performance Measurement in Local Government*, in *Accountability for Performance: Measurement and Monitoring in Local Government*, David Ammons (ed.). Washington, DC: International City/County Management Association, pp. 15-32. (17 pages, ICURR Doc. MA 124, English)

Purpose

To review key terms, concepts and practices consistent with the development and administration of a good performance measurement system for local government.

Key Definition(s)

Benchmarking refers to a rigorous yet practical process of measuring one organisation's performance against that of the best-in-class organisation, and then applying the lessons learned from this comparison to improve services, operations or budgeting (p. 27). *Performance measurement* provides local governments with a means of keeping score on how their various operations are doing (p. 18). There are different types of performance measures. *Workload measures* indicate the amount of work performed or the amount of services received (e.g. total circulation at local library) (p. 18). *Efficiency measures* reflect the relationship between work performed and the resources required to perform it (e.g. circulation per library employee) (p. 19). *Effectiveness measures* capture the degree to which performance objectives are being achieved or otherwise reflect the quality of local government performance (e.g. circulation per capita) (p. 19). *Productivity measures* combine the measures of efficiency and effectiveness in a single indicator (e.g. ratio of circulation per capita to library costs per capita) (p. 19).

Summary

This book chapter offers a substantive overview of performance measurement in local government, complete with key definitions, concrete examples and recommendations for criteria and sources for good performance measures.

Key Findings, Conclusions and Recommendations

If properly developed and administered, performance measurement can offer important benefits, such as improved accountability, planning and budgeting, operations and program evaluation.

The author recommends seven essential steps in implementing a public sector benchmarking process (Appendix D). Local governments interested in developing benchmarks for performance measurement face two challenges: (1) the availability of data, and (2) the comparability between jurisdictions. In terms of the latter, cost comparisons are particularly problematic because of differences in accounting practices, reporting periods, and socio-economic context.

Criteria for a set of useful performance measures include the following:

- *valid*: actually measures what it's supposed to measure.
- *reliable*: an accurate measure that exhibits little variation due to subjectivity.
- *understandable*: a clear meaning.
- *timely*: can be compiled and distributed promptly enough to be of value to decision-makers.
- *resistant to perverse behaviour*: does not encourage or provide an incentive for unintended consequences.
- *comprehensive*: a set of measures that address the major elements of performance.
- *non-redundant*: each measure contributes something distinctive, and does not contribute to information overload for managers.
- *sensitive to data collection costs*: measurement costs do not exceed their value as performance measurement tools.

- *focused on controllable facets of performance*: measure characteristics of performance that can be influenced by policy initiatives or management action.

Performance measurement does not automatically lead to superior performance. Performance measurement is a tool - that if applied properly - can help to identify areas of performance inadequacy and areas of performance deficiency. The following steps are recommended for developing a performance measurement system:

- secure managerial commitment, assign responsibility for co-ordinating departmental efforts to develop a set of performance measures, select functions or activities to be included in performance measurement and identify goals and objectives.
- design measures that reflect performance relevant to objectives - emphasise service quality and outcomes rather than input or workload, solicit staff input at all levels, and consider periodic surveys of citizens.
- assign departmental responsibility for data collection and reporting, and determine desired frequency of performance reporting.
- audit performance data periodically, and ensure that analysis of performance measures incorporates a suitable basis of comparison.
- ensure a meaningful connection between performance measurement and decision-making processes.
- incorporate selected measures into public information reporting.

PART 1: introduction; PART 2: why performance measures ?; PART 3: types of performance measures; PART 4: criteria for a good set of performance measures; PART 5: sources of performance data; PART 6: status of performance measurement in local government; PART 7: overcoming resistance to performance measurement; PART 8: developing a performance measurement and monitoring system.

Karlof, Bengt and Svante Ostblom. 1995. *Benchmarking Workbook*. Toronto: John Wiley and Sons. (85 pages, ICURR Doc. GG 166, English)

Purpose

To produce a “do-it-yourself” benchmarking workbook and guide.

Key Definition(s)

Benchmarking is a long-term, continuous process of improving performance through comparing and learning from others’ successes. As a process, benchmarking contains several phases, beginning with the identification of what needs to be improved, followed by the selection of a program or candidate for comparison and the development of indicators to guide and measure ongoing comparison and improvement (p. 5). Benchmarking is not just an examination of quantitative data, but a method for determining underlying processes and factors that contribute to the achievement of success (p. 7).

Summary

This book reviews the basic process, concepts and practice of benchmarking as a basis for performance improvement. Several different areas for benchmarking are discussed, including customer-focused benchmarking, external and internal benchmarking and the benchmarking of services, costs, time and productivity. The book provides forms, checklists, questionnaires and case studies to assist with the organisation of a benchmarking process. For novices to the benchmarking concept, this book serves as an useful primer on the topic.

Key Findings, Conclusions and Recommendations

One reason for the growing popularity of benchmarking is its ability to go beyond an analysis of products or services to an understanding of underlying processes - emphasising not only *what* gets done, but *how* this is accomplished. One of the advantages of benchmarking is that it focuses on performance, encourages learning and acts as a catalyst for improving program effectiveness.

The recommended process for benchmarking is broken down into the following components:

- *Phase I:* decide what to benchmark - identify the needs of your organisation, survey operations, identify and study the processes critical to end results and how they can be measured.
- *Phase II:* identify benchmarking partners - decide upon internal (comparison within an organisation) or external (comparison with another organisation) approach to benchmarking, and select best practice(s) for comparison.
- *Phase III:* gather and analyse information - gather information about own practices and those to be used as a basis for comparison, correct for non-comparable factors, sort and analyse information, identify performance gap(s).
- *Phase IV:* implementation - prepare a plan for achieving improvement indicated by benchmarking, redesign processes to achieve performance improvements, implement changes.

SECTION 1: introduction; SECTION 2: what is benchmarking ?; SECTION 3: phases of benchmarking; SECTION 4: benchmarking organisation; SECTION 5: what to benchmark; SECTION 6: benchmarking partners; SECTION 7: information gathering; SECTION 8: analysis; SECTION 9: implementation; SECTION 10: case histories; SECTION 11: follow-up and benchlearning; SECTION 12: work forms.

Tracy, Richard and Ellen Jean. 1993. Measuring Government Performance: Experimenting with Service Efforts and Accomplishments Reporting in Portland, Oregon. *Government Finance Review* (December): 11-14. (4 pages, ICURR Doc. GA 050, English)

Purpose

To discuss and assess the impact of Portland's experiences with performance measurement and reporting.

Key Definition(s)

Service efforts and accomplishments (SEA) are seen as one aspect of effectively using performance objectives in planning and budgeting (p. 11).

Summary

This article describes the process used by the City of Portland's auditor to define, collect, audit and report information called service efforts and accomplishments (SEA). In 1988, the city's audit department was authorised to experiment with the concept of service efforts and accomplishments reporting. Following a feasibility test, the new system began implementation in 1991. The city now releases an annual SEA report on the performance of Portland's six largest services: police, fire, parks recreation, water, wastewater and transportation.

Key Findings, Conclusions and Recommendations

The feasibility study that preceded the implementation of the SEA system found the need for better effectiveness and efficiency indicators. Each year since its inception, the city has spent less time and effort on the annual SEA reporting. The annual citizen satisfaction survey costs the city about \$17,000 USD per year. SEA reporting is an incremental process that tends to improve over time. Reporting of performance indicators creates a demand for more and better information among both city employees and the public.

The annual SEA report includes the following information on each service: objectives, goals and major activities; service area spending and staffing levels; service workload and demand data; and performance data on results, outcomes and efficiency. The report also summarises the results of a citizen satisfaction survey and compares service spending over time and between cities, and performance accomplishments to planned goals, standards or benchmarks.

The goals of the SEA reporting system are to improve public accountability, and to improve programs and services through providing useful information for decision-making purposes. SEA reporting and measurement are guided by the following principles:

- co-operative effort by city departments and city auditor that focuses on continuous improvement, not punishment or perfection.
- ensure the information is useful to managers and the public.
- use existing data where possible and co-ordinate with other performance reporting efforts.
- limit reporting to the largest and most visible services to avoid “information-overload”.
- simplify reporting language and use a limited number of reliable and valid indicators.

Portland’s SEA reporting system has demanded considerable staff effort and resource investment. However, the effects and benefits of the SEA reporting process justify the effort and investment. Positive impacts have been identified in program management, the budget process, citizen accountability and audit effectiveness:

- the process has enhanced clarity of purpose and performance measurement and led to program and service improvements in participating departments.
- the annual SEA reports have been used to assist council, budget analysts and the public in the budgetary review process.
- the SEA reports have been used by local groups to raise questions about the performance of government programs and have provoked debate and discussion in local newspapers.
- the reports have increased contact and co-operation between city departments and the auditor’s office.

Challenges for the SEA reporting system include: effective strategies for disseminating the information to the public, improving co-ordination with other levels of government to avoid duplication and creating incentives to encourage use of the data.

SECTION 1: designing the SEA report; SECTION 2: the SEA report cycle; SECTION 3: costs of SEA reporting; SECTION 4: effects and benefits; SECTION 5: lessons and challenges; SECTION 6: conclusions.



Appendix A

Selecting and Evaluating Performance Measures

Appropriateness and Validity	Do the measures relate to the objectives of the program ? Do they measure the extent to which customer needs or desires are being met ?
Completeness	Does the list of measures cover all or most of the program's objectives ?
Comprehensibility	Is the measure understandable ?
Controllability	Is the condition being measured at least partly the government's responsibility ?
Cost	Are the cost and staffing requirements necessary in order to collect the data reasonable ?
Timeliness of Feedback	Are the performance results available soon enough so that managers can act on the findings before the data becomes obsolete ?
Accuracy and Reliability	Can sufficiently accurate and reliable measurement data be obtained ?
Privacy and Confidentiality	Are there concerns for client or user privacy that will prevent analysts from obtaining the required information ?
Comparability	When comparing performance to other jurisdictions, are the measurements similar to those used by the other government so that productivity can be accurately compared ?

Source: *Leithe, Joni. 1997. Implementing Performance Measurement in Government, p. 10.*

Appendix B

Sample Plan for Implementing Performance Measurement

Plan an Approach

1. Secure managerial commitment and identify key stakeholders.
2. Establish a working group.
3. Decide on the purposes of and uses for measuring performance.

Develop and Implement

4. Select the activities and functions to be measured.
5. Establish goals and objectives for each activity/function.
6. Define a set of measures.
7. Identify data that are already available and those that are needed.
8. Define bases for comparison of performance over time to a target or another entity's performance.
9. Decide reporting formulas, frequency, and recipients.
10. Develop and implement the selected procedures and reports.

Periodically Assess and Evaluate

11. Audit performance data.
12. Estimate costs of the measurement of data.
13. Survey report recipients on usefulness of data.
14. Evaluate use of data in central and departmental planning, budgeting, and management processes.

Source: Leithe, Joni. 1997. Implementing Performance Measurement in Government, p. 13.

Appendix C

How Performance Measurement Relates to Management Reform Efforts

Reform Effort	Relation to Performance Measurement
Program Analysis <ul style="list-style-type: none">examination of alternative ways to reach public objectives.	May use performance measures of current method of service delivery to estimate performance of alternative methods.
Program Evaluation <ul style="list-style-type: none">identification of a program's short and long-term effects.	Attempts to pinpoint the cause of the results derived from performance measures.
Operations Analysis <ul style="list-style-type: none">examination of internal procedures to improve a program's performance.	Uses performance measurement data (especially efficiency data) to identify programs for analysis. Performance measurement provides data used in conducting the analysis.
Total Quality Management <ul style="list-style-type: none">performance of operations analysis on a continuing basis.	Uses performance measurement data as inputs to its analysis of program performance.

Source: *Leithe, Joni. 1997. Implementing Performance Measurement in Government, p. 19.*

Appendix D

Seven-Step Public Sector Benchmarking Process

Step 1: Determine which functional areas within your organisation will benefit most from benchmarking.

- give priority to functions that make up a high percentage of the organisation's cost, that are influential in shaping customer assessment of services, and that appear to show room for improvement or are capable of being improved.

Step 2: Identify the key performance variables to measure cost, quality and efficiency for the functions you have selected.

Step 3: Pick the best-in-class organisation for each benchmark item.

- “best-in-class” organisations are those that perform each function at the lowest cost or with the highest degree of quality or efficiency, and are usually comparable in size, structure and organisation, although this is not always the case.

Step 4: Measure the performance of the best-in-class organisations for each benchmark function.

Step 5: Measure your own performance for each benchmarked item, and identify the gaps between your organisation and the best-in-class organisation.

Step 6: Specify action and programs to close the gaps in your favour.

Step 7: Implement and monitor your benchmarking results.

Source: Ammons, David. 1995. Performance Measurement in Local Government, in Accountability for Performance: Measurement and Monitoring in Local Government, David Ammons (ed.), p. 27

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