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The use of performance indicators in local public services

Local and regional authorities in Europe, No. 63

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INTRODUCTION: PERFORMANCE EVALUATION AND LOCAL PUBLIC SERVICES

The provision of public services at local level implies the use of considerable financial resources which tend to increase in order to match the demand for services. The latter swells, in terms of quantity, because new needs appear and other acquire greater importance and the number of users increases; and also in terms of quality, because users wish the offer to improve and diversify.

The results attained, i.e. the services offered to citizens, are not necessarily proportional to the financial effort incurred, nor to the commitments of local authorities and their services. Increasingly important financial constraints and a growing attention paid by citizens to the use of public resources, imply taking the necessary measures to attain an optimal level of service provision performance.

Nevertheless, local public services performance evaluation can encounter opposition; first from the elected representatives who fear a misuse (for electoral purposes) of performance evaluation and who tend to consider such assessment as an intromission in the exercise of their competencies; secondly, from the staff of the service in question, who may feel questioned and judged. This opposition can only be overcome if the goals pursued with performance evaluation and the reasons that justify it are really understood and accepted, and if there is common agreement on the notion of "performance" applicable to local public services.

1. Reasons which justify performance evaluation of local public services

There are three reasons for periodic local public services performance evaluation. Firstly, such evaluation is a preliminary condition of any effort to rationalise service management. Secondly, it allows policy makers to improve their control over management and to take appropriate decisions while deciding on policy implementation. Finally, it fosters transparency of the public action.

Concerning **rationalisation of local public services management**, performance monitoring ensures that managers master the necessary information to define appropriate production strategies (in terms of diversity, amount and quality of the services provided).

It is a question of better knowledge of the service situation with a view to quicker detection of possible service failures. It is also a question of better observation of users' reaction to choices made and the evolution of users' needs, in order to re-orientate the public action on time and to ensure coherence with the needs.

Periodic performance evaluation can foster information and experience exchanges among services of different municipalities. Such exchanges - and the comparison of the options taken, methods employed and results attained - are a powerful tool for rationalisation, as they offer the services with lower performance the possibility to acquire the *know-how* they are lacking.

In addition, performance evaluation allows **the authority's effective control over the services it is responsible for**, by means of an *ex post use* of the performance evaluation system.

But, at the same time it allows policy-makers to take the appropriate decisions on policy options about local public services. This *ex ante* use of performance indicators has a definite influence on the political behaviour of the political class as a whole, since it allows for target definition and objectives establishment which are subject to verification.

Indeed, thanks to the information that performance evaluation provides, namely the correlation of services provided to users' expectations, local authorities are able to establish priorities in the field of local public services and decide on the available resources allocation resulting there from.

This information is most useful while policy makers have to decide on local public services management methods, namely while examining the suitability of choosing a private contractor instead of a direct management regime. The actual choice of the private contractor, the contract renewal or its cancellation, should be based on management results and their comparison with the results attained by other services under similar conditions.

In addition, local authorities are not the only ones to hold an interest in this field. A better knowledge of local public services, of the needs they try to satisfy and of those still not satisfied, and of the resources used, can be a guidance for national authorities when deciding on support and subsidies.

Finally, performance evaluation fosters the **transparency** of the public action. Indeed, the meaning that the term performance acquires in the area of local public services presupposes that any effort for improvement has to take into consideration users' needs and implies a better information to users, as well as their involvement while making choices.

Performance evaluation and information policy support each other. Performance evaluation provides citizens with information about goals, costs and results of local public services. This information allows citizens to have a concrete influence on the providers of the service and generates users' feedback. Thus, performance evaluation intensifies the relations between services and their users and transparency becomes a means of enhancing the quality of these services.

In short, performance evaluation serves at the same time the interests of managers, policy makers and users. If used correctly, it contributes to the strengthening of local democracy.

2. Notion of performance applicable to local public services

Is it suitable to apply to local public services the same performance criteria that is applied to private business or, on the contrary, it is necessary to leave aside all references to these criteria and seek an altogether different approach? In addition, is it possible to follow one single approach while local public service are so diverse? It seems that these questions can only be answered if one considers the role and the position of local public service in society.

In this connection, local public services are directly or indirectly called upon to further economic development and social welfare. Somehow they are located at the crossroads of the competition logic and the social logic. It is necessary to attain a balance allowing for the conjunction of the competition and the social logic, often perceived as contradictory forces.

The **competition logic** is imposed on local public services of a commercial or industrial nature. For these services, the presence of private companies which may provide the same services makes a management based on the cost-effectiveness criterium and on the improvement of the service provision quality indispensable.

However this logic applies also to the other services, the moment the financial allocations are limited. In addition, citizens increasingly compare their municipality quality of life with that of other municipalities in the same region, country or in other countries. Local public services are, therefore, forced to compete among themselves, whatever their nature.

There is a certain danger of overlooking or forgetting the social cohesion role that local public services are called upon to exert. When it becomes the ultimate aim, cost-effectiveness is in conflict with the **social logic**. If they shall not betray their role, local public services should be inspired by the solidarity value which implies choices on the extent and the nature of the services provided conducted by the public interest and not by the profit principle.

This does not mean that competition logic and social logic are contradictory, but only that it is necessary to achieve the best equilibrium between them, i.e. cost-effectiveness and solidarity value have to be conciliated.

Therefore, local public services **performance** should not be defined and evaluated exclusively in the same way as in private business. It depends on the balance to be struck between two requirements: the respect of financial constraints and the response to citizens-users' needs. This balance shall not be struck in the abstract and it has to be struck by policy makers in view of the situation of their municipalities.

The criteria to be considered, as in the case for private business, can be abridged to three principles: effectiveness, efficiency and economy. There is however a major difference, in the case of public services, effectiveness depends on social, rather than economic parameters.

Thus, the procedure to optimise local public services performance comprises: firstly, a correct evaluation of needs; secondly, objective definition and setting up of programmes in coherence with the needs established; thirdly, search for an adequate quality of the services provided in view of the needs; and finally, the search for better productivity and less cost in the provision of these services.

Such a procedure implies the use of indicators in order to appraise the situation of the services concerned and to monitor their development. The present report therefore aims at presenting the approach of different countries in the use of performance indicators in local public services, highlighting good practice examples and providing examples to policy-makers who envisage introducing performance evaluation systems or who are faced with problems related to the setting up of such systems.

PART ONE: PERFORMANCE INDICATORS: OBJECTIVE EVALUATION INSTRUMENTS APPLICABLE TO LOCAL PUBLIC SERVICES

A. Introduction to performance indicators

Local administration in all countries makes up budget and accounts – generally on a rather detailed level. Costs and use of labour activities are controlled by managers and political assemblies in all countries. The input side of the production has been in focus in most countries for a long time.

A new trend is to focus more on the output side. What is actually produced? Is production efficient? Is the quality of services going up or down? Do we reach the goals for activities? Performance indicators are developed to give some answers to those questions.

1. Definition and characteristics of performance indicators

In general, an indicator is a numeric result of a measurement of some kind. Sometimes a performance indicator could be a yes/no parameter, or a short attribute defining a service.

Performance indicators are used for evaluating the results of an activity and, at the same time, for expressing this activity in terms of, for instance:

- volume and quality of service provision;
- efficiency (relation between input and output);
- effectiveness (output contribution to final objectives);
- cost-effectiveness (costs in relation to output or final objectives).

They reflect the particular dimensions of performance which can be measured or strictly evaluated, they are regularly collected/calculated at reasonable costs and are comparable over time. Produced data could be used for analysing and comparing costs over time and between services, development of production over time or corresponding results from other similar organisations.

2. Possible data sources for performance indicators

In order to establish performance indicators, it is often possible to use existing information. However, sometimes new data has to be collected, for example via questionnaires.

a) Data on inputs

Costs. Information on costs in accounting systems is generally structured for following up budgets in terms of departments, wages and expenses. But given that performance indicators refer to a given service or activity, costs generally have to be structured in relation to activities, services or goals.

Thus use of cost-related performance indicators often leads to development of accounting regulations and systems. Furthermore, if costs for a local service should be compared with costs in other organisations, the elements for the calculation and the accounting regulations must be the same. Therefore, co-ordination between municipalities is necessary in this matter.
Use of resources. As in the case for costs, the use of personnel has to be related to the actual activity or service instead of the department. Time reporting systems could be used for this, but calculations are generally accurate in most situations.

b) Data on outputs/outcome

Current information routines on production. Data on output could normally be found in current information routines generally used for planning, production control, calculating fees etc. Most municipalities have information on number of pupils at school, kilometres of roads maintained, passengers transported on local buses, number of fires put out, etc.

However, the first step in performance management is to make a total list of output services. Such a study will, in many cases, expose the fact that output for some services is unknown. In these cases new data has to be collected. Also, the total picture of the whole production is not always put together and followed up in a comparable way from year to year. A systematic exploitation of existing information is the first step in using performance indicators.

Statistical routines. Statistical data has an advantage - they are well defined, they are comparable on a national level or on a regional level and they are available in databases. However, if information has been collected for statistical purposes, it sometimes has to be adjusted to be more accurate as a performance indicator.

Questionnaires. The reports show that questionnaires are used extensively for collection of data of more resident oriented services. The satisfaction level of users could be investigated through questionnaires, interviews, user panels and so on. *The United Kingdom* probably has the most experience in this field.

When questionnaires are used to obtain information for use as performance indicators, they have to be carefully designed. The same questions have to be asked in the same way for several years. The same population must be addressed, for example by a random selection of users. A change in formulating the question, or a change in the addressed population, can totally change the results.

Special surveys. The final outcome of an activity, performed by a municipality, generally is evaluated by the effects on the society as a whole. The final outcome of kindergartens could, for example, be found in areas like effects on children, parents who can take jobs, tax-income for the municipality, equality between men and women, etc. Generally these effects on the society have to be studied in special surveys using a variety of input sources as well as models for analysing.

c) Environment variables

Sometimes environmental variables could be used in constructing performance indicators - quality of water or traffic noise for example.

Another kind of variable is to relate information to inhabitants (e.g. employees per 1 000 residents or doctors per 1 000 residents).

d) Other data

Information could also be found in administration, financial systems, special studies, etc. Below are some examples of this kind of data:

- information on type of service (free/at a charge, by law/voluntary, etc.);
- information on type of producer (municipal, private, etc.);
- turnover or other indicators in financial management;
- charges and fees in relation to services, etc.

3. Analysis of some performance indicators that could be applied to local public services

a) Volume of service

Usually data is available on the volume of local public services: number of passengers transported, number of library visitors, number of applications or decisions, etc.

This data could be used in a more systematic way. This information could be given a more central position in annual reports and presented together in time series to make better use of the information.

b) Cost per unit

Cost per unit is a powerful performance indicator. This indicator is easy to understand by the public and by non-professional political representatives. For example the annual cost/pupil at school could be related to other schools (in the same or in another country).

In some countries, figures on "cost per unit" are collected and published on a comparable way on a nationwide scale. This is the case for example in *Denmark*, *Sweden* and *Norway*. There is also a growing interest in comparing costs per unit between countries.

Cost per unit is the base for productivity studies. In a productivity study this value is compared over time and modified with an index to eliminate the effects of inflation. Also adjustments for quality changes should be done. It is very valuable to be able to compare productivity development for various local services.

In more technical areas the "cost/unit" indicator is often used and has been for a long time. Most municipalities know the cost per 1 000 litres of water produced or the cost of collecting waste per house. When services are provided to users at the full price, this indicator is very accurate.

For other services however, this indicator could be difficult to present. Existing accounting systems do not always provide cost information in relation to a particular service. The trouble is to define the output unit. What is the output production unit in services like care of elderly persons? The process of developing relevant and reliable "cost per unit" indicators could take several years.

c) Quality indicators

In order to define service quality, it may be said that it represents the extent to which the nature of output and delivery meet user requirements. Important factors are timeliness, accessibility and continuity of service and level of comfort and courtesy in obtaining the service.

Sometimes, however, activities performed by municipalities also have other goals besides making the single user satisfied. Certain common objectives must be fulfilled - the service should be carried out within economic restrictions, members of the municipality should be treated equally, supply of service should focus on needs rather than on demand. The level of consumer satisfaction cannot be the sole quality indicator. Other factors also have to be considered.

In some technical areas measuring quality is reasonably easy. Quality in supply of electric power is mainly no interruptions and could be measured by technical equipment. Collection of waste could be measured by number of complaints for late collection or untidy handling.

But what is quality in care of elderly or teaching pupils at school? There is no single performance indicator available in these cases. And who should determine the quality - the producer, the user or a group of experts? Case studies show a variety of interesting approaches. Municipalities in several countries are working with projects of "Quality management". These projects represent a shift from traditional administration based on rules and procedures, to a more client/customer culture. These programmes will often lead to development of operational goals and measuring techniques.

Accessibility. Accessibility is a form of quality indicator. Goals could be set and measured in many ways. Some examples are:

- library opening hours;
- waiting time for a place in a nursing home;
- percentage of pupils having their first choice of education in secondary school;
- percentage of industries given help for protection of environment.

Consumer satisfaction level. To evaluate the consumer satisfaction level of service production, it is generally necessary to ask the users. In *the United Kingdom* there is a systematic effort to tackle this problem. The users are requested to answer detailed questions - "Do the dustbin collectors leave the area clean and tidy? Do they close the gate?" and so on. From this, an overall satisfaction index could be monitored.

In *Norway* the market research institute has developed a national survey instrument measuring consumer satisfaction of many local and central government services.

In *Sweden* the same kind of survey is made by the Swedish Association of Local Authorities. In addition, in the municipality of Nacka, Local Government have set explicit goals for most activities. Every goal should be measured by a set of performance indicators. For example "At least 80% of parents and 60% of pupils should be satisfied with the school and school environment". The goal is evaluated by questionnaires annually.

Another type of user surveys are attitude surveys and need surveys. An *attitude survey* seeks to evaluate the perception of the service supply. These studies can explain why changes in consumer satisfaction level occur. *Need surveys* aim at mapping living conditions and the present and future service needs of the residential population.

Examples of quality indicators for a complex service. For more complex services, different elements may come into play for measuring quality. For example, as regards education, the following may be considered:

- test results and reports;
- average number of pupils per class;
- percentage of pupils accepted in the next education level;
- percentage of examinations and dropouts;
- education level on teachers;
- special courses and leisure-time activities available;
- standard on premises and equipment;
- access to computers;
- special services for the disabled;
- pupils' and parents' level of satisfaction.

There also are reported methods to evaluate quality in central administration and other parts of the organisation with more complex tasks.

d) Quantitative relations between service offered and demand

Supply and demand for technical services, like energy and water, could often be measured by simple means. However, what is the actual demand for child-care or hospital operations? It depends on service available, charges, alternative services and several other factors.

Sometimes measuring the queue for a certain service is possible. How long does a patient have to wait for an operation? This is a simple measurement, but those who stand in a queue can have very different needs. Sometimes more sophisticated performance indicators have to be found. It takes many considerations to define performance indicators for a supply/demand relation.

e) Effectiveness

Effectiveness is probably the most important factor for public services. Services may be provided economically and efficiently but if they do not achieve their intended objective, the resources used could be wasted. However, this is a more difficult area of performing measurement, mainly because of difficulties in defining goals/objectives. Political intentions must be interpreted into more operational goals - a difficult process. In addition, the relation between a particular output and a particular goal/objective can be difficult to establish.

Effectiveness must be separated from efficiency. In constructing a new road, efficiency might be measured by cost per kilometre. Effectiveness in this example is costs in relation to reduced travel time, reduced transport costs, reduced number of accidents, etc.

In the reports from different countries there are almost no examples of performance indicators reflecting effectiveness from areas like education, social welfare, health-care, care of the elderly and other costly activities. However, effectiveness can be inferred in broad terms from other indicators. If there are relevant and reliable performance indicators available, more complex studies of effectiveness will be easier.

B. Practical use of performance indicators for the assessment of local public services

1. Introduction from the above or from the bottom

Who should develop performance indicators and initiate the use of them: the government, local authorities or local production units themselves? There is no single answer. The need for cost-control in local authorities is sometimes the first step in developing performance indicators. In other cases the national level is very active in enhancing development.

In *Germany* the public sector modernization has a "bottom-up" character with a variety of elements from individual and group approaches. Several local authorities pursue the development of comparable measures. The *Association of Local Authorities for Administrative Simplification* (KGSt - *Kommunale Gemeinschaftsstelle für Verwaltungsvereinfachung*) in Cologne is planning to establish a co-ordinated activity to enhance the possibilities of comparison which are so far limited.

A centralised approach facilitates the global application of performance evaluation but can give problems with acceptance from local authorities. In order to overcome this difficulty, consultations between the state and local authorities with a view to a better understanding of each other are advisable.

In the *United Kingdom*, the Citizen's Charter initiative is an example of this centralised approach. However, despite the fact that it constitutes a *top-down* approach, it was introduced at a time when a number of municipalities across the country had already developed ways of measuring their performance to meet the service commitments made in their own local charters.

Perhaps a good solution would be to launch an interactive process involving the various managing and political units at local and national level - a mixed approach of "bottom up" and "top-down". The degree of self governance and traditions however varies between countries and there is no general solution.

2. Approaches for different objectives

a) Rationalising service management

A first objective for use of performance indicators is to rationalise service management.

Performance indicators could be used for analysing of results/outcome vs costs over time and between services, development of production over time, corresponding results from other similar organisations, goals or expectations. A general observation is that performance measurement is a powerful instrument for improving productivity – “what gets measured gets done”.

If there is a way to show that the same level of service could be produced at lower costs somewhere else, this will generate actions from managers and politicians to improve the process of work. Experience from several cases shows that cost could be lowered and quality could be improved, at the same time. Performance comparisons could be used to find the most efficient production process and to make adjustments in the less efficient units.

There have been a few international studies comparing local services, for example within the Scandinavian countries. The growing interest in making comparisons on the national or international level leads to specific demands on the local level. The development and the use of performance indicators will benefit from co-ordination, between municipalities and between countries.

b) Improving political control

A second objective for using performance indicators is to improve political control over the management of services.

In some countries there is a problem with increasing local differences in local welfare services. Performance indicators could be used at the national level to monitor the results of the service production (quantity and quality in relation to needs) and compare these results to national goals or objectives.

Denmark has probably the most sophisticated system for collecting performance indicators, costs and statistical information on a national level and making these data comparable. A database and a book is published on a yearly basis with all the information for all the municipalities and regions.

In some municipalities Local Government sets out measurable goals for all activities. Performance is followed up by well-defined performance indicators. The case study of *Sweden* includes the case of the municipality of Nacka which, for example, pursues the following overall goals:

- to satisfy residents' requirements where the majority should consider that priorities are related to the needs, that the personnel is competent and services oriented towards the user (results measured by survey of attitudes);
- “Municipality should be one of the twenty-five most cost-effective municipalities” (results measured by financial reports and statistics).
- furthermore, additional goals are set up for every specific activity.

c) Improving the transparency of public action

A third objective for the use of performance indicators is to improve the transparency of public action.

Better information to users and the members of the municipality is essential for democratic reasons. It is important to show how the tax money is spent and the results of different activities. It is also important to inform the public of the choices of service available, quality aspects, etc.

In *Denmark* some municipalities and regional authorities have prepared formal codes of civil rights of home-help services, day-care of children, deadlines for authorities to reply on service requests, etc. Presently a legislation has been put forward requiring the municipal or regional council to state its service development objectives for the years ahead. As part of this requirement, the council is also required to notify the content and scope of those services which will be offered to the public.

3. Use of performance indicators in local government

It is probably correct to state that performance indicators in most cases are used as complementary information in management control. In a few municipalities, management uses performance indicators more formally in planning, budget-procedures and evaluation. Examples are reported from *Germany, Denmark, Sweden* and *France,* but only in a few municipalities or in limited sectors.

In *Denmark* several municipal and regional authorities have prepared formal codes of civil rights (guarantees) for many local services. According to recent legislation, goals are to be expressed and followed up every two years in terms of performance indicators.

In *Sweden* a few municipalities use performance indicators for political and administrative control of most of the activities they are responsible for. This is the case in the municipality of Nacka for example, mentioned above.

Communities in *France* rarely have at their disposal instruments to measure the performance of local public services. Some major cities however have accounting methods for recording the full costs of local services. The town council of Asnières uses "performance charts" with forty-nine indicators. Other towns and municipalities also use performance charts.

In Germany the development of performance indicators has reached high levels in a number of municipalities/towns. In member towns of the "Bertelsman-Foundation Group" performance indicators are established in all fields and measurements have started in most areas. For example "Saarbruecken" is working with a Total Quality Management (TQM) approach. Here the quality aspect is in the focus of measuring.

In *the United Kingdom* the "Citizen's Charter" initiative has the explicit aim: "to make public services answer better to wishes of their users and to raise quality overall". At present, there are forty main charters covering all the key public services, setting out the standards of service people can expect to receive. There are also numerous local charters covering local service providers. The publication of local authority performance indicators is a Citizen's Charter commitment brought into effect by the Local Government Act 1992.

4. Use of performance indicators in national government

In *Denmark* the Ministry of the Interior publishes a book on "Local Authority Key Data". This book has been published since 1984 and contains information on each municipality's local services and performance indicators related to these services. The Ministry of Social Affairs has a publication "The Social Map of Denmark".

The same type of information is available in *Sweden*, where the Ministry of Finance also makes an annual report to the Parliament on the performance in municipalities and county councils. Output indicators are published by central agencies in a comparable way.

In *Spain* there is very little information available today on the central level. Programmes partly financed by the European Union involve a statutory obligation of evaluation of activities. Thus, in several areas performance evaluation is enforced.

In *Norway* the Cabinet presents an annual report to the Parliament with a set of performance indicators on local services. Norway also maintains a data base that combines demographic data, data on man-years in various sectors, number of users, budgetary data, current expenditures per inhabitant, performance indicators, potential demand for a particular service, availability, etc.

In *the United Kingdom* the Audit Commission is an "independent watchdog" for local government and health service. They have a set of performance indicators to measure economy, efficiency and effectiveness on a comparable national level. The target audience for this is the public and in general every person connected with the service provision. Results are published.

In *France* there was a national major survey made in 1988 that includes data on public services. National agencies collect some data of local services.

In *Germany* the development of performance indicators is a bottom-up approach. There are few comparable data.

5. Areas in which performance indicators are used

Basic performance indicators could be used for most production or service oriented activities. In technical areas like energy and water supply, handling of sewage, maintaining roads, etc., there is generally a good tradition of using performance indicators. The reason is that output is easy to measure, performance figures are used for calculating fees and technical people are trained to use measured results.

In other areas performance indicators have a shorter history. Activities like child-care, school, care of the elderly is often in focus of political interest and new management techniques have been introduced in production. To be able to discuss and analyse performance and productivity - politicians, management and the public need performance indicators.

In the important work on the protection of the environment, it is often possible to define goals and results in terms of performance indicators.

Attitudes by users and the public are of obvious interest to local government. Techniques have been developed to measure attitudes in a rather reliable matter.

6. Levels of performance indicators used

Performance indicators could be ordered in degree of sophistication as follows:

Input, output and input/output indicators. This is a simple form of showing what is going into a process and what is coming out. Existing data is used in most cases.

Indicators which are well-defined and comparable between organisations and municipalities. In this level local services, quality and costs are measured in relation to defined services. Well-defined performance indicators are used together with certain standards in order to make results comparable.

Indicators in relation to goals or objectives. This level is the most advanced and requires definition of goals in measurable terms. Performance indicators show effectiveness and cost effectiveness. This level often requires political decisions, research and advanced studies.

7. Objectives, difficulties overcome and results

a) Objectives

The use of performance indicators in local government has several aims:

- to show the residents what service they get for the tax money;
- internal control within the local production unit;
- external control – from political assemblies or management;
- audits and comparative studies;
- control of external private producers of public service – contract stipulations and following up parameters;
- performance related-wages to individuals or groups;
- provide a basis for condensed reports to Government or Parliament (statistics and national agency information).

b) Constraints on introducing performance measurement

The development of performance indicators shows some typical obstacles and problems, which are quite similar in most countries:

- Inadequate skills. Design of performance indicators requires specific skills;

- Unsatisfactorily goal-setting. General goals for activities must be able to break down to some operational goals. This must be done in dialogue between the political level and management level;

- Lack of cost information. Costs in relation to output are difficult to establish for certain services. Performance management and development of financial information must go hand in hand;

- Alienation of staff. Promoting performance measurement can be difficult if it is seen merely as a part of a cost-cutting exercise;

- Lack of interest from political assemblies. Performance measurement could give political problems when indicators show bad results;

- Consistency and reliability. The trick is to find relevant indicators;

- Existing regulations. Accounting regulations, statistic regulations and established procedures for reports and control can be an obstacle.

c) Results

The case studies show that the use of performance indicators is increasing. In several countries it is national policy to improve performance management and quality measurement. Performance management is shown to be a powerful instrument - "What gets measured, gets done".

Good examples show that problems mentioned above can be solved. The main way to overcome different difficulties is to improve knowledge. One recommended way is highlighting good examples on a national and international level. Extensive development work is done and much research is going on in this field.

Some political representatives think that performance management is a good tool to control activities. Others have the opposite opinion. Given the same activity some municipalities have better experience than others. Probably there is a relation between the effort to develop measure methods, educate personnel, political back-up and the degree of positive experience.

The main objective of performance measurement in public organisations is to support *better decision-taking* leading to an improved outcome for the community. Other objectives (improve performance or quality, cutting costs, inform the public, etc.) are derived from this. In some municipalities, activity for informing the public is stressed. In other municipalities the use for local management is in focus. In some countries the use for national following-up-activities and comparisons between municipalities is important.

Better performance information could be used on a national level to support a political discussion of the need for changes in laws, the general size of grants and financial equalisation.

In some countries the local services produced by municipalities meet competition. One form of competition is privately financed (contracting-out) services as an alternative to in-house-production. Local government can choose between internal and external producers of the same service. The competitive situation makes every local service-producing unit eager to measure production, quality, user acceptance and costs.

Installations of computer systems provide an excellent opportunity for modernising service management and introducing performance indicators. When introducing support systems for a certain activity, data is collected and processed in a standardized way. In a few cases there are nationwide systems for collecting local data on a detailed level.

8. Perspectives for evolution

Performance management is a trend that will be in focus for many years. Nevertheless, the method will probably be more influenced by political or human/cultural factors in the future. The process of introducing performance management will take many years - and most countries are just beginning.

Development of performance indicators can be seen as a technical process. A lot of consultants are working with the theoretical and practical aspects of performance measurement. However, performance management can initiate a dramatic change in the existing culture in public management. Political objectives have to be clarified and the control of activities and the organisational structure could be totally changed. A better information of output and outcome also could lead to holding political leaders or management responsible

- good or bad results will be brought more into the open.

Performance management could be used for decentralisation of responsibilities (to grant increased autonomy) or for more extensive control from the state level. Responsibility can now be more clearly determined and rewards and sanctions may be applied, though to different extents in different countries. It is important to combine this technique with an overall administration policy.

Performance management calls for the motivation of staff. It requires the staff to embrace a culture based on performance and "doing more for less". The leadership must provide signals and incentives which can successfully change the culture in this way.

In some countries local government wants to give public production units more responsibility. This could be done with some sort of a "contract" between the political assemblies and local management, specifying the expected outcome in terms of performance indicators. The production units are free to choose different ways to achieve the specified outcome. The same technique also could be used to create better possibilities for the "contracting-out" of a service. This will stimulate competition and in some countries this aspect is important. Implementing successful contracts between a municipality and a private producer of a public service requires - among other things - established performance indicators.

It is desirable that the Government or Parliament should demand and support performance measurement. This kind of decision has been taken in for example *the United Kingdom, Norway*, *Denmark* and *Sweden*. Management cannot use performance management if the political levels are passive or negative. Some decision also needs to be taken by political assemblies to change existing regulations (goals, accounting regulations, statistics collection, etc.).

C. Conclusions of the CDLR

1. General points

Public services are increasingly subjected to requirements which are difficult to reconcile with each other: costs must be cut in order to balance budgets, yet a wider range of better services is called for, with equivalent provision throughout the country.

Constant improvements to public services are thus of common concern to every single state. The use of evaluation systems and performance indicators seems likely to foster efforts to modernise the provision of local public services.

Performance evaluation is also a way of giving more effective control to elected local and regional bodies over the way in which public resources are used and public services managed; it ought to be a factor in the choice of policy options, especially when decisions are taken about a management system for local public services.

Performance evaluation also enables users to obtain adequate information about services, ensures that public action is easier to understand and, where appropriate, makes possible greater participation by citizens in decisions about the organisation of services and the provision they are to make.

It would thus be advisable for every significant local public service to be periodically evaluated, in order to promote an effective, efficient, high quality service and an appropriate allocation of resources.

Nevertheless, a local public service evaluation system would not be able to achieve all these targets unless certain conditions were complied with.

Firstly, it should not be forgotten that local public services are a concrete expression of local self-government, and that it is local and regional authorities which are responsible for providing such services in their areas. So when any attempt is made to set up service performance evaluation systems, account must be taken of the powers held by each tier of government, as well as of the subsidiarity principle.

Next, an agreement must be reached on a single methodology and set of definitions, failing which it would be impossible to make measurements comparable across time and space. In this context, the analytical instruments to be used must be geared to the large numbers of public services, and flexible enough to allow for the considerable differences which exist between local/regional authorities and for the situations in which they exist.

Sufficiently wide application is the third condition. Depending on each country's specific situation, this may either stem from obligations imposed on the authorities concerned or have their spontaneous backing. It is certainly easier to obtain such support if these authorities are involved in defining the methods they are asked to apply and if this methodology allows step-by-step implementation so that each authority can choose the point at which it embarks on the process.

It is also necessary for the application of the system to be consistent over a period of time and for regular, accurate and comprehensive results of the evaluation to be made available. It would appear that use is sometimes made of performance evaluation for political ends, only positive findings reflecting well on current policies being reported, but such practices are misleading and it is vital that they be avoided.

Finally, the complexity of the exercise and the requisite technical and financial resources may be beyond the authorities concerned, in which case appropriate forms of assistance must be provided at regional or national level.

On the basis of the above considerations, certain courses of action may be suggested to central, regional and local authorities, the respective roles of each being taken into account.

2. *Possible courses of action for member states' governments*

Case studies show that the state has no monopoly on ideas for modernising the public sector, which may well be effected "from below". As the adoption of local public service performance evaluation systems depends on uniform indicators for each service or category of service, however, it is difficult to introduce them widely unless central government fosters and supports such a movement.

In this context, a distinction may be made between four different levels of state intervention: the definition of a national information policy; the adoption of measures intended to encourage local or regional authorities to take action; the creation of specific support structures; the laying down of guidelines or of a reference framework.

Each state is responsible for judging the expediency of intervening at one or more levels, and for determining the extent of this action, in the light of its own situation and that of its constituent authorities.

a) Definition of a national information policy

The national information policy should pursue two aims: it should give citizens in general, and users, in particular, access to essential information about local public services (objectives, financial resources, results, etc.), and it should promote the comparing of experience by local and regional authorities which have adopted an evaluation system.

These targets are properly met if the available information about the services provided by local and regional authorities is published nationally each year, in a form which can be understood by the general public.

Innovative experiments and the more significant findings should be given a certain amount of publicity, either through the same publication or in reports available to the public and distributed to the various authorities.

b) Adoption of measures likely to encourage local or regional authorities to take action

Periodical studies of the major local public services might be conducted, not only to improve monitoring of local activities, but also to foster the creation, for the services concerned, of common methods and instruments and to promote good practice.

The publicity given to good practice and to the results achieved is in itself sufficient to give impetus to the activity of local and regional authorities. The tendency will then be for a healthy spirit of competition to develop and for a desire to improve to assert itself within the authorities concerned.

The holding of national seminars for elected representatives and staff of local and regional authorities, or even the organisation of real training courses, might also help to change ways of thinking and prepare the ground for the introduction or further development of an evaluation system.

It would be feasible to go much further, for instance linking the state's financial contribution to some of the expenditure in the context of local public services, especially on equipment, to the existence of a performance evaluation system (or even to the achievement of certain results to be measured by such a system).

c) The creation of specific support structures

The application of a performance evaluation system is a complex process which may, at the outset, require human and financial resources not available to all the authorities concerned.

It is nevertheless essential that each authority wishing to do so should be able to improve its service management. The central authorities must therefore give serious consideration to ways of easing the technical and financial problems encountered by local and regional authorities.

One first way of helping might be to arrange for a study of the needs of authorities wishing to introduce a performance evaluation system, in terms of material, staff and skills, and for a cost assessment. Specialist central government staff might be asked to conduct “audits” of this kind, or to help the authorities concerned to carry them out themselves.

The collection and application of statistical or other information for the purposes of performance evaluation may also require the use of resources not available to the authorities concerned, or which they are unable to release with the necessary speed.

The central authorities could therefore set up a system for collecting information, involving national or regional management centres which, in agreement with the authorities concerned, would also be responsible for processing the data relating to local public services, and particularly performance indicators. Alternatively, the central authorities could give financial support to the initiatives along these lines taken by local and regional authorities.

It may be useful to point out that the joint expenditure of state and local and regional authorities in this field can but be well below the total cost of all the individual schemes superseded by this coordinated effort. The investments made, in the longer term, should also bring both management savings for local and regional authorities and an improved provision of local public services.

d) The laying down of guidelines or of a reference framework

In some cases, it may be considered that the central authorities should do more than inform, promote and assist, and that local and regional authorities' efforts need to be guided towards a certain degree of homogeneity of action and results throughout the country.

Indeed, it has already been pointed out that any performance evaluation system must make it possible to compare the results achieved by all the authorities concerned. In other words, harmonisation is crucial to the system.

So the state may opt to define a policy on local public service performance evaluation, including a set of guiding principles indicating how the local public sector should embrace and make use of performance evaluation.

It would be advisable to include the following:

- an information production system fostering the use of separate accounting for every local or regional service, so that costs can be evaluated appropriately and the facts are clearly understandable;

- standardised indicators for each major local public service or category of service (relating to, for example, productivity, quality of service, effectiveness, user satisfaction, and so on), which local and regional authorities could (or should) use to determine how well their services are performing.

It is not essential for these elements to be imposed “from above”. On the contrary, it seems preferable for local and regional authorities to be involved in the defining of the reference framework, since it can only be easier for them to accept the system if their needs and problems have been duly taken into account. Furthermore, a reference framework defined in this way might not be binding, or might involve a reasonable adaptation period for authorities in a situation which prevents them from implementing the adopted system immediately.

What is more, when local and regional authorities have obligations imposed on them, the state should give them every possible assistance by adopting appropriate measures and structures.

3. Possible courses of action for local and regional authorities

Whatever the extent to which the state intervenes, local and regional authorities remain responsible for the services they manage, so they have to play an active role in the modernisation process entailed by the introduction of a performance evaluation system.

Practical action could be taken in the following fields: local and regional information policy; implementation of the evaluation system; adoption of measures likely to improve the management of local public services.

a) Setting-up of a local and regional information policy

The existence of a national information policy cannot on its own fully meet the need for citizens/users to be appropriately informed about the operation of local public services.

It is first and foremost a matter for the local and regional authorities to decide their own information policies, publicising the objectives of the public services for which they are responsible and periodically providing residents with adequate information about the services provided and results achieved, in the light of the objectives set.

This policy should also be intended not only to ensure that public action is easily understood, but also to create communication channels enabling members of the public to voice their opinion of the management of the services they receive.

In short, a real dialogue needs to be not only started between the authorities (and the staff responsible for local public services) and residents, but also stimulated by giving citizens the opportunity, on the basis of full information, to express their views of past and future decisions.

b) Implementation of the evaluation system

Even where the state imposes no obligations, local and regional authorities should make an effort to plan staged application of a system for evaluating the performance of their services, possibly along lines laid down nationally. In this context they could base themselves upon the large numbers of experiments already carried out in various countries.

Separate accounting for each service is the first step, without which there seems little likelihood of obtaining reliable information and data which can be compared across time and space.

In order to avoid disjointed schemes, networks could be set up to foster concerted efforts, adopt common indicators and standardise ways of measuring the performance of certain services, making them comparable. National (or regional) associations of local authorities could play a significant role in this sphere.

Where specific structures are set up by a state to process statistical or other information concerning local public services, it is vital for local and regional authorities to play an active part in the information collecting system and to pass to the national or regional management centres all the data and indicators at their disposal.

Should a state take no action of this kind it would be advisable for the authorities to study forms of co-operation between themselves, with a view to comparing information and experience and using a common method to study them.

c) Adoption of measures likely to improve the management of local public services

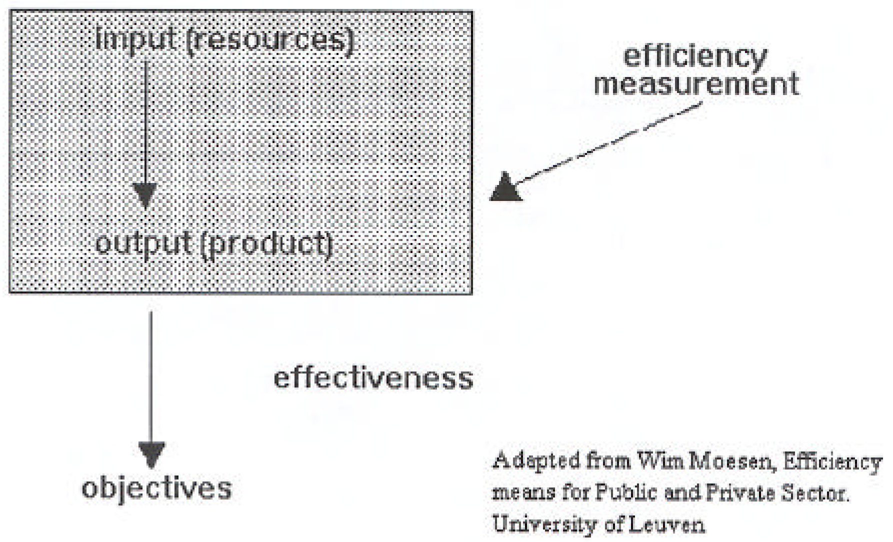
The use of indicators to measure performance is a management instrument. The ultimate aim is not to appraise a situation, but to improve the service concerned (in terms of effectiveness, efficiency and economy) and to satisfy its users.

The findings of evaluations have to be taken seriously by both management and those who bear political responsibility for policy. The latter in particular should take performance evaluation results into account when they take decisions on arrangements for the management of local public services, such as when they decide whether it would be advisable to manage a service directly or to ask a private firm to do the job.

When a private firm is given the task, it should be placed under an obligation to provide service users and the responsible authorities with appropriate information, including data and indicators needed to evaluate its work.

***PART TWO*: EXAMPLES OF THE USE OF PERFORMANCE INDICATORS IN LOCAL PUBLIC SERVICES**

Performance can be evaluated in relation to different criteria: financial cost-effectiveness, efficiency (or production efficiency) and effectiveness in relation to objectives. The three examples that follow concern efficiency measurement. The later is not the only possible approach to performance evaluation. However it has the advantage of accurate measurement methods.



An activity is efficient if it allows for the maximising of service production (output) for a given input use, or if it allows a given production to be attained with a minimum resource use (input). The efficiency measurement techniques allow the consideration of the service quantity as well as the quality. All of these techniques are based of comparisons between groups in space or, more rarely, in time. Information is derived from these comparisons with the intention of enabling an organisation to improve performances. The focus is put either on cost per unit, or on the relation between inputs and outputs. However, this method of measuring efficiency does not make it possible to assess to what extent objectives have been achieved.

A. Analysis framework

1. General remarks

In a study on efficiency - which will be referred to as production efficiency - it is not possible to take into account all the factors which have an impact on the provision of a service. Only the principal variables should be considered. Consequently, the purpose of production efficiency measurement is to give an initial indication rather than an authoritative judgement.

A department which uses too many resources to produce the service will be classed as inefficient. However, this inefficiency may be explained, at least in part, by factors not taken into account in the model (topographical features of the municipality, a hospital which has more complex cases to deal with, etc.) or by errors in measurement.

Production efficiency is always measured in relation to other departments or firms offering the same services. This is a relative concept. To classify a department as inefficient means quite simply that another has been found which performs better. It is therefore important to look more closely at the degree of production efficiency. A low level of production efficiency should prompt the authorities to ask a number of questions and to carry out a detailed study of the situation [internal evaluation, commissioning experts to carry out a review, a study of more efficient departments in order to understand why they perform better ("bench-marking")].

However one must also bear in mind that carrying out a study on the performance of administrative services is bound to provoke defensive reactions. The administration in question may be tempted to argue that each department is organised in a unique way and cannot therefore be compared with any other. So it is essential that the principle and method of evaluation be accepted by the departments directly concerned.

2. Conditions of application

This can be summed up in the following way:

- service production can be expressed in terms of one or more quantitative indicators;

- availability of data on a sufficient number of departments since efficiency measurement is based on comparisons.

3. Stages in performance analysis

In short, any study of productive efficiency should include the following stages:

- selection of the administrative department to be assessed;

- acquisition of service provision data for a sufficient number of administrations to enable comparisons to be made;

- list of the various tasks or services generally carried out by the administrative service in question (definition of output);

- identification of tasks common to the majority of the entities under study to avoid comparing what cannot be compared;

- choice of method (parametric or non-parametric) to link inputs to outputs (cf Thiry and Tulkens 1988; Fried *et al*. 1993);

- productive efficiency measurement.

4. Possible fields of application

The available literature covers a large number of applications in diverse fields. However, it will be noted that the most frequent studies have been in technical fields rather than social services. Products and quality are more easily measurable in technical spheres.

a) Municipal services as a whole

b) Technical services

- refuse collection;
- power supply;
- post;
- telecommunications;
- transport;
- electricity generation;
- environment;
- ambulance services.

c) Social services

- education;
- hospitals;
- security;
- crèches;
- homes for the disabled;
- public libraries.

d) Administrative services

- accountancy and financial services;
- tax offices;
- registry offices;
- courts.

5. Conditions to ensure the study is actually used to improve performance

A number of precautions need to be taken to avoid defensive reactions from departments being assessed:

- present the objectives;
- explain the principles of the method;
- guarantee confidentiality.

B. Application to urban public transport

1. Preliminary remarks

Considerable work has been carried out on measuring productive efficiency in the field of public transport, and in particular in urban transport (cf 3.6 References). It is possible to identify good quantitative indicators to measure production (outputs) and also the factors which make production possible (inputs). In addition, published statistics will normally provide the data required for an analysis of productive efficiency.

The example uses fictitious data. It is offered simply as a means of showing the principles of the method, what sort of information is required for it to be applied and in what form the results should be presented. It refers to passenger transport in an urban environment.

The example compares the performances of ten urban transport companies (designated by the letters *A* – *J*). It is assumed that the study has been carried out at the request of the supervisory authorities of the public transport company of town *A*.

2. Characteristics of the service

The first stage of performance analysis is a thorough understanding of the way in which the service is provided (identification of the inputs and outputs) and identification of the factors (referred to hereafter as the environmental variables) likely to make the provision of the service more or less difficult and costly (e.g. vehicles able to use dedicated lanes or having to use the same roads as private traffic). The method is based on comparisons and avoids comparing what cannot be compared.

a) Products (outputs)

- seats/places per km per month;
- vehicles per km per month;
- number of passengers per km per month[1].

In addition to the variables describing the quantities produced, consideration also has to be given to the quality of the service. The following indicators are frequently used:

- frequency of stops (measured by the distance between two stops);
- frequency of service (average interval in minutes between vehicles);
- comfort (ratio between seats and total number of places available);
- incidence of delays in relation to the published timetable.

b) Resources (inputs)

Labour factor:
- number of hours worked per month by all staff;
- number of staff (full-time equivalent).

Capital factor:
- number of vehicles;
- total number of places available in the fleet.

1 A distinction is sometimes made between products depending on whether they are provided at peak-time or off-peak time. Note that the first two indicators reflect transport supply whereas the third refers to transport demand.

Energy:

- energy consumption (in thousands of kW-hr)[1].

c) Environmental variables

- total length of lines;
- total number of lines divided by the area covered (network density measurement);
- population covered;
- population density;
- indicator of traffic congestion.

In the analysis, environmental variables are included with inputs.

3. Partial productivity indicators

Production efficiency can be measured by dividing the output (in this case the number of seats/places per km available) by one of the inputs. In general, only labour and capital factors are used. The average staff productivity and average fleet productivity (Gathon 1988) can then be measured. The advantage of this type of measurement is that it is straightforward and easily understandable. Measurement of average individual productivity can highlight overmanning or over-capacity of the vehicles in relation to needs as inefficiency factors.

Town	Places per km available *in millions*	Number of staff	Places in fleet	Average staff productivity*	Average fleet productivity**
A	410	240	5 100	1 708.3	80.4
B	1 374	551	11 722	2 493.6	117.2
C	650	215	4 750	3 023.3	136.8
D	4 624	2 627	60 124	1 760.2	76.9
E	5 370	2 821	65 640	1 903.6	81.8
F	550	174	3 670	3 160.9	149.9
G	222	146	3 175	1 520.5	69.9
H	5 272	4 421	92 640	1 192.5	56.9
I	1 671	449	8 871	3 721.6	188.4
J	402	271	5 421	1 483.4	74.2

* in 1 000 places per km per employee
** average number of kilometres covered by the vehicles (in thousands)

1 Diesel consumption is converted into *Kw-hr*.

4. *Productive efficiency measurement*

The productive efficiency is measured by comparing each transport company with all the others[1]. A company is deemed to be inefficient if another company among those being assessed is found to have higher production (output) and lower consumption of all factors (inputs). Generally speaking, it is preferable to measure production efficiency in relation to outputs and inputs separately.

a) Efficiency measured in terms of outputs

Company *A* is deemed to be inefficient in terms of outputs if one or more companies have higher production with equal or lower inputs. An inefficient company may be surpassed by one or more companies. It is the best performer which must be used to measure the degree of production efficiency of company A. The degree of production efficiency of an efficient company is traditionally said to be 100[2]. Often efficiency is undetermined (if a firm performs no better nor worse than any other). So that there are not too many firms in this category, it is necessary to compare a fairly sizeable number of examples and not to introduce too many variables.

b) Productive efficiency measured in terms of outputs

Town	Efficiency	Degree of efficiency	Best performer	Shortfall in production (in millions of places per km)
A	inefficient	63.1	C	240
B	inefficient	82.2	I	297
C	efficient	100		
D	undetermined*	(100)		
E	efficient	100		
F	efficient	100		
G	undetermined*	(100)		
H	inefficient	98.2	E	98
I	efficient	100		
J	inefficient	61.8	C	248

(*) efficient by default

1 The method chosen for the three examples is known as FDH or "free disposal hull" (Tulkens *et al*. 1988)

2 For details on calculating the degree of production efficiency of inefficient companies, see Tulkens et al 1988 or Burgat P. and C. Jeanrenaud (1990) *Mesure de l'efficacité productive et de l'efficacité-coût: cas des déchets ménagers en Suisse*, WP 9002, IRER-University of Neuchâtel, Neuchâtel.

The information contained in the table can be interpreted as follows. The transport companies in towns *A*, *B*, *H* and *J* are inefficient in that they offer too few places per km given their labour force and the size of their fleet. Consequently, the company in town *A* manages to deliver only 61% of what could be expected from an efficient company. With an equal or lower level of inputs, company C, which performs better, offers an additional 240 million places per km. *C, I, E* and *F* are efficient since among all the companies studied none delivers more with equal or lower inputs. The degree of efficiency (Column 3) is a relative measurement (obtained by comparison) and not an absolute figure.

c) Production efficiency measured in terms of inputs

A company is considered to be inefficient in terms of inputs if there are one or more companies which use lower levels of inputs and which produce the same or a higher level of output.

In the following example just one output (number of places per km) and two inputs (number of staff (in full-time equivalent) are taken into consideration, and the total number of places available in the fleet).

d) Productive efficiency measured in terms of inputs

Town	Efficiency	Degree of efficiency	Best performer	Input consumption surplus	
				Staff	Total places
A	inefficient	72.5	F	66	1 430
B	inefficient	81.5	I	102	2 851
C	undetermined*	(100)			
D	undetermined*	(100)			
E	efficient	100			
F	efficient	100			
G	undetermined*	(100)			
H	inefficient	70.9	E		27 000
I	efficient	100		1600	
J	inefficient	67.7	F	97	1 751

* efficient by default

Once again *A* is considered inefficient because it performs less well than the transport company in town *F*. If *A* were as efficient as *F* it could reduce its staff to 72.5% of current levels and still provide the same services. In order to become efficient, *A* would need to reduce its staffing levels by 66 units and the total number of places in its fleet by 1430 units.

5. Interpreting the results for efficient management of the service

The performance of company A is apparently not what it should be and there is considerable scope for improvement. In any event, a more extensive study is called for in order to identify the reasons for poor performance (more difficult production conditions which were not taken into account in the analysis, inappropriate organisation, overmanning, etc.). The aim should be to catch up with the efficient company.

C. Application to hospital services: maternity (obstetrics)

1. Preliminary remarks

A considerable amount of work has been devoted to productive efficiency in hospitals, but apparently no studies have been carried out on maternity departments.

Hospitals are businesses with a variety of products. The main difficulty in measuring performance in the hospital field lies in the definition of the product (output). The available literature puts forward two measurement types: the number of cases[1] and the number of days spent in hospital. The number of cases is a better measurement of hospital production (Butler 1995)[2].

Classifying outputs presents further difficulties. Should the ICD (International Classification of Diseases) or another typology (e.g. Diagnosis-Related-Group, DRG) be used to define the case mix? Ideally the case mix should be relatively similar from the point of view of the resources (inputs) which an efficient hospital allocates to treatment. There are methods for drawing up a hospital production index ("scalar case mix index"). Thus all the outputs provided by a hospital can be represented by a single value (cf Butler p. 76).

For the purposes of illustration, a fictitious example was devised which is deliberately over-simplified.

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1 The term case refers to in-hospital treatment for a particular condition (Butler).

2 The number of days spent in hospital as a product indicator has been criticised. It is felt by some to be a measurement of resources used (inputs) rather than a measurement of production (outputs).

2. Characteristics of the service and its production

The most difficult problems are to be found in defining the output and in the fact that it is not possible to take into account a large number of output categories. It is necessary to simplify and draw up categories which group together several types of treatment. Three groups of variables are considered: products (outputs), resources (inputs) and environmental variables. The latter make it possible to take into account the patient group under treatment in the hospitals being analyzed. The same treatment requires different resources depending on the seriousness of the case, the need for surgical intervention, and possibly a secondary diagnosis. All these factors make for diversity in the data.

a) Products (outputs)

Out-patient treatment:
- Termination of pregnancy;
- other treatment.

In-patient treatment:
- spontaneous vaginal delivery,
  .without complications,
  .with complications,
- Caesarean section,
- termination of pregnancy.

b) Resources (inputs)

Staffing resources:
- medical staff;
- nursing staff;
- medico-technical staff;
- administrative and logistic staff.

Beds:
- for patients;
- for babies.

Equipment:
- diagnostics (ultrasound scanners, etc.);
- therapeutics (operating theatres, obstetrics unit, etc.).

Other inputs:
- medicines,
- others.

c) Environmental variable

Average age of patients

3. Productive efficiency measurement

In drawing up the example, only in-patient treatment have been considered and, among these, exclusively deliveries. With regard to resources, only staff (grouped together in two categories: medical and non-medical) and beds (a capital utilisation indicator) have been taken into account. Therefore there are three inputs and one environmental variable (average age of patients). It should be noted that the examples to be found in the available literature on the whole take fewer variables into account. Inputs vary generally from one to five and outputs from three to five. It should be remembered that the purpose of the exercise is not to give an authoritative judgment on the relative efficiency of health-care units but to give an initial indication which will show whether or not a more detailed study is required.

a) Productive efficiency measured in terms of outputs

Hospital	Efficiency	Superior performances		Degree of efficiency	Under-production		
		Number	Best performer		Spontaneous deliveries		Caesarean section deliveries
					without complications	with complications	
1	inefficient	10	53	70.0	125	15	30
2	inefficient	8	53	62.0	210	25	40
3	efficient			100			
...							
52	undetermined*			(100)			
53	efficient			100			
...							
99	inefficient	1	3	95.0	15	3	4
100	efficient			100			

* efficient by default

Hospital 1 is not efficient as other hospitals perform better. It manages to produce only 70% of what can be achieved by a unit having the same man-power and bed resources but which works efficiently.

b) Productive efficiency measured in terms of inputs

Hospital	Efficiency	Superior performances		Degree of efficiency	Input consumption surplus		
		Number	Best performer		medical staff	non-medical staff	beds
1	inefficient	12	53	75.0	5	45	30
2	inefficient	9	53	60.0	9	75	40
3	efficient			100			
...							
52	inefficient	1		95.0	0.5	4	2
53	efficient			100			
...							
99	inefficient	1	3	85.0	2.5	14	10
100	efficient			100			

Input efficiency of hospital 1 is 75%. If it were to work efficiently it could provide the same treatment with only 75% of the resources currently used. It could therefore reduce its manpower by fifty units (including five doctors) and withdraw thirty beds.

4. Use of the results to improve the performance of the service

The hospital's performance is apparently not what it should be. A more detailed study, with outside experts if need be, should be able to identify whether exogenous factors (e.g. a higher than average proportion of difficult cases) can explain at least in part the excessive consumption of resources. In any event, the fact that twelve hospitals appear to perform better leads one to the conclusion that there is scope for improved productive efficiency.

D. Application to registry offices

1. Preliminary remarks

The fictitious example below illustrates the application of productive efficiency measurement to an administrative service, in this case registry offices. This example is based on a study carried out in registry offices in Flanders (Bouckaert 1993) and on a brief survey carried out among Swiss registry office staff.

The duties of a registry office vary from country to country, region to region and even from municipality to municipality. That does not mean, however, that it is not possible to measure productive efficiency, but simply that a number of precautions need to be taken.

2. Characteristics of the service and its production

The main duties of registry offices include:

- recording of births, marriages and deaths;
- producing the corresponding documents;
- producing identity documents (identity cards, passports, etc.);
- collecting various items of information (address, occupation, etc);
- drawing up electoral lists at election time;
- providing a variety of information to the public.

Once again one has to compare what is comparable. Once the registry offices which are to be assessed on their efficiency have been selected, the services in common must then be identified. Only those which are provided by all or most of the offices will be retained.

The main production factors (or inputs) used in the provision of registry services are the staff (the labour factor), premises and computer equipment (capital factor). As staff expenses represent a considerable proportion of the total cost of the service, it could be considered, without distorting the results of the exercise, that the staff represent the only production factor.

3. Partial performance indicators

The easiest way of comparing performances is by linking the product to the quantity of one of the factors consumed. Interpretation is made more complex because it is difficult to compare offices which use different combinations of factors (e.g. less man-power and more capital). In addition, if the office provides several services, an indicator for each product must be calculated.

Data on inputs and outputs

	Production (thousands of documents)	Number of staff	Thousands of documents per member of staff
A	126	12.4	10.2
B	155	18.1	8.6
C	215	22.4	9.6
D	150	8.5	17.6
E	95	12.0	7.9
F	245	18.0	13.6
G	140	11.9	11.8
H	180	14.3	12.6
I	260	21.0	12.4
J	280	17.8	15.7

4. Productive efficiency measurement

The duties performed are not the same in every registry office. In order to ensure comparability, it is necessary to identify a common core of duties for the majority of the offices. Those duties performed by a minority of offices will not be taken in to account in the analysis.

In this example it is assumed that it takes the same amount of time to produce each document. Thus one can combine them and take into account just one indicator of the quantity produced. Also to be borne in mind is the fact that duties are of varying degrees of complexity and that some will take longer than others, but each office is likely to have to deal with a more or less equivalent proportion of straightforward and more demanding duties.

As in the previous examples, a comparative technique (FDH or “free disposal hull”)has been used.

For each of the duties, the factors (or inputs) used in the production and the produced units (outputs) need to be identified. In production measurement, one must take into account not only the quantity but also the quality of the services.

Possible service quality indicators could be whether the office was open to the public outside the customary hours, queues, average time required for a document to be produced, etc. Here it is assumed that a service quality index has been produced based on a survey of users.

a) Products (outputs)

- number of documents produced per year;
- service quality index: from 1 (poor) to 4 (excellent).

b) Resources (inputs)

- number of staff in full-time equivalent.

c) Data on products (outputs) and resources (inputs)

Town	Output 1 (thousands of documents)	Output 2 (quality index)	Input (number of staff)
A	126	3	12.4
B	155	2	18.1
C	215	2	22.4
D	150	4	8.5
E	95	3	12.0
F	245	4	18.0
G	140	4	11.9
H	180	3	14.3
I	260	3	21.0
J	280	4	17.8

According to the method chosen, a registry office is deemed to be inefficient in terms of products (in outputs) if there is at least one other office among those under examination which produces more documents with a higher level of quality, using the same number of staff or fewer. If such is the case, the office in question is regarded as performing less efficiently than the other.

If a particular office performs neither better nor worse than any other, its efficiency will be undetermined (occasionally referred to as efficient by default). When there are few offices for comparison and several variables are introduced to describe the inputs and the outputs, few conclusions can be drawn from the analysis. In fact, the degree of efficiency will be undetermined for the majority of offices.

Similarly, a bureau is deemed to be inefficient in terms of resources (in inputs) if there is at least one other office which uses fewer staff to produce the same number of documents or more with an equal or higher quality index.

d) Productive efficiency measured in terms of outputs

Town	Efficiency	Best performer	Degree of efficiency	Shortfall in output (number of documents)
A	inefficient	D	84.0	24
B	inefficient	H	86.1	25
C	inefficient	J	76.8	65
D	efficient		100	
E	inefficient	D	63.3	55
F	efficient		100	
G	efficient		100	
H	efficient		100	
I	inefficient	J	92.9	20
J	efficient		100	

The registry offices in five towns, *A*, *B*, *C*, *E* and *I* are considered inefficient. With the same number of staff, office *A* should be able to produce more with a higher quality of service. At present, it produces only 84% of what it could if it performed as efficiently as the office in town *D*.

e) Productive efficiency measured in terms of outputs

Town	Efficiency	Best performer	Degree of efficiency	Overmanning (number of posts)
A	inefficient	D	69.6	3.9
B	inefficient	H	79.0	3.8
C	inefficient	J	79.5	4.6
D	efficient		100	-
E	inefficient	F	70.8	3.5
F	inefficient	J	98.9	0.2
G	inefficient	F	71.4	6.1
H	efficient		100	-
I	inefficient	J	84.8	3.2
J	efficient		100	-

In order to be efficient, *A* needs to cut its staffing back to 69.9% of current levels while continuing to provide the same services with the same quality. Office *G* is deemed to be inefficient in inputs but efficient in outputs. This is not particularly significant since *G* is surpassed only by office *F* and the performances of both offices are virtually identical.

5. *Interpreting the results for efficient management of the service*

The performance of the office in town *A* could be significantly improved. The office in town *D* serves as a reference point and enables an objective for reducing resource consumption to be defined. If office *A* operated as efficiently as *D*, *A* could deal with the same quantity of documents as at present with an identical standard of quality while reducing its staffing level by 4 (3.9) units out of a total of 10 (10.2).

The following steps could achieve this objective:

- an internal review, by the office staff, of the cause of the poor level of performance and the measures to be adopted in order to reduce resource consumption;

- introducing a bench-marking system whereby a model (in this case office *D*) is selected for observation of the way in which it provides its service, identifying the factors which explain its efficiency and learning how it can improve its own performance;

- calling in external experts to carry out a review.

PART THREE: CASE STUDIES

DENMARK

Introductory remarks

The question of information on local and regional services to users of the services, to citizens in general and to central government, has recently been investigated by a Danish commission. The commission finished its report in April 1994 and its proposals have been approved by the government and are now being implemented.

The Denmark's strategy for the future development in the field of service information is at the heart of this case study on performance indicators. Therefore it was important to include in the case study a comprehensive presentation of the considerations behind and the content of the Danish strategy for service information development. The presentation is made in a separate paper, which contains an edited abstract from the above mentioned April 1994 Commission Report (see Appendix I and II).

The answers to the case study questions will to a large extent draw on or refer to the presentation in this separate paper.

I. GENERAL INFORMATION ABOUT PUBLIC SERVICES

1. Municipalities and counties make up their budgets and accounts according to a rather detailed standardized accounting system. Budgets and accounts are reported to central government. These reports also contain information on the use of manpower according to the same accounting system.

The information collected through this system give rather detailed information on the costs and resources used in the production of the different services in the different municipalities and counties. The input side of service production is in this way covered in a rather detailed manner.

On the output side, some information systems have been built up, especially in connection with the Ministry of Social Affairs, the Ministry of Health and the Ministry of Education.

These information systems generate a lot of information about the quantity aspects of services delivered to the citizens, i.e. the number of accommodations in day care institutions for children, the number of accommodations in homes for the elderly, the number of people on social welfare programs, the number of hospital operations on patients according to diagnoses and so on.

However, these information systems do not or do only occasionally contain information on the quality aspects of the services: How long does one have to wait for an accommodation, an operation or the like, how precise is the delivery of the services and so on.

2. Information is to a large extent collected by the National Bureau of Statistics (NBS), according to information specifications laid down by the relevant ministry.

Processing data is most often handled by the NBS while the actual use of data for comparisons and analyses is done by the Ministry of the Interior, the sector-specific ministry and by the associations of local and regional authorities.

In some cases information systems are administered directly by the sector-specific ministry.

3. Information on municipal and county services is collected for the purpose of:

- statistical analysis and comparative studies;
- reporting to Government and Parliament on the development in municipal and county services, and
- publication of statistics and analysis results in general.

4. The publication of service information is, as mentioned in the separate paper, basically effected in three ways:

- statistical surveys - in which the data is presented in relatively raw form and in which the main emphasis is on dissemination of statistical data for further processing and application;

- sector-specific reports - in which a variety of data relating to circumstances within a single sector is assembled for each individual local/regional authority;

- intermunicipal/interregional activity surveys - in which a range of data relating to the various task areas are presented for each individual local and regional authority, and in which the data for the individual authority are placed in relation to various averages.

The nature of the information which is published today can be illustrated with reference to the sector responsible for care of the elderly:

The publication *Local Authority Key Data* issued by the Ministry of the Interior contains details of the elderly-care activities of every single local authority. There is information on, among other things, the following:

- *per capita* expenditure for persons aged 65 and over;
- *per capita* rent subsidy to persons aged 65 and over;
- nursing home places *per* 100 persons aged 65 and over;
- pensioner dwellings *per* 100 persons aged 65 and over.

The publication *Social Trends* issued by the Ministry of Social Affairs also contains information on this sector, including:

- number of long-term recipients of home-help services resident in own dwelling *per* 1 000 pensioners;
- number of persons in nursing homes *per* 1 000 pensioners in the local authority area;
- number of pensioners living in pensioner-suitable accommodation *per* 1 000 pensioners in the local authority area.

The publication *Social Statistics* issued by Danmarks Statistik contains, among other things, the following data on this sector:

- number of full-time residents in nursing homes;
- number of residents in pensioner dwellings;
- number of day centres designed for provision of special care.

A project has been started to collect and improve the accessibility of existing data, for example through more intermunicipal and interregional surveys which permit comparison of local and regional authority activities within one specific sector or - more generally - within all major fields of authority tasks.

II. USE OF PERFORMANCE INDICATORS BY INDIVIDUAL LOCAL AUTHORITIES

The Ministry of the Interior publishes a book on *Local Authority Key Data*. This book has been published once a year during the last 10 years. This publication contains a lot of information on each municipality's service efforts, performance indicators and so on, on a comparable basis.

The publication is used by the local authorities for comparisons with other municipalities, etc. It always attracts a lot of attention from the press and often creates local discussions.

However, the Danish municipalities themselves produce a lot of information on services.

As mentioned in the separate paper, existing Danish legislation contains provisions requiring local authorities either to publish a brief statement in the local press describing the contents of their annual budget and budget estimates for the next three years, or to mail such a statement to all local residents.

Beyond this, however, there has not so far been further general guidelines covering the provision of community service information in Denmark. Consequently, most community service information is provided to users on a voluntary basis.

As a result of this practice, information initiatives today vary somewhat from one local authority to another according to the local attitudes which exist with regard to the provision of public information and according to the associated needs and wishes which have existed within the authorities.

This is also the reason why it is not possible to prepare a formal collective description of the community service information activity. Instead, some examples of local authority information are given below.

Several municipal and regional authorities have prepared formal codes of civil rights, which either may embrace all authority activities, or which may be guarantees in respect of defined services.

Rights which are announced to citizens may be, for example, guidelines on the content of home-help services, a day-care guarantee, deadlines for authorities to reply to service requests, etc.

It is a standard procedure in all sectors for local and regional authorities to publish information on the services they provide. In the education sector, for example, extensive information material is prepared aimed at specific target groups. For instance, a number of regional authorities publish a collective annual description of the services they provide in the area of education and training for young people.

The material published by regional authorities on youth education is an example of information which is intended to support users in a situation of choice, and which is therefore required to provide an adequate overview of options and consequences. Similarly, local authorities publish booklets and other material describing the variety of day services available to local children (e.g. day care or nursery).

Considerable information activities are today undertaken by many local and regional authorities. However, a somewhat more uniform level of information activity will in future have to be established. To ensure that residents in all local and regional authorities are more systematically and more adequately notified on services and on the goals within individual task areas, some systemising of information activities will in future be required.

On the other hand it has been considered desirable to respect the distinctiveness of local authorities, so that the way remains open for local decision-making on the specific manner in which service information should be organised.

Accordingly, legislation has been put forward requiring the municipal or regional council to state its community service development objectives for the years ahead. As part of this requirement the council is also required to notify the content and scope of those services which will be offered to the public.

This can take place as an element in the provision of budget information. However, provision of a separate statement to the public is also a possibility.

Precise rules governing the content and specific form of the information will not be established. Consequently, neither will such rules be established for the manner in which the municipal or regional council must comply with its information obligation.

To satisfy the purpose of the information, however, it is necessary to ensure that such information is formulated in a way which will permit follow-up on the particulars and objectives. Such follow-up will reveal what results have been achieved in relation to the objectives established by the local or regional authority in connection with budget approval.

Although the precise content of the municipalities information obligation has not been established the Ministry of the Interior has published a sample of service information which may form part of the service information given by municipalities to its citizens. The sample is shown in the appendix to the separate paper.

III. NATIONWIDE COMPARISONS USING PERFORMANCE INDICATORS

As said in part II, during the last eleven years the Ministry of the Interior once a year has published the above mentioned book *Local Authority Key Data*.

The *Key Data* gives for each municipality a description of its population structure, over-all economy and its efforts and performance in the production of services, especially in the field of social welfare. The *Key Data* accordingly covers statistics on:

- population, housing and labour market;
- taxation;
- municipal budget and financial status;
- child-minding;
- primary education and cultural activities;
- services for the elderly;
- other social welfare services;
- environment.

The data of each municipality are compared to the average figure of:

- the municipalities in the same county;
- the municipalities of the main city area;
- the municipalities in the country as a whole.

Enclosed is a copy of the data for a single municipality in the publication (see Appendix III).

A similar publication on the counties' efforts and performance in the production of services in the health care sector has recently been presented by the Ministry of Health. And the Ministry of Social Affairs is working on a new publication: *The Social Map of Denmark*. The focus here, however, will be on the goals and plans for developing social welfare rather than on performance indicators.

One *Key Data* figure needs some further explanations: The **service level** *Key Data*. It is an overall measure of the municipalities service and efficiency level. It is made up as the relationship between the municipality's overall actual expenditures and the municipality's expenditure needs according to the expenditure needs equalisation system.

The **tax/service** relation further measures the deviations in tax-level from average divided by the service level, i.e. it gives a measure of the tax citizens pay in relation to the service level they get.

As already mentioned, the yearly publication of *Key Data* attracts a lot of attention from the press, from interest-organisations and groups, (e.g. employee's organisations, social organisations) and from the municipalities.

As part of the strategy for developing the information on municipality services it has been decided to enlarge the publication of *Key Data*.

So the 1995-version contains four, instead of two, pages of comparable information.

Some of the new data will be picked up from the existing information systems. As already mentioned, however, the existing data are principally geared towards the input side - finance and resources. As regards the output side, data focuses almost exclusively on the scope of community services, i.e. number of places, users, etc.

In order to obtain a wider and more adequate description of municipality service production it will therefore be necessary to procure additional data, which can illuminate community service production at local authority level more directly, and also help define other aspects of community services - such as waiting times.

This widening of the gathering of municipality service data will take place gradually over the coming years.

Six service sectors have been selected for the first stage of the widening process.

The sectors concerned are central, expenditure-intensive service sectors, with a high political priority. This means that the public, local politicians, central authorities and Parliament all have a particular need for comparative and more adequate data in these sectors - data computed separately for each local and regional authority.

The types of information to be included in the widened information process for the six designated sectors are described in the Appendix I below.

IV. QUESTIONS RELATED TO THE USE OF PERFORMANCE INDICATORS AND, MORE GENERAL, OF LOCAL PUBLIC SERVICES STATISTICS

1. The usual criticism of the use of performance indicators is that a single or a few indicators are unable to give a full description of the effort and performance of the municipality in producing, for example, services for the elderly.

Municipalities have a spectrum of different initiatives they can use to fill out their obligation in care-taken for the elderly. Therefore their performance, cannot be measured in any simple way.

However, the purpose of data and indicators is seldom to try to give any very precise statement of the performance of a single municipality in a particular service field. Rather it is to illustrate the diversity and variation and to create discussion.

2. The most interesting part of the development in the field of assessing the local authority services by way of new information, e.g. performance indicators, will be in the expenditure-heavy municipal and county tasks:

- day-care for children;
- care for the elderly;
- health service;
- environment.

3. As will follow from the above, the development of information on municipal and county services has high priority in Denmark, at central level as well as local and regional level.

4. There is not record of any comparisons of actual figures among countries.

APPENDIX I

Report on Renewal and Increased Efficiency in Local and Regional Government: Information on Community Services – the Danish Strategy

Edited abstract from an April 1994 Danish Ministry of the Interior report on renewal and increased efficiency in local and regional government.

The need for service goals must be seen against the background of the trend which has characterised the community service sector in recent years - a trend in the direction of increased decentralisation to the institutional and user level.

Users and staff in community service functions have acquired increased influence on – and responsibility for – the day-to-day running of community services. This development will continue in the years ahead. A high degree of openness must therefore be ensured with regard to the priorities of municipal and regional councils and with regard to the goals and frameworks established for community activities.

This means that there will be a general need for strengthened information activities in the community service sector.

I. WHAT IS COMMUNITY SERVICE INFORMATION?

The scope and content of community service information may be defined as follows:

Information on community services which is elaborated at the initiative of a municipal or regional authority, enterprise or institution, and which is directed towards a broad circle of citizens or enterprises. Such information is principally disseminated in writing or through the medium of modern information technology.

It is important to distinguish between different target groups for community service information. The information is below divided into three different categories according to the various needs it is intended to satisfy:

The first category concerns the provision of information from local authority to local residents. The purpose of this information is to inform the citizens of the services that are available within the individual authority and of the community service objectives that have been established by the municipal council.

Service information of this type may partly consist of general information to local residents on community service objectives established by the municipal or regional council for the coming year. This information may be disseminated to the public in the form of, say, a budget statement or as a citizen's charter. Such material will typically contain precise service particulars concerning, say, administration times or day-care guarantees, as well as broader community service development objectives.

However, this type of material also consists of more specific information to the public on the individual community services provided. Such information, in the form of booklets, brochures and so on, is directed towards the special needs of the public as users of the services. In the case of information relating to choice of school, for example, details are given of the schools available, the number of children in attendance, the special facilities they offer and so on.

The second category concerns the provision of information from the municipal policy-making executive to municipal institutions and user committees. This type of information relates to the goals and frameworks established by the municipal council for the work of the individual institutions and includes, for example, precise requirements with regard to standard of service, waiting times and so forth.

The third category concerns comparative, inter-municipal information on the scope and content of community services. Its purpose is to enable the public, local politicians, central authorities and Parliament to assess and, above all, to compare the consumption of resources and standard of service in different local authorities.

For the public, such comparisons have a specific importance when consideration is being given to moving house. They also have a more general importance, however, when members of the public wish to assess the service provided by their existing local authority. In addition, the introduction of freedom of choice between different institutions, for instance in the hospital sector, also creates a need for comparisons between local authorities.

Local politicians require information on the specific production of services within their local authority, particularly against the background of the extensive process of task decentralisation which is taking place within individual local and regional authorities, but also for comparison of results with other local authorities.

Comparative service information is also important to the central authorities and Parliament, which require particulars of municipal task performance in order to monitor and assess developments taking place in local authorities, including the variation between one local authority and another, and thus make a general assessment of public tasks.

The requirements linked to municipal information may differ according to the identity of the principle target group.

For example, information intended for intermunicipal comparisons will require the use of uniform methods of computation, often in the form of numerical averages, such as average number of pupils in classes, average waiting time for a community service and so on. By contrast, information which is addressed to the individual citizen as a user of the relevant service should describe the individual services available and state the specific waiting times associated therewith.

Form of community service information

Community service information consists of a range of varied service-related data, which are intended combined to provide an adequate description of the scope, content and quality of the service. The function of these three elements in the production of community services is described below:

Scope is used to describe the number of places, personnel, users, etc. associated with the individual services.

Content is used to describe the components which make up the service. For example, what services do home-help personnel offer the elderly? Personal care, cleaning, shopping, laundry, etc.

Finally, quality is used to describe the end-result of the service activity. Has the specific task been accomplished, does it live up to user expectations, and are users satisfied with the service they have received?

The scope of community services is traditionally defined by means of key finance data showing, for example, the economic input in a service area or stating the expenditure level for the individual services provided. Such key finance data are often supplemented by figures for consumption of resources expressed, say, in terms of personnel input. These figures define the input side of the production of community services.

However, such use of expenditure and resource consumption data to describe the scope of services must be accompanied by considerable caution. This is because a link may not necessarily exist between expenditure/consumption of resources and level of service. A high level of expenditure/personnel input may well be associated with a low level of service in the presence of low efficiency. Similarly, a low level of expenditure/personnel input may well result in a high level of service if accompanied by high efficiency.

Consequently, a need exists for information capable of describing the output side of community service production more directly. Where the scope of service production is concerned, such a description may for instance encompass goals for the number of class places, number of users, frequency of supply, opening hours as well as waiting times and municipal response times.

It is generally more difficult to define the content and quality of community services. The description of these two components must therefore often be aided by particulars of the reliability and precision of service supply and particulars of the subcomponents which the service is required to contain.

These particulars can be combined with surveys of user satisfaction with community services. Such surveys have in recent years become very widespread among Danish local authorities.

The various types of particulars may be summarised as follows:

Input	Output
* Particulars of finance and expenditure * Particulars of consumption of resources	* Particulars of number of class places, frequency of service supply, opening hours, waiting times, etc. * Charges and prices * Precision and reliability of service supply * Service content * User satisfaction

II. COMMUNITY SERVICE INFORMATION FOR THE PUBLIC

Existing Danish legislation contains provisions requiring local authorities either to publish a brief statement in the local press describing the contents of their annual budget and budget estimates for the next three years, or to mail such a statement to all local residents.

Beyond this, however, there are no further general guidelines covering the provision of community service information in Denmark. Consequently, most community service information is provided to users on a voluntary basis.

As a result of this practice, information initiatives today vary somewhat from one local authority to another according to the local attitudes which exist with regard to the provision of public information and according to the associated needs and wishes which have existed within the authorities.

This is also the reason why it is not possible to prepare a formal collective description of the community service information activity. Instead, various examples of local authority information are given below.

Several municipal and regional authorities have prepared formal codes of civil rights, which either may embrace all authority activities, or which may be guarantees in respect of defined services.

Rights which are announced to citizens may be, for example, guidelines on the content of home-help services, a day-care guarantee, deadlines for authorities to reply to service requests, etc.

At regional authority level, a number of nationwide publicity campaigns have been set up describing citizens' rights within the health sector with regard to free choice of hospital, travel health insurance, emergency medical services, etc.

It is standard procedure in all sectors for local and regional authorities to publish information on the services they provide. In the education sector, for example, extensive information material is prepared aimed at specific target groups. For instance, a number of regional authorities publish a collective annual description of the services they provide in the area of education and training for young people.

The material published by regional authorities on youth education is an example of information which is intended to support users in a situation of choice, and which is therefore required to provide an adequate overview of options and consequences. Similarly, local authorities publish booklets and other material describing the variety of day services available to local children (e.g. day care or nursery).

Considerable information activities are today undertaken by many local and regional authorities. It is nevertheless anticipated that a somewhat more uniform level of information activity will in future have to be established. To ensure that residents in all local and regional authorities are more systematically and more adequately notified on services and on the goals within individual task areas, some systemising of information activities will in future be required.

On the other hand it is considered desirable to respect the distinctiveness of local authorities, so that the way remains open for local decision-making on the specific manner in which service information should be organised.

This has led to the following strategy for improvement of the flow of information between local authority and local residents.

General service information (information to local residents)

The provision of general information on local authority objectives and services is essential in order to grant local residents an opportunity to participate actively in the policy debate on community service standards and on the priority accorded to individual services. Such information is vital if the public is to be able to gauge community services against the level of local taxation and the declared goals of local politicians.

Accordingly, citizens in all municipal and regional authorities have a right to demand a general overview, presented in a reasonably straightforward form, of the frameworks and objectives which have been established by municipal and regional councils for community activities.

To codify this right, a legislative provision will be introduced requiring the municipal or regional council to state its community service development objectives for the years ahead. As part of this requirement the council will also be required to notify the content and scope of those services which will be offered to the public.

This can take place as an element in the provision of budget information. However, provision of a separate statement to the public is also a possibility.

Superficially, the need to ensure that citizens receive adequate information might seem to advocate the establishment of more specific regulations governing the form and content of such information. This would guarantee both the right of the public to receive specific particulars concerning community services, and at the same time the manner in which such particulars would be provided.

A set of such regulations governing community information would satisfy the desire to achieve systematic provision of community service information to the citizens of all local and regional authorities.

A standard set of regulations is opposed, however, by the need to respect the distinctiveness of the local authorities. The content of the information task varies - both in relation to the tasks currently in focus and in relation to the local policy debate. A standard set of regulations would not permit consideration to be given to such differences in the individual authorities.

More precise rules governing the content and specific form of the information will not therefore be established. Consequently, neither will such rules be established for the manner in which the municipal or regional council must comply with its information obligation.

To satisfy the purpose of the information, however, it is necessary to ensure that such information is formulated in a way which will permit follow-up on the particulars and objectives. Such follow-up will reveal what results have been achieved in relation to the objectives established by the local or regional authority in connection with budget approval.

Specific service information (information to users)

As regards the provision of specific information to users concerning individual services from local and regional authorities, these authorities already take great pains to ensure that users who are considering whether to avail themselves of a particular service can obtain detailed information on the relevant sector. Such information includes all practical details, etc. relating to the individual service.

Consequently, this type of information does not call for establishment of common standards or compulsory statements to the public.

However, local authorities are urged to strive to meet the needs of the public for specific information on specific community services through a continued development of their information activities. The objective should be to establish the necessary standard of information activity in all local and regional authorities.

There will be a need on the part of local authorities for guidance on how to shape the framework of the statutory new information, and on what elements can be incorporated in this information. A related objective will be to establish some degree of uniformity in the content of the work done by the individual local and regional authorities.

Collaboration on such guidance will be initiated with the relevant sector ministries and the local and regional authority organisations. As a source of inspiration, a few particulars (for some selected service areas) which might be included in community service information to citizens are listed in the appendix.

III. COMPARATIVE SERVICE INFORMATION TO THE PUBLIC/AUTHORITIES

The model which is intended to ensure the systematic provision of community service information to the public, and at the same time allow the individual local authority to select the form and content which match the local conditions, has been discussed above.

However, this model does not guarantee provision to the public of the necessary community service information in all situations. In some cases the public, local politicians, central authorities and Parliament will all have a need for comparisons of different authorities.

Existing statistics and other data for comparison of community services

In many community service sectors, very considerable statistical data are already compiled which illuminate the activities of all local and regional authorities. Such data relate to particulars of authority finances and use of resources, i.e. the input side of community service production. However, information concerning the output side also exists. This particularly applies to documentation on the scope of community services - for example, the number of places in local facilities, the number of users or recipients of services and so on. Only in a very few cases, however, does information exist on the content and quality of services.

Publication of data collected is basically effected in three ways:

- statistical surveys - in which the data is presented in relatively raw form and in which the main emphasis is on dissemination of statistical data for further processing and application;

- sector-specific reports - in which a variety of data relating to circumstances within a single sector is assembled for each individual local/regional authority;

- intermunicipal/interregional activity surveys – in which a range of data relating to the various task areas are presented for each individual local and regional authority, and in which the data for the individual authority are placed in relation to various averages.

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- pensioner dwellings per 100 persons aged 65 and over.

The publication *Social Trends* issued by the Ministry of Social Affairs also contains information on this sector, including:

- number of long-term recipients of home-help services resident in own dwelling per 1 000 pensioners;
- number of persons in nursing homes per 1 000 pensioners in the local authority;
- number of pensioners living in pensioner-suitable accommodation per 1 000 pensioners in the local authority.

The publication *Social Statistics* issued by Danmarks Statistik contains, among other things, the following data on this sector:

- number of full-time residents in nursing homes;
- number of residents in pensioner dwellings;
- number of day centres designed for provision of special care.

A project will be started to collect and improve the accessibility of existing data, for example through more intermunicipal and interregional surveys which permit comparison of local and regional authority activities within one specific sector or - more generally - within all major fields of authority tasks.

Procurement of new data on community services

As already mentioned, however, the existing data are principally geared towards the input side - finance and resources. As regards the output side, such data focus almost exclusively on the scope of community services, i.e. number of places, users, etc.

In order to obtain a wider and more adequate description of community service production it will therefore be necessary to procure additional data, which can illuminate community service production at local authority level more directly, and also help define other aspects of community services - such as waiting times.

This widening of the gathering of community service data will take place gradually over the coming years.

Six service sectors have been selected for the first stage of the widening process.

The sectors concerned are central, expenditure-intensive service sectors with a high political priority. This means that the public, local politicians, central authorities and Parliament all have a particular need for comparative and more adequate data in these sectors - data computed separately for each local and regional authority.

The types of information to be included in the widened information process for the six designated sectors are described below.

- Child-minding services

Interest in this sector is principally centred on the possibilities of obtaining a day-care place. The individual local authorities have at present no official statistics on waiting times and day-care guarantees. Consequently, a need exists to establish comparative data covering all local authorities.

The following new information is required:

- minding guarantees, i.e. guarantees to parents of the existence of a day-care place from a stated age and in specific schemes;
- waiting times - calculated from the date from when the parents require a place (divided according to age and type);
- guarantee arrangements, i.e. certainty of retaining a place if the child is temporarily removed from the system;
- chances of a part-time place if the needs of the family can be met with less than a full-time place.

• Care of the elderly

In this sector there is at present an unfulfilled need for information on waiting times for pensioner-suitable dwellings or care dwellings. There is also a shortage of information on 24-hour emergency services for the elderly, including such services for the most infirm.

The following new information is therefore required:

- waiting times for pensioner-suitable dwellings and for nursing and care services;
- the number of care dwellings with intensive nursing and care in nursing homes or other dwellings;
- the number of specially equipped full-time places for pensioners suffering from senile dementia or mental illness;
- the scope and content of local authority 24-hour emergency nursing and care services.

• Job activation for recipients of cash benefits

Provision of job activation for recipients of cash benefits is a local authority task which attracts considerable political interest. This sector has consequently undergone a number of changes in recent years. For example, local authorities are now required to provide - and cash benefit recipients to accept - job activation offers. There is a need to identify the extent to which local authorities exceed the minimum legal requirements in the provision of such offers.

The following new information is required:

- do local authorities provide offers earlier than legally stipulated for the age groups 18-24 and 25 and above, respectively?
- do local authorities offer activation beyond the legal stipulation (in terms of weekly working time/duration)?

• Services for the mentally ill

Activities for the mentally ill are collected within a variety of sectors and subsectors: hospital wards, district psychiatry, welfare care and support services, and education and training.

Information is required on the total spectrum of services in this sector:

This proposal covers the following information:

- activity in the area of outpatient treatment;
- scope and content of residential offers for the mentally ill;
- scope and content of contact and activity opportunities for the mentally ill.

- Waste disposal

An authority-by-authority breakdown is required of local authority activities in the waste disposal sector. The existing information mainly originates from municipal budgets and accounts, and thus chiefly refers to expenditure and finance.

Information must be established on how waste is disposed of and on the cost for the individual household.

The following new information is required:

- how is waste disposed of (recycling, incineration, dumping)?
- does the local authority operate sorting of waste at source, and into what components?
- what does waste disposal cost the individual household?

- Health sector

The main information component required in this sector is waiting time for operations, etc. As a result of a project currently being conducted by the Ministry of Health, it has now become possible to publish ongoing monthly statistics on hospital service activities which show the number of hospital admissions in the past month and the waiting time for the patients concerned. The particulars are specified for all regional authorities.

APPENDIX II

Service information which may form part of the service information given by municipalities

For a number of chosen service areas this appendix lists some examples of information aimed partly at general information of the citizens and partly at specific information of the users of the individual services. The chosen areas are all directed at large groups of citizens/users, and both as regards tasks and costs they constitute central elements in the total service rendered by municipalities and counties.

Below is a list of the broadly defined areas:

Service	Sector area
* Waste disposal	* Waste disposal and recycling
* Education	* Municipal primary and lower-secondary school
* Cultural services	* Public libraries
* Health	* Hospitals, primary health care
* Services for mentally ill people	* District psychiatry, communal establishments * Day care facilities, leisure activities * Job-activation efforts
* Child-minding services	
* Services for recipients of cash benefits	
* Services for elderly people	* Home help, 24-hour care, nursing and pensioner dwellings
* Citizen services	* Administration, including tax administration, social administration and technical administration

Service information on waste disposal

* How are materials for recycling collected?
  Door-to-door collection, local recycling stations, voluntary organisations.
* What is the percentage of materials being recycled?
* Does the municipality operate sorting of waste at source, and into what components?
* Does the municipality have special arrangements for hazardous waste?
* How is waste disposed of? (recycling/incineration/dumping)
* What does waste disposal cost the individual household?
* What is included in this price?
  – number of waste types
  – number of collections
* Are the fixed times of collection observed?

Service information on education in municipal primary and lower-secondary schools

* School structure in the municipality.
* Size of schools (number of pupils per school).

* Average number of pupils per class.
* How many school districts in the municipality?
* Is it possible to choose a school outside one's own school district?
* Is it possible to choose a school outside the municipality?
* Number of lessons per form.
* Services for children with special learning disabilities.
* Special school leaving services (10th form).
* Transport to school – are there any school bus arrangements?
* Are there any leisure-time care facilities at the schools?
* Are there any leisure activities at the school - music lessons, sports, etc.?
* What powers has the municipal council delegated to the school boards?

Service information on public libraries

* Number of libraries in the municipality.
* How many hours a week are the libraries open?
* Number of new publications purchased annually per inhabitant?
* Are other things than books offered for loan?
  - talking books;
  - music;
  - video-cassettes;
  - works of art.

Service information on hospitals

* Number of hospitals in the county.
* The size, specialities, service facilities and equipment of the hospitals.
* Waiting times:
  - waiting time for preliminary examinations;
  - waiting time for treatment;
  - waiting time for operations.
* Hospital out-patient services.
* Opening hours for out-patient clinics and laboratories.
* Alternative to hospitalisation, e.g. relief beds.
* Access conditions for disabled persons.
* Travel arrangements.
* Does each patient have a regular contact person (doctor/nurse) attached to him?
* Is it possible to have a private room?
* Information about the course of the day at the hospital. Rounds procedure, food arrangements, visiting hours, etc.

Service information on primary health care

Emergency services:

* Waiting time for a doctor from the emergency service (by telephone, visit).
* Distance to nearest consulting room outside normal office hours.
* Is there an emergency dentist?
* Information about opening hours, telephone numbers, location, services, travel arrangements and alternatives.

Pharmacies:

* Pharmacy coverage.
* Pharmacy emergency services.

National Health Insurance:

* Information about subsidy schemes, choice of general practitioner, tourist health insurance, choice of - and assessment procedure for - other treatment, dental care and dental services for children.

Other services:

* The municipality's health visitor scheme.
* The municipality's district nurse scheme.
* Physiotherapy, etc.

Service information on services for mentally ill persons

* Medical staff in district psychiatry.
* What are the responsibilities of out-patient clinics/district psychiatry?
* Communal establishments for mentally ill people.
* Character of communal establishments and the number of people they can accommodate.
* Contact opportunities in the municipality for mentally ill people.
* Day centres, etc. for mentally ill people.
* Possibilities of employment and education and training for mentally ill people.

Service information on child-minding services

* The municipal council's framework and objectives for day care facilities - main objectives.
* Number of day care centres divided according to type.
* Number of children per day care centre.
* Number of staff per child and the composition of staff.
* Staff changes/Does each child have a regular adult attached him?
* Possibility of choosing between day care facilities - what types are available in the municipality?
* Waiting times (divided according to age and type).
* Day-care guarantee including for what age groups and from what age parents may expect a place to be available for their child.
* Other guarantees. Is there any guarantee of retaining a place if the child is temporarily removed from the system?
* Charges.
* Assessment procedure and seniority rules.
* Course through the various facilities. For example, is the shift/progression from one facility to the next automatic?
* Opening hours.
* Possibility of part-time/modules or staggered enrolment.
* Possibility of single weekdays.
* Co-operation with health visitors and other specialists.
* Possibilities of special support (e.g. speech therapy or motor training), preventative efforts.
* Sickness - efforts to counter sickness. Cleaning, hygiene and outdoor activities.
* Special recurring activities - attitude to nature, etc.
* Possibilities for play - playground, kitchen garden, forests, lakes, animals.
* Holiday camps, excursions, cultural experiences.
* Co-operation with others: local associations and sports clubs, use of local facilities.
* What powers have the municipal councils granted to the parents' boards? (extent of delegation)

Service information on services for recipients of cash benefits

* Has the municipality laid down guarantee schemes exceeding the minimum requirements of the Job Activation Act?
* In practice, does the municipality provide offers earlier than stipulated by the Act?

* In practice, does the municipality offer more activation beyond the legal stipulation (in terms of weekly working time/duration)?
* What kind of follow-up does the municipality have in relation to the cash benefit recipients who have been through a job-activating scheme?

Service information on services for elderly people

* Waiting time for pensioner dwellings in the municipality with/without the possibility of intensive care and nursing.
* Waiting time for a place in a nursing home in the municipality.
* The possibilities of choosing one's own home helper and of having a regular home helper.
* Maximum amount of time spent in connection with the assessment procedure.
* Maximum waiting time before help is granted.
* To what extent is it possible to call for help and is there a 24-hour service?
* Maximum number of hours for which it is possible to obtain help to the various elements in home help (e.g. a maximum of one wash per month, or that the home helper only does the shopping if the shopkeepers in the area do not bring out goods).
* Scope and content of the individual (part) elements in the home help (wash, cleaning, etc.)
* Average and maximum delays.
* User influence within the area of care for elderly people.
* Scope and content of the municipality's care and activity services for elderly people.

Service information on citizen services

* Average response time for written enquiries from citizens (may be divided according to the various administrations).
* Opening hours/office hours per week (may be divided according to the various administrations).
* Is there a fast-service system for minor enquiries?

APPENDIX III

POPULATION, HOUSING AND LABOUR MARKET:

Population January 1st 1995

Percentage of 0-6 year-olds
Percentage of 7-16 year-olds
Percentage of 17-66 year-olds
Percentage of 67-79 year-olds
Percentage of 80+ year-olds

Growth in population 1991-1995 (per cent)
Growth in number of 0-6 year-olds
Growth in number of 7-16 year-olds
Growth in number of 67+ year-olds

Prognosis for population-growth 1995-1999 (per cent)
Prognosis for growth in number of 0-6 year-olds
Prognosis for growth in number of 7-16 year-olds
Prognosis for growth in number of 67+ year-olds

Asylum applicants at the end of 1994 per 10 000 inhabitants
Refugees per 10 000 inhabitants
Immigrants from third-countries per 10 000 inhabitants (citizens that is not nationals of Nordic-, EU-, and Northamerican countries)

Area 1994 (sq. kilometres)
Population density 1995 (inhabitants/sq. kilometres)
Urban population 1992 (per cent)

Inhabitants per household in 1995
Owner-occupied housing in 1994 (per cent)
Social tenant housing (per cent)
Socially exposed housing 1995 (per cent)

Children of single-parenthood in 1994 per hundred 0-15 year-olds
Single senior citizens in 1995 per hundred 65+ year-olds

Gross income per taxpayer in 1993 (in thousands)
Taxpayers with low income (less than fifty per cent of average, in per cent)
Percentage of economically active taxpayers

Places of employment in 1994 per 100 inhabitants
Outgoing commuters (per cent)
Incoming commuters (per cent)
Unemployed per hundred 17-66 year-olds
Growth in number of unemployed per hundred 17-66 year-olds 1991-1994
Inhab. in provisions of labour market policy per hundred 17-66 year-olds
25-66 year-olds with further education (per cent)
25-49 year-olds without vocational education (per cent)

Reported thefts and burglaries in 1994 per 1 000 inhabitants
Reported crimes of violence per 1 000 inhabitants

Poll at the municipal elections 1993

TAXATION:

Municipal income tax rate in 1995 (per cent)
Total local income tax (county and municipal, per cent)
Taxation of property of land (per thousand)
Level of municipal taxation (per cent)
Taxable incomes in 1995 per inhabitant
Value of properties per inhabitant
Municipal tax base per inhabitants (incomes + 6.5 per cent of value of properties)
Municipal tax base after equalisation per inhabitant

Change in municipal income tax rate 1991-1995 (percentage points)
Change in property of land tax (per thousand points)
Change in level of taxation (percentage points)

Growth in total taxable incomes 1991-1995 (per cent)
Growth in value of properties (per cent)
Growth in municipal tax base (per cent)

MUNICIPAL BUDGET AND FINANCIAL STATUS:

Gross operating expenditure in 1995 per inhabitant
Net operating expenditure per inhabitant
Gross capital expenditure per inhabitant
Net capital expenditure per inhabitant

Gross operating expenditure on public utilities 1995 per inhabitant
Income from public utilities per inhabitant

Total tax financed gross operating expenditure 1995 per inhabitant
- environment, technical sector and roads
- primary schools
- other primary educational purposes and cultural activities
- child-minding
- services for the elderly
- social welfare and employment schemes
- housing subsidies for individuals
- other social purposes
- administration

Total financing 1995 per inhabitant
- operating income and government refund
- income tax
- taxation of property of land
- corporate income tax
- general grants and equalisation
- VAT payment after equalisation
- net borrowing
- other financing
- reduction of liquidity

Municipal personnel 1995 per 100 inhabitants (calculated full-time)
Growth in municipal personnel 1991-1995 (per cent)
Long-term debts at the end of 1994 per inhabitant
Liquid assets per inhabitant
Amount owed by public utilities per inhabitant
Amount owed by sewage works per inhabitant

Expenditure need 1995 per inhabitant
Expenditure need per inhabitant, capital region
Service level (net expenditures-expenditure need relation)
Tax/service relation
Modified tax/service relation (excluding local fluctuations in financial expenditure)

CHILD-MINDING:

Total child-minding expenditure 1995 per 0-10 year-old child
Total exp. on subsidies to payment per 0-10 year-old child
Expenditure on reduction for siblings and free place per 0-10 year-old child
Subsidies to private child-minding per 0-10 year-old child

Expenditure on public day-care and day-care centres 1995 per 0-6 year-old child
Exp. on integrated day-care centres per 0-10 year-old child
Exp. on youth recreation centres and other leisure institutions for 7-14 year-olds per 7-14 year-old child
Exp. on leisure facilities at schools (institution) per 6-10 year-old child

Charge per accommodation in day-care 1994 for 0-2 year-olds per month
Charge per acc. in crèche institutions per month
Charge per acc. in kindergarten per month
Charge per acc. in youth recreation centres per month
Charge per acc. in leisure facilities at schools per month

Total personnel for child-minding 1994 per hundred 0-10 year-olds
Pers. per 100 acc. in crèche institutions
Pers. per 100 acc. in kindergartens
Pers. per 100 acc. in integrated day-car centres
Pers. per 100 acc. in youth recreation centres
Pers. per 100 acc. in leisure facilities at schools

Enrolment of 0-2 year-olds in day-care in 1994 per hundred 0-2 year-olds
Enrolment of 3-6 year-olds in day-care per hundred 3-6 year-olds
Acc. in crèche institutions per hundred 0-2 year-olds
Acc. in kindergartens per hundred 3-6 year-olds
Acc. in integrated day-care centres per hundred 0-10 year-olds
Acc. in youth recreation centres per hundred 7-14 year-olds
Enrolment in leisure institutions for 7-14 year-olds per hundred 7-14 year-olds
Enrolment in leisure facilities in schools per hundred 6-10 year-olds
Provision of leisure institutions for 14+ year-olds (Yes/"missing")

Guaranteed municipal provision of day-care 1994 for 1/2-1 year-olds (Yes/"missing")
- for 1-2 year-olds
- for 3-5 year-olds
- for 6-10 year-olds

Average enrolment per institution for the 0-6 year-olds

PRIMARY EDUCATION AND CULTURAL ACTIVITIES:

Expenditure on primary education 1995 per 7-16 year-old child
Exp. on municipal primary schools per 7-16 year-old child
Exp. for other schools with primary education per 7-16 year-old child (e.g. private)

Absolute number of primary schools (1993/94 (publicly and privately owned)
Abs. number of groups in municipal primary schools
Average number of pupils per school
Average number of pupils per class
Pupils in need of special teaching per 100 pupils
Bilingual pupils per 100 pupils
Hours of teaching per pupil per week
Hours of teachers preparation per pupil per week

Expenditure on general libraries in 1995 per inhabitant
Exp. on books and other lendable materials per inhabitant
Absolute number of general libraries in 1993
Longest opening hours per week
Lending of books and other materials per inhabitant
Expenditure on other cultural activities in 1995 per inhabitant
Exp. on sports and leisure etc. per inhabitant

SERVICES FOR THE ELDERLY:

Expenditure for the elderly in 1995 per 67+ year-old
Housing subsidy for the elderly per pensioner
Recipients of housing subsidy for the elderly in 1994 per 100 households

Expenditure for home help schemes in 1995 per 67+ year-old person
Exp. on integrated elderly care schemes per 67+ year-old person
Exp. on institutions for the elderly per 67+ year-old person
Exp. on houses for the elderly per 67+ year-old person

Total personnel for services for the elderly 1994 per hundred 67+ year-olds
Pers. in home help schemes per hundred 67+ year-olds
Pers. in integrated elderly care schemes per hundred 67+ year-olds
Pers. at institutions for the elderly per hundred 67+ year-olds

Total provision of housing for the elderly 1994 per hundred 67+ year-olds
Accommodations in nursing or rest homes per hundred 67+ year-olds
Other housing provided with care per hundred 67+ year-olds
Accommodations in day centres per hundred 67+ year-olds

Absolute number of people on waiting list for housing with care in 1993
Longest registered waiting time for housing with care (months)
Recipients (67+) of home help in 1994 per hundred 67+ year-olds
Allocated hours per recipient per week (average)
24-hour stand-by service concerning home help/nursing (Y/N)
Visiting and/or advisory services (Yes/“missing”)

OTHER SOCIAL WELFARE SERVICES:

Expenditure on social welfare grants and employment schemes in 1995 per 17-66 year-old person
Exp. relevant to children and youth welfare per 0-18 year-old person
Housing subsidy exp. to tenants per 17-66 year-old person (excl. early retirement pensioners)
Recipients of housing subsidy to tenants in 1994 per 100 households

Expenditure on cash benefits in 1995 per 17-66 year-old person
Exp. relating to employment schemes per 17-66 year-old person
Municipal gross exp. for early retirement pensioners per 17-66 year-old person
Exp. on sick leave compensation per 17-66 year-old person

Recipients of cash benefit in 1994 per hundred 17-66 year-olds
Early retirement pensioners in 1995 per hundred 17-66 year-olds
Social welfare clients with mental diseases in 1994 per thousand 18-66 year-olds

Quota of job offer scheme in 1995 per hundred 17-66 year-olds
Calculated use/completion of job offer-quota 1994 (per cent)

ENVIRONMENT:

Estimated environmental bill in 1995 per household (refuse collection and sewage works)
Personnel for environmental inspection in 1993 per 10 000 inhabitants

FRANCE

Foreword

In the interest of objectivity and to satisfy methodological requirements, it is appropriate to elucidate the framework within which this document was produced.

This study cannot be categorized as scientific research in the strict sense. It was not conducted on the basis of a research methodology designed specifically for it. It did not select a representative sample of authorities and public services for study and it did not make use of sophisticated research techniques such as polls or custom-designed questionnaires. These decisions were determined by material and time constraints.

The study derived mainly from interviews with qualified persons working in the public sector in various capacities: public service professionals and members of monitoring bodies. Interviews yielded precise responses and more general views with regard to the subject under consideration. The information gathered was verified and supplemented by analyses of many varied types of documents including academic papers, administrative reports and newspaper articles.

Since the original questionnaire contained general questions, it was suitable for a wide range of respondents, leaving them free to answer as they wished.

Despite its empirical nature, this procedure yielded a general picture of the situation and information on the state of knowledge in respect of local public service performance indicators. The study provides general information, illustrated with numerous examples from actual practice.

Introduction

In France, the state is principally responsible for protecting and promoting the general interest. This leading position is the political heritage of the republican and Jacobin spirit of the French revolution. In principle, the state guarantees equal rights to all citizens.

The state fulfils its kingly duties of diplomacy and maintaining domestic and foreign security. At the same time, through an extensive administrative system, which is powered and maintained by political will, the state is virtually ubiquitous. Health, research and cultural policies are elaborated by various ministries. Economic and social action falls within the scope of the ministries of economy, agriculture and transport.

Nevertheless, to increase effectiveness and promote democracy, local authorities were vested with greater powers, thus breaking with a long-standing tradition of centralisation. The Act of 2 March 1982 represented a major step in the decentralisation process: it set up regions (local authorities) and granted those authorities wider powers.

There are today three types of local authorities:

- 26 regions;
- 100 *départements*;
- over 36 700 municipalities.

By virtue of their geographic and historical particularities, five regions and four *départements* outside of metropolitan France have a special status under which they have a wider scope of action, in particular with regard to economic and cultural affairs.

Regional authorities are active mainly in the economic sphere, coordinating and rationalising investment agreed upon with other authorities and with the state. A major portion of regional expenditure is used to finance upper secondary schools (*lycées*). Regional authorities are also responsible for the developing sectors of continuing training and apprenticeship.

Departmental authorities are more involved in the management of public services. They provide social welfare services for families, children and the elderly and are responsible for school transport and construction of lower secondary schools (*collèges*). Main lending libraries and museums also fall within their jurisdiction.

The greatest number of public service operations are carried out at the municipal level. Municipal actions are highly diversified. Municipalities are responsible for providing drinking water and treating household waste and for constructing, equipping and maintaining primary schools. They guarantee the provision of an undertaking service and establish public cold-storage facilities and slaughterhouses. Municipalities are required by law to provide certain services to the public, including household refuse collection. Under the municipal code, municipalities must ensure local distribution of electricity.

A general jurisdiction clause is applicable to local government. This prerogative corresponds to the constitutional principle which invests authorities with administrative freedom. In response to a need, municipal or departmental authorities have the power to create public services.

In fact, elected representatives frequently exercise this prerogative. Consequently, it is difficult to establish a definitive list of local public services: while certain services are being set up, others are being eliminated.

The current trend is towards greater initiative at the local level - what has been termed a local public service movement. This movement has been motivated by the drive and commitment of elected representatives acting in response to their constituencies. The public wants local government to become more involved in economic affairs and to make greater efforts to improve the standard of living. The economic crisis has only led to increased demands.

Not all municipalities have the same resources available to respond to the public's demands. The 36 700 municipalities in France are in fact highly disparate and operate under very different circumstances.

Number of municipalities		Population
–	25 249	0 – 699
–	6 908	700 – 1999
–	2 655	2000 – 4999
–	898	5000 – 9999
–	445	1 0000 – 19 999
–	293	20 000 – 49 999
–	67	50 000 – 99 999
–	31	100 000 – 299 999
–	5	over 300 000

This diversity has the great advantage of allowing a large number of citizens to assume public office and encourage public participation in civic matters. At the same time, to achieve more effective management, municipalities inevitably end up by combining their resources in collective structures.

There are nine metropolitan authorities ("Communautés urbaines"), 186 districts and 18,058 Consortia of local authorities. Since the promulgation of the Act of 6 February 1992, towns and municipalities have established other collective structures which manage numerous services - roads, fire prevention and control, and water and waste management.

Local authorities possess their own financial resources - to allocate as they see fit, even when they may be required to carry out specific missions. Their margin of action is, nevertheless, limited by the state. Taxes voted by local authorities must remain within the limits of a national scale. The state contributed 22.9 per cent of local resources in 1993. Such funding takes many forms. To facilitate the functioning of local authorities, the state provides a block operating grant. It provides numerous and substantial compensatory subsidies for exemptions from local taxes and tax relief. The value added tax (VAT) compensatory fund and the block capital subsidy are allocated within the framework of investment grants and subsidies. In specific recognition of the transfer of powers, the state awards an overall decentralisation grant.

Limited by financial constraints, local authorities must turn to solutions such as the community structures mentioned above. Delegated management is another possibility: to provide effective public services, authorities appoint private or public enterprises as managers. While generally involved at the local level, public enterprises sometimes manage services nationwide. For example, electricity, a municipal public service, is supplied by the Electric Company of France (*Electricité de France*) (EDF), which holds a national monopoly.

Local public services are therefore highly diversified and provided by many different parties.

Public services are subject to the principle of the freedom of trade and industry, observance of which is guaranteed by the courts - administrative courts, the *Conseil d'Etat* (the supreme administrative court), and the Constitutional Council. Depending on local circumstances, the courts deliver different judgments on the same activity with regard to its public service role. Demonstration of inadequate private initiative at the local level can be used to justify public intervention.

The courts also ensure application of the three basic principles of public service: equality of access, continuity of services and adaptation to the public's needs.

The courts, and the administrative inspectorates, are well-respected and wield considerable power. The need to monitor public services is thus clearly acknowledged. And such efforts are effective.

Traditionally, ensuring respect for the three basic principles was the state's sole obligation.

The question of effective management did not arise. The prevailing philosophical view was that the administration had only the public interest in mind. Policy-makers operated on the basis of that criterion alone. Public service users had an inferior status: they were first and foremost subjects of a beneficent administration which was, moreover, held in high esteem by the population because of its monarchical origins and acknowledged mission.

This view has nevertheless been called into question. In the 1960s sociologists began to criticise the counterproductive logic of the bureaucracy. The economic crisis of the 1970s made effective management essential. In the 1980s renewed interest in the business world reinforced the importance of effectiveness and efficiency.

The myth of the infallible and invulnerable administration is losing ground. Those responsible for public services must now account for and justify their actions.

In that context, modernisation of public service was inevitable. The Government took the lead by issuing a circular on 23 February 1989 a circular on the renewal of public services.

A four-fold programme is envisaged. Work relations will be transformed through dialogue designed to increase staff involvement. Public service projects to be implemented will be defined and evaluated at responsibility centres. Evaluation represents a new stage in public policy. The overall goal is to improve the quality of service to the public.

Evaluation, and its necessary counterpart - performance indicators - is becoming part of every field. The success of evaluation efforts depends on the appropriate definition and use of performance indicators and on giving due consideration to the information they provide.

It is not easy to define precisely the concept of performance. Economic analysis is restricted to objective, scientific concepts such as cost, production, effectiveness, efficiency and relevance. For performance evaluation, in addition to the multitude of services which must be considered, account must also be taken of the quality of the services, as perceived by managers and by the public. Performance evaluation thus requires an array of financial, technical, commercial and social indicators.

Nevertheless, performance may be measured by three principal criteria: effectiveness, efficiency and quality. Since these broader criteria can subsume a larger amount of data, the result will be a better knowledge of the services in question.

This study provides information on local public services in France.

I. GENERAL INFORMATION ABOUT LOCAL PUBLIC SERVICES

1. Information collected at central level concerning local public services

The National Institute for Statistics and Economic Studies (*Institut National de la Statistique et des Etudes Economiques*) (INSEE) publishes a municipal survey which includes data on local public services. This study is conducted in collaboration with the Central Office of Statistical Studies and Investigations (*Service Central des Enquêtes et Etudes Statistiques* (SCEES) of the Ministry of Agriculture. The most recent survey was published in 1988; a previous study was carried out in 1980.

The Ministry of the Interior is responsible for relations between the state and local authorities. Statistics are published by the directorate general for local authorities. Financial statistics permit comparisons to be made between authorities. The greatest amount of information is provided by budget documents.

Other ministries also hold to information regarding activities within their jurisdiction. Gathering information from each central administration is therefore an effective way of obtaining detailed information on local public services.

The municipal survey covers more than 200 types of facilities in various fields: business, services, health, social welfare, sport, leisure activities and culture, education, transport, planning, and hotel and tourist infrastructures.

The data indicate the range of public services for each municipality - what facilities and services it offers and in what amount.

For each municipality, information is provided with regard to the presence of:

- railway stations;
- schools;
- bus services;
- hospitals;
- day-care centres;
- social workers;
- indoor sports facilities;
- playing fields.

The survey provides comprehensive information on facilities and public services available locally. While including sufficient data for a general perspective, the survey does not deal with costs or frequency of use.

Nonetheless, it does give some indication of relations between municipalities by identifying poles of attraction - those authorities which draw in the surrounding populations because of the public services they offer. When a new service is being considered, the survey can therefore be of help in evaluating the population of potential users and pinpointing competition.

Specific studies carried out by various public service agents can contribute supplementary information. For example, the secretaries general of cities in the Paris region conduct and publish an annual study covering the frequency of use of facilities, admission fees and other cost factors.

Such initiatives develop statistical methods adapted to the particular requirements of the situation. However, such studies are relatively infrequent.

2. Procedures to collect information

INSEE staff, working in regional offices, collect the information.

Studies conducted by ministries are carried out by their own staff.

At the national level, the scientific evaluation board plays a role in performance evaluation of local public services. The board performs the final review on studies conducted by the interministerial committee for evaluation, some of which concern the functioning of local public services. The board has already expressed its views on social housing renewal policy and on the treatment of disadvantaged populations by certain public services.

The few municipal councils which possess precise evaluation methods use performance charts, which include performance indicators. Public services employees, by virtue of their contact with the public, are in the best position to collect data on certain parameters - frequency of use of facilities and the use of various installations. It is to these agents that the consumers present their complaints.

Performance charts provide an opportunity to follow the performance of a public service over time. Comparisons are simplified by using the same criteria and techniques throughout. However, because measuring instruments are tailored specifically to the local service under consideration, it is difficult to compare the results with those of other authorities.

Specific local initiatives do not, therefore, yield standardised data.

INSEE employs methods which ensure that the results can be compared nationwide. Data are processed by computer and must be standardised. An anomaly signals one of two possibilities: either the information has been entered inaccurately or it represents a special case.

This task is part of the Institute's mandate. In collaboration with economic and social partners, INSEE ensures that public sector statistics are consistent from a legal and technical perspective.

3. Purposes of collecting information

INSEE collects data in order to establish statistical baselines. It has no brief to use the information for policy-making purposes.

Public administrations, on the other hand, gather information for practical, operational purposes.

Elected representatives may conduct studies at the beginning of their term of office to evaluate the condition in which their predecessor has left the public service system. The results show the work to be done as well as past responsibilities.

Another purpose of studies is to call attention to specific situations. In the spring of 1994, the association of mayors of major French cities commissioned a study on the costs of centrality. Twenty-eight cities responded to a questionnaire comprising twenty-three sets of questions covering thirty-six facilities and services. The results demonstrated that urban centres are bearing increasing costs as a result of their central location. Inhabitants of outlying communities use the facilities without helping to finance them.

Transfer of power and redeployment of resources also provide an opportunity to measure the effectiveness of the services concerned. Before undertaking extensive capital investment, elected representatives are with increasing frequency requesting information on the costs of the facility and its potential profitability.

Evaluation often comes into play when a new element is introduced.

Grant assistance is one example. A description of local conditions can form the basis of a new grant application. For allocating structural funds the European Union has thus far been relying on general information relating to unemployment rates and per capita tax potential.

However, public subsidies are increasingly being awarded on the basis of criteria having to do with the facilities and operations of local public services. The urban solidarity grant, for municipalities with over 10 000 inhabitants, depends in part on the proportion of social housing relative to the total population. The equalization subsidy from the block operating grant for municipalities is allocated on the basis of several criteria: the number of school pupils, institutional capacities, the extent of the road system and the amount of social housing.

Such conditional grants encourage communities to develop instruments to evaluate their local public services.

Data collection reveals municipal deficiencies and structural handicaps. In the case of France, these statistics encourage municipalities to pool their resources.

Public authorities also use the information to decide how services will be managed. In some cases, authorities use the data to confirm that public services function as well as private ones. In contrast, a study in the town of Nîmes showed that as a result of bringing in private management the costs of three public services decreased by 20 to 50 per cent.

There are, therefore, multiple opportunities for carrying out studies.

Generally speaking, the purpose of evaluation is to highlight performance deficits and identify their causes. After that, the means to improve performance can be sought.

4. Publication of the information

INSEE issues its own publications of the data, which may be also be consulted at the Institute. INSEE has a documentation office to receive and assist the public.

To ensure diffusion to a wide public, INSEE groups its data into seven-page sections for each municipality. The information is available on-line, thus permitting wide access.

The information collected by municipal services is used mainly for internal purposes, essentially to provide information to managers and elected representatives. Municipalities do not produce special publications for the general public.

The municipal report, generally issued annually, includes accounting and budget documents. The Declaration of the Rights of Man and of Citizens of 1789 refers to certain obligations. Article 14 provides that every citizen has the right either by himself or through his representative to a free voice in determining the necessity of public contributions, and the manner in which they are employed. Article 15 stipulates that society has the right to request of all its agents an account of their administrative actions. Those principles have explain the effort to achieve financial transparency. However, for practical reasons, budget documents contain very little detailed information, making it difficult for the average citizen to find out the cost of services.

All local authorities communicate information in some form. However, statistics are not included in these publications.

II. USE OF PERFORMANCE INDICATORS BY INDIVIDUAL LOCAL AUTHORITIES

1. Cost accounting

Elected representatives depend very little on performance indicators for purposes of daily management. Such indicators tend to be used more frequently by public service technicians.

Through the cost accounting method used in some major cities, the full cost of public services can be determined. Fixed costs can be allocated to services by means of allocation coefficients. Cost accounting defines a network and the organization of costs within it, allowing the cost for each service, benefit and facility to be identified.

Interest in cost accounting developed in the 1980s following its use and elaboration by the town of Orléans, with the collaboration of the Ministry of Finance. However, the complex and costly data processing involved in cost accounting has limited its use. Cyclical factors make extrapolation and prediction difficult.

Cost accounting can nevertheless provide information about the financial performance of local public services.

Another source of information on the quality and performance of public services derives from the existence of legal standards. In certain fields, the legal obligation to conform to standards makes its unnecessary to define performance indicators. The state defines safety standards, such as the maximum capacity of swimming pools or intervention zones for fire brigades.

Traditionally authorities also comply with technical standards which are not legally binding but are endorsed by professionals. They accept as a reference the standards furnished by the equipment manufacturer or service provider.

While accounting procedures and legal standards do provide information about performance, such data is not sufficient for management purposes.

Authorities also need to determine whether the objectives have been attained (effectiveness), whether the results correspond to the resources used and have been obtained at the minimum cost (efficiency). Managers are concerned with the quality of the service and the public's degree of satisfaction with it.

A performance chart covering the full range of public services can provide an authority with all this information. A comprehensive performance chart includes information on effectiveness, efficiency and quality. It shares the frequency of use of facilities, differences in capacity, and the cost of services under these conditions. It indicates the public's subjective assessment of each service.

Authorities can use performance charts for the full range of public services.

The town council in Asnières uses a performance chart for seven areas: security, youth and sports, culture, public service, economy and employment, planning and environment, and social welfare. Every three months the chart generates forty-nine indicators which enable officials to follow the progress of the town's important projects.

The municipality of Rezé draws up an annual performance chart which includes data on education, leisure activities, conviviality (measured by the number of hours of free use of municipal halls), culture, social welfare, health, parks and taxation.

Chalon-sur-Saône produces an environmental performance chart with data on water, noise and landscape. The chart is used to help decide where to locate new businesses. It might, for example, provide data for an environmental impact study of urban heating.

It is clear from these few examples that performance charts are valuable in a wide range of circumstances. The particular use to which they are put depends on local authorities.

Performance chart information is derived from data supplied by various sectors and services. Local authorities determine whether charts are elaborated on a weekly, monthly, quarterly or annual basis.

By providing written, precise and regular data, performance charts improve service delivery. Remedial action is taken on the basis of performance chart indicators. Once informed, a mayor may request explanations from a public service, or may congratulate it.

A local authority has, therefore, numerous elements available de facto. It may use them as they stand or supplement them with simple analytical tools. This approach can be applied to any public service.

After testing various ways to improve service delivery, some towns have established models.

Angers uses a cost accounting system under which it calculates the full cost per service, after establishment of responsibility centres and an internal billing system.

Conflans-Sainte-Honorine makes use of a behavioural model: services are improved by means of internal communication, think tanks and harmonization groups.

In Metz, municipal management is based on a planning scheme and a formalized and centralized budget negotiation system.

Nîmes has limited its municipal organization to basic tasks. It appoints private enterprises to manage certain public services, as a means of improving their performance.

2. Selection of performance indicators and role played by the public and local elected representatives

Public service technicians are best qualified to choose performance indicators because they can judge what data is needed to improve the service in question.

Managers may choose performance indicators with employee participation. In the *département* of Bouches-du-Rhône, the director general of public services selects performance charts in each service, for the executive. The charts are used in negotiating the allocation of resources.

The participation of elected representatives in the definition and use of performance indicators appears to be essential. Their ambition is to act as a driving force for the community, making choices which will shape its future. They tend therefore to concentrate on defining the objectives to be attained. By delegating to others the management of daily affairs and assuming the role of arbiter, officials gain in prestige.

Under the Angers model, the management team has a large role to play. In the case of Conflans-Sainte-Honorine, the entire staff is mobilised: evaluation and modernisation have become integrated into the community culture. In Nîmes, the executive play a decisive role in delegating management powers.

Initiatives of this type may occur in any municipality. Experience has shown that elected representatives are not the only ones involved in the evaluation process.

In October 1990 in Brittany, an experimental commission was set up to assess public policy, in particular neighbourhood social development, assistance to business and computerisation in the secondary schools. Participating in the commission were representatives of the regional council, the prefecture, central government, the regional accounts commission and chamber of commerce.

In Hérault, a departmental evaluation committee, composed exclusively of elected representatives, decided to study water policy.

This is an example of elected representatives from a particular area getting directly and personally involved in evaluation policies. Although limited, such examples demonstrate the existence of a trend.

It is clear that many types of individuals are involved in performance evaluation. The role of public audit officials, academics and chartered accountants is bound to grow because of their specialist and professional expertise.

Regional accounts commissions monitor the legal aspects of local management. Commissions may, on occasion, concern themselves with policy evaluation. To that end, they define appraisal criteria. They assess the stated objectives, the resources employed and the results obtained. A commission might evaluate, for example, whether suitable public service personnel had been selected for a particular mission.

The regional accounts commission of Provence-Alpes-Côte-d'Azur has taken the innovative step of publishing an annual report, in which it has called attention to certain serious management anomalies.

Consumers are also entitled to participate in defining policy and evaluating public services. The Act of 26 July 1983 relating to the democratisation of the public sector provides that one third of the executive board members of a public enterprise shall be appointed by the state either by virtue of their expertise or because they represent consumers or users of the service. The public can then exert pressure on enterprises which provide local public services, such as EDF and SNCF (the national railway company), to encourage them to integrate performance indicators into their management systems. In practice, however, users exert very little influence over service providers in this manner.

Public pressure works more effectively through the consumer movement, which took shape in the 1970s. Today consumer groups have a definite say in the management of two public services: public transport and the telephone system. In 1983 consumer pressure forced the telephone company to verify its billing procedures and acknowledge its errors. In 1995 railway passengers obtained a court judgement against SNCF for failure to respect scheduled arrival times.

Confronted with growing discontent among suburban populations, municipalities have expanded the channels through which residents can be heard and have increased their opportunities to participate in decision-making. They have created neighbourhood committees and municipal offices and have improved the manner in which public surveys are conducted.

The Act of 6 February 1992 provides that municipalities may hold advisory referendums. An advisory commission, open to the public and having jurisdiction over all public services, will be set up in authorities of more than 3 500 inhabitants. This procedure has not yet been implemented.

Citizens and consumers do not in fact participate to any great extent. That is particularly the case in problem neighbourhoods where much of the population is not registered to vote or votes infrequently.

3. Publicity of the information concerning the performance of local public services

Regions, *départements* and municipalities publish newletters. Such publications contain very little information on local public service performance and tend to focus only on success stories.

The local press reports on the functioning of public services and calls attention to management errors. The local press is dynamic and reaches a wide public, which allows it to act as a counterbalancing force.

In July 1992, RATP, the company responsible for public transport in the Paris metropolitan area, gave passengers an opportunity to express their views. It called upon consumer groups and the press to help it improve services. Two major daily newspapers in *Ile de France* - *France-Soir* and *Le Parisien* - opened suggestion columns and summarized the positive and negative observations sent in by readers. Thus the press also participates in the initial stages of service improvement, by evaluating performance levels.

National media also conduct special studies relating to performance. In 1992, in a study entitled "The best places to live in France", the weekly magazine *Le Point* selected the *départements* which offered the best quality of life. First prize went to Hautes-Alpes.

The magazine conducted the first survey of this kind in 1973; the 1992 study was represented the sixth edition. *Départements* were ranked according to eight criteria: agreeableness, dynamism, resistance to economic difficulties, wealth, criminality, culture, health, community life. Most of those categories included aspects relating to local public services.

The quality of community life was determined by the capacity of day-care centres, the number of teachers per child in nursery school, the number of places in retirement homes, direct air connections, the number of kilometres of motorways, the per capita sports budget, and the percentage of the population with access to a social or cultural centre.

The culture level was determined by similar criteria: the number of cinema seats, museums, festivals, and books borrowed.

Le Point obtained data on local public services from INSEE, the ministries of sport, education and culture, the national centre for highway information, and regional councils.

The ongoing nature of this study demonstrates the public's interest in this type of information.

During the 1989 municipal elections, the economic magazine *L'Expansion* rated cities in terms of management, on the basis of a three-part questionnaire: quality of services to inhabitants (30 points), policy forstaff motivation and training (35 points) and quality of financial management (35 points). The study focused on towns and cities of more than 10 000 inhabitants. Out of 812 questionnaires distributed, 234 were completed. The best-managed cities were Angers (cities with over 100 000 inhabitants); Chalon-sur-Saône (30 000 to 100 000 inhabitants), and Saint-Ouen-l'Aumône (10 000 to 30 000 inhabitants).

Numerous specialised journals deal with local government and contain articles written by experts and academics from every field.

The most serious failures to achieve the objectives of public service are decried in publications which specialise in revealing scandals. *Le Canard Enchaîné* reports deficiencies in administrative functioning and cases of dishonesty or poor management involving elected representatives. The newspaper's very existence as well as its actions represent a strong dissuasive force.

The association of administrative and public service consumers publishes a newsletter which calls attention to errors and poor performance on the part of public hospitals, public transport, SNCF and EDF.

Thus, there are increasing possibilities for investigating and reporting the most serious errors and deficiencies in public service. The quality of the available information is improving.

However local authorities are not legally bound to use or publish performance indicators for public services.

Nevertheless, more financial information is being kept available to the public. For example, a Bill of 27 March 1993 provides for the publication of accounting and budgetary ratios, which the public can then compare with national averages available in various ratio guides.

In general, since the promulgation of the Act of 17 July 1978, access to administrative documents has been under the control of a national commission. Citizens are entitled to request various kinds of information including files, reports, studies, records, minutes, statistics, directives, instructions, forecasts predictions and decisions. The law is applicable to all types of documents written, tape-recorded, visual, or anonymous computer data.

Thus, the state does not keep many classified documents.

According to the Act of 15 January 1990, the local authority must transmit to the deliberating body the final review of the regional accounting commission with regard to local management. The report is considered at the next meeting of the deliberating body, at which time the opposition may choose to disseminate the information to the public and play its role of critic.

In certain cases, municipalities are bound by law to provide information on local public services.

The Act of 13 July 1992, relating to waste disposal, states the principle of the public's right to information. Municipalities which possess waste disposal or storage sites must create a local information and monitoring commission.

A Bill of 26 September 1994 contains obligations relating to information on water quality. Mayors must display in the town hall the data transmitted to them by the prefect on the quality of water distributed. A synopsis with sufficient commentary to provide a clear understanding of the data is a minimum requirement. The data remains on display until new information is available. The Act of 2 February 1995 reinforces these obligations by specifying, and making additions to, the technical and financial indicators to be presented.

III. NATIONWIDE COMPARISONS USING PERFORMANCE INDICATORS

1. Range of available performance indicators

Because each local authority and public service has its own particular characteristics the range of available performance indicators is very wide. Indicators are best defined by those in charge of the services.

Performance indicators measure effectiveness, efficiency and quality.

Certain indicators, known as multi-stage indicators, take all three factors into account by measuring different stages of performance. For example, an indicator may first measure the extent to which a local population plays a particular sport, then the beneficial effects of the sport on those who practice it and, finally, the benefits for the community as a whole.

Internal comparisons can be made within a single public service. The effect of a new policy can be measured by comparing the results of an experimental group with those of a control group, to which the policy has not been applied. This procedure is methodologically sound and obviates the need to use data from similar experiments carried out under other circumstances.

The following cases provide examples of performance indicators used by various public services and which yield comparative data.

In the field of education, studies at the local level measure academic progress. Performance indicators include the repeat rate, percentage of backward students, availability of short-term studies, and the drop-out rate. In terms of the teaching staff, data is collected on the teacher turnover rate and the average length of service.

With regard to facilities, information may be collected on:

- nature of the services provided;
- type of facility: public, private, voluntary;
- capacity (area in square metres) and number of places;
- service capacity: staff number and qualifications portion of time given over to the service;
- duration of service: days and hours open;
- accessibility to the public, distance in kilometres;
- construction dates and state of maintenance;
- congestion and saturation .

Annual studies are conducted by some ministries. The national interministerial road safety observatory monitors the number of road accidents per year. The data is useful for comparative purposes because it is divided into several categories of road accidents:

- two, three or four-lane roadways;
- dry or wet surfaces;
- day or night;
- rural or urban zones;
- the result of speeding, alcohol or mechanical failure.

Comparative research is conducted on an *ad hoc* basis by various bodies. In 1994 the water company of Rhin-Meuse studied water rates in seventy-four communities.

The EDF supplies electricity, a municipal public service. The company offers a Service Guarantee according whereby it pledges to respect standards of quality, to provide an emergency repair service within four hours of the initial call, to offer appointments within a fixed two-hour period, to begin service two working days after a new user has moved in, and to respond to correspondence within eight days. It is the company itself which defines the performance criteria by which it may be judged by the public. In the event of failure to respect a service guarantee, EDF will award financial compensation of 150 francs. These commitments are part of the company's business policy and are publicized in radio and television campaigns.

National Gas Company GDF (*Gaz de France*) has made similar commitments. The two companies submit a yearly activity report to the licensing authority. GDF provides an operating report corresponding to the main aspects of the operating account, which includes information on commercial activities (number of new clients, gas consumption per rate category); technical activities (progress of work, conformity to standards); and any incidents or accidents which might have occurred. A quality of service report contains indicators on product quality and the quality of service to consumers. Thus, for the community, licensing provides an opportunity to obtain performance indicators for a particular service.

Various kinds of performance indicators are used; they are defined by those who commission the study or service.

2. Means of collecting information

Local public service employees or outside investigators collect information by the means of questionnaires.

The Ministry of National Education collects information on educational services. Ministry staff conduct investigations within school districts, using data provided by the schools.

Road safety studies are based on data gathered by regional monitoring centres. Members of the police force and gendarmerie are required to fill out detailed report forms on accidents involving bodily injury; the information is then used to develop a computerized database.

Information on water services is collected at the municipal level. To establish an average cost, yielding the rates actually paid by the majority of users, the data is weighted according to the number of inhabitants.

EDF first investigated its capacity to conform to its Service Guarantee in fourteen centres, after which it gradually extended the study to the entire country. The first stage yielded test-group data which was then used to modify the procedure as it was applied nationwide.

An increasing number of these studies are being conducted according to professional standards. In some cases, investigators are specially trained so that they can work with a wide variety of consumers.

Polling is the most appropriate way to measure service quality and the extent to which the service satisfies the public. Polls can be used for a specific target population or can be directed at individuals who do not use the service in question. To conduct polls, public service administrators use the services of specialised polling institutes, a number of which, recognized internationally, exist in France.

3. Purposes of collecting information

Performance indicators relating to education are used to define priority education zones. Using this information, authorities promote what are known as anti-exclusionary policies the goal of which is to encourage the most highly experienced and qualified teachers to work in these zones.

Living conditions in some outlying urban areas are very difficult and represent a potential source of urban unrest. In response, authorities have begun to draw up urban contracts which fix objectives for housing improvement and investment planning. Such action presupposes broader knowledge of the neighbourhoods involved. One possibility would be to develop data banks containing information from various sources: census, municipal surveys, family allowance offices and national employment centre records, public housing studies, and crime data from the Ministry of the Interior.

Statistics on road accidents are used to improve road safety. The contribution of physical factors, such as the type of road surface and the quality of street lighting, is studied and improvements are undertaken accordingly.

The water service study served to uncover and explain rate differentials and call attention to any striking differences. The rate scale ranges between 5 and 20 francs per cubic metre. Large communities naturally charge higher rates because they need to undertake more ambitious modernisation projects. The study brought transparency to the field. Until recently, municipalities financed their water facilities in part through tax revenues and, accordingly, were able to charge lower rates for the service. However, according to a regulation issued under the Act of 1 July 1992, water and sanitation charges must now be charged for and invoiced separately.

Communities must abide by the standards set forth in European directives. This type of harmonisation enables comparative studies to be made since communities are all bound by the same obligations. For example, municipalities with populations exceeding 2000 must install sewage treatment facilities before the year 2005.

Transparency with regard to water management appears to be an essential element in persuading the public to accept rate increases. That conclusion was drawn from an investigation involving 1 000 people and carried out by a specialised institute at the request of the Rhin-Meuse water agency.

Companies in this sector agree on the importance of transparency and on the need to inform the consumer. The General Water Company (*Compagnie Générale des Eaux*) has made commitments similar to those made by EDF. On 21 March 1995 in Caen, the Company instituted its first customer service charter, under which it pledged to guarantee appointments within a two-hour period, ensure service on the day of moving in, provide an estimate within eight days for any new construction and carry out the work within the following two weeks. The company agreed to award 150 francs if it failed to respect its commitments. It has also pledged to carry out 1500 more analyses than required by regulations and to institute monthly billing with a more comprehensible format.

As part of its policy to improve customer service, EDF hopes to involve the public in managing consumption with a view to reducing production costs. In autumn 1993, EDF launched a programme under which it offered to provide users with an electronic meter which, by displaying the cost at any given moment, could help them regulate their consumption levels. According to the season, day or hour a consumer can judge when consumption should be reduced. By controlling demand, user costs are reduced and EDF no longer has to use supplementary facilities to meet peak requirements. Performance of a service thus implies engagement of both the provider and the public.

In general, studies are conducted in response to difficulties and with a view to improving service.

4. Structural characteristics of the local authorities and comparisons of statistics on local public services

In view of the range of municipalities in France, performance indicators must take into account their particularities.

Size is a factor which may either increase or decrease rates. For example, the cost of collecting one ton of household waste will differ between rural and urban areas.

It is thus logical to classify authorities according to similar characteristics, which enables comparisons to be made within categories.

In order to take action in the social domain, populations with difficulties must be identified. To that end, it is sometimes necessary to mark off a population centre or neighbourhood precisely and in great detail to reveal highly disadvantaged zones. Dealing with data at the level of the municipality would have only produced uniform results and would have failed to highlight particular problem areas.

The purpose of identifying sensitive zones is to undertake renewal programmes. Urban policy has targeted 500 neighbourhoods with a total of 3 million inhabitants. There is an increasing gap between the standard of living in these zones and that of the rest of the population.

Urban contracts have two dimensions. With regard to the population grouping as a whole, they cover crime prevention, co-ordination of educational activities, and occupational and social integration. At the neighbourhood level they are concerned with near-by public services, action in the health and social fields, and educational, cultural and sports projects.

The relevant action to be taken depends on the community and service in question. There is no independent, pre-defined set of indicators which can be used regardless of the particular zone to be studied.

5. Publicity of the results

Comparative results have value in the hands of the right people – those who are in a position to reorganize the way in which a service is managed according to the needs revealed by the indicators.

Elected representatives are provided with selected indicators. Because they are responsible for public services as a whole, representatives are informed only of the range of the most significant data, and it is on that basis that they may decide to reallocate resources. Elected officials have little to do with day-to-day management and, accordingly, have no need for highly detailed indicators. In contrast, public service managers and those in charge of associations and activities are directly involved and can make use of highly technical indicators.

In general, indicators are communicated to particular people according to their expertise and ability to take remedial action. The service which has conducted a performance evaluation study will establish a direct dialogue with managerial staff; as a result the recommendations should be followed rapidly and services improved.

IV. QUESTIONS RELATED TO THE USE OF PERFORMANCE INDICATORS AND, MORE GENERAL, OF LOCAL PUBLIC SERVICE STATISTICS

1. Evaluation of the use of performance indicators

The use of performance indicators is open to criticism on various fronts.

First, performance evaluation should not be perceived as a manner of sanctioning or planning public service staff. Its purpose is to call attention to problems so that staff and management can find solutions.

Criticism has also been levelled at the lack of consistency and reliability of the indicators, which often provide information in specific circumstances without any follow-up and without placing the data in context.

The use of indicators becomes progressively more complex as their number increases. It is important, therefore, to define a goal-oriented research strategy. Data analysis is as important as data collection, which is only the first stage of a long process.

Local authorities operate in a very wide variety of situations. Rather than define a universal set of performance indicators, it is preferable to help local public service managers devise their own indicators.

Management specialists advocate the use of performance charts which specify, in writing, the role of each individual in collecting data, the publication dates and the way in which the data will be produced.

Such precautionary measures help to avoid the use of data in a biased manner and ensure that the indicators will be used more often.

Performance indicators can be of value in every field. In fact, even more widespread use of indicators would be desirable. The first priority should naturally be to use such methods for the more costly public services in order to reduce the community burden.

Performance indicators are effective when used in the daily management of facilities. Thus, promotional campaigns can be carried out when lower frequency of usage is anticipated as a result of decreased demand and past trends.

It is easier to employ performance indicators in certain sectors, in particular that of commercial activities. Costs can be isolated and each service provision can be billed separately.

It would also seem reasonable to use management indicators for those activities over which local authorities have greatest control. In cases where publics services are subject to laws and standards, it is less important to define other objectives. Moreover, public accounting regulations and public administration statutes limit innovations in the area of management.

In contrast, when it holds the major responsibility for developing an activity, a community has a greater need to evaluate the results of its actions. Such control reduces the risk of cost increases. Managers can take appropriate action to correct any problems in the new service.

The use of indicators to evaluate external impact is a area which merits development. Indicators could provide information on the actual effect of a service on a community. Public services produce effects beyond the stated objectives measured by traditional indicators.

Installation of computer systems provides an excellent opportunity for modernising public service management and introducing performance indicators. Computer technology makes its easier to produce statistics and to store and use data. For administrative staff, computerisation is a significant step and provides a timely opportunity to introduce performance evaluation as a new working method.

Performance indicators provide information on the cost of operating and maintaining public services. Attention thus far has been focused mainly on construction costs. Little data has been available on use of the service and value of the facility over the long term.

Lastly, performance evaluation is a means of preventing wrongdoing and corruption because it focuses on costs and brings transparency to financial and funding operations. For that reason evaluation may be encouraged by parties outside of the sector under consideration.

2. The situation in France

Communities in France rarely have at their disposal instruments to measure the performance of local public services. Not only that, but there is a failure to exchange information among services. Existing performance indicators are not exploited adequately.

Central Government services are responsible for assessing the state of management control instruments in the public service domain. In 1986 the central committee for the study of public service costs and efficiency, part of the office of the Prime Minister, conducted a study on management instruments (accounting, management control, production costs and performance charts) used by three public services: EDF, SNCF and the Post Office. A similar study was carried out in 1994 with regard to army health services, prison administrations and higher education institutions. Those studies demonstrated the inadequacy of performance evaluation and, with that in mind, the central committee made a number of proposals for reform.

Performance evaluation is receiving increased attention and the Government is encouraging this trend. The *Revenu minimum d'insertion* (minimum welfare payment), established by the Act of 1 December 1988, is evaluated periodically. While the state contributes funding, it is the departmental authorities which do the major share of the work: they provide 80 per cent of the financing and are responsible for implementing social integration measures. The performance evaluation yielded unexpected results: the beneficiaries were younger than had been anticipated by the drafters of the provision and their number was higher than predicted.

Under state/region contracts for 1994-1997, 6/10 000 of the total subsidy has been allocated to performance evaluation. The partners are adopting this measure for the first time.

The budget for this item will increase regularly, in anticipation of the resultant savings. Establishment of performance evaluation procedures should yield benefits which exceed the costs.

Municipalities provide information on the cost of performance evaluation measures. According to Asnières Town Council, the annual cost of data collection and the publication of a "information barometer" (four issues of four pages each and an annual issue) is 140 000 francs. The preliminary study cost 80 000 francs.

There are several types of costs involved in performance evaluation: designing and setting up the system, materials and staff training. Costs can often be reduced through more efficient presentation and use of the information already available. Local authorities must learn to make more effective use of accounting and budgetary data, in particular in its automated form. The setting up of evaluation instruments constitutes a no-cost by-product of the daily management of services.

Performance evaluation should not be considered essential under all circumstances. Paradoxically, in certain cases the absence of performance indicators demonstrates good management. Some low-cost services do not require data collection.

3. Performance comparisons with individual local public services in other countries

It is difficult to make comparisons with other European countries because authorities may not be equivalent and may not have the same powers.

Comparisons can, however, be made on the basis of objective factors such as service costs. The price of a cubic metre of water was compared across countries in 1990. In France the price was 10 francs, of which 5 were allocated to drinking water and 5 to sanitation. In Germany, the price was 21 francs, of which 7 for drinking water and 14 for sanitation. Such a comparison demonstrates that the costs in France will have to increase in order to improve quality and protect the environment.

Similar comparative studies have been carried out with regard to transport. In 1990 the Ministry of Transport commissioned a study on the financing of urban public transport in developed countries.

The goal was to establish baseline data which French local authorities could use for decision-making purposes.

In part of the study the French towns of Grenoble, Lille, Lyon, Marseilles, Reims and Toulouse were compared in terms of the level and nature of their facilities and the modes of financing and management employed.

International comparisons were made between the following countries: the United Kingdom, Belgium, Netherlands, Portugal, Spain, Italy, Switzerland, Austria, Germany, Sweden, Denmark, the United States of America, Canada and Japan.

The study confirmed that all the countries studied had difficulty financing public transport, owing to a structural inadequacy in fare revenue. Various solutions have been tried. United Kingdom authorities use privatisation and appeal to the indirect beneficiaries of the facilities. Switzerland allocates a federal car fuel tax to public transport. In Japan, motorists must have an off-street parking place. In France, employers contribute to public transport funding.

The study reveals countries' ingenuity in improving service delivery.

In France, the National Union of Industrial and Commercial Public Services conducts performance evaluation studies of such services. It compares management strategies in various European countries and highlights their advantages and benefits. Thus, particularly in the case of delegated management, service providers are informed about the techniques used and results obtained by others in France and abroad.

The European Commission produces a periodic report entitled “Competitiveness and Cohesion: trends in the regions”. The fifth report, published in 1994, dealt in particular with infrastructure systems and provided both quantitative and qualitative indicators on transport, telecommunications and the delivery of water and energy.

For the transport system, the data indicates the number of kilometres of road and railway. However, there are few indicators in respect of quality. Average traffic speed is not mentioned. The report provides data on sewage treatment. It indicates that verification includes testing the quality of bathing water. These two indicators should evolve in a parallel fashion.

Thus, based on sources such as these, it is possible to make international comparisons.

APPENDIX I

School canteens

The government occasionally conducts comprehensive studies on local public services with a view to learning more about how such services operate and proposing reforms in the sector under consideration.

In 1987 the Ministry of the Interior requested the Inspectorate General to update the report completed in 1980 on municipal school canteens.

The objective was to analyze the current situation and to indicate any developments since the previous report.

The inquiry made use of several performance indicators.

1. Methodology

There are 19 500 municipalities which possess public school canteens. For practical reasons, the study did not include all cases but used a representative sample.

The 1978 study covered 59 municipalities. There were several selection criteria:

- geographical: several regions were represented;
- demographic: municipalities were classified in five population categories: 0 to 10 000 inhabitants; 10 000 to 25 000 inhabitants; 25 000 to 50 000 inhabitants; 50 000 to 100 000; and over 100 000 inhabitants;
- sociological: urban centres and dormitory suburbs were taken into account;
- political: municipalities were run by the Government party or by the opposition;
- administrative: services were managed directly by the local authority or by an association;
- technical: all types of organisations were studied – central kitchens and kitchens for the individual school.

During the second survey, 36 of the original 59 communities were studied. Members of the Inspectorate visited the municipality and in particular the premises in question for a thorough review lasting 24 to 48 hours.

The 1987 study also included a second sample of 223 municipalities, interviewed by questionnaire, which provided less comprehensive information on the factors under study. The board received 119 responses.

2. General observations

The public's perception of school canteens continues to evolve. These canteens are now considered as a genuine public service, accessible to all, and as such they are used by all social classes. Generally speaking, these facilities correspond to the needs of individuals who work and eat away from home at midday.

Attendance rate by region:

	1978	1985
Parisian region	33 %	46 %
Northwest	28 %	38 %
West central	26 %	47 %
Centre, Rhone-Alpes, Southeast	20 %	36 %
Southwest	26 %	47 %
Northeast, East	7 %	17 %

The low prices charged in these subsidised canteens encourages people to use them.

Over half the communities subsidize more than 50 per cent of the costs. The maximum level of public funding is found in towns with between 50 000 and 100 000 inhabitants. Costs are subject to a threshold effect.

3. Technical developments

Direct control is the most common legal arrangement: 74 per cent of cases in 1978 and 68 per cent in 1985. While there has seemingly been little change over time, these figures should not be taken to mean that communities have not tried various management arrangements. During the period in question, 35 per cent of municipalities did make changes.

There is, however, a trend: the number of municipalities which contract with private enterprises increased from 10 to 20 per cent.

From 1978 to 1987, the percentage of communities using facilities for reheating pre-cooked meals rose from 11 to 23 per cent. The largest communities in particular have installed these systems. Owing to the costs of this equipment, a new threshold effect could be seen.

Consumption indicators failed to demonstrate excessive dependence on inexpensive foods such as pasta and rice. There has been a decline in the use of starchy foods and an increase in green vegetables and raw vegetable salads. The nutritional quality of the meals is therefore improving.

There has not, however, been any improvement in the amenities. The study revealed an inadequate division of space, insufficient heating and almost non-existent soundproofing.

Food quality control is carried out less frequently in the smaller communities. Quality criteria ranging from poor to excellent are employed to assess the presence of each infectious agent.

In the study, reference was made to the difficulty of obtaining information on collective food poisoning. The Veterinary Service and of Economic and Social Affairs directorates report directly to central administrations.

For the period 1984 to 1986, these reports revealed 59 incidents of food poisoning affecting 5166 victims, 184 of which required hospitalization.

In 78 per cent of cases, menus are planned by managers and sub-contractors. Parents are consulted in only 18 per cent of cases.

4. Lack of financial and accounting information

The cost per meal is not always calculated. Moreover, with few exceptions, calculated costs are rarely equivalent to total costs.

For example, distribution and monitoring staff are not often taken into consideration even though staff are provided with free meals by the municipality.

Consumption of water and electricity are not regularly included as distinct items. Municipalities sometimes make unverified estimations or simply ignore those elements.

In smaller communities, the accounts are not divided according to activity sector. Larger communities use more precise accounting techniques but do not provide a detailed breakdown of electricity or heating costs. The cost of drivers who deliver the meals is included in municipal overheads.

5. Rising costs

The total cost per meal varies from 12 to 44 francs, with 52 per cent in the 20 to 32 franc range. With the exception of structural differences and variations in management quality, these differences can be explained by the accounting techniques referred to above.

The greater the size of the community, the higher the cost per meal: the larger number of meals which must be produced requires more complex management. The opposite trend can be found in towns of over 100 000 inhabitants: because food service is on a grand scale, these cities use more efficient equipment and more rigorous management systems.

According to the study, sub-contracting results neither in savings nor extra costs in comparison with other management strategies. Nevertheless, authorities tum to this approach when confronted with inefficient management in the form of poor quality or cost control problems.

Managers are most familiar with food costs, which represent 29 to 38 per cent of the total and, like total costs, are capable of increasing threefold. Modern reheating systems enable pre-cooked meals to be prepared six days in advance, thereby reducing loss and waste. The budgetary item for food products remained stable during the period under consideration.

The item representing staff costs accounts for more than half of the cost of a meal and these costs are on the rise.

6. Prices determined in terms of social welfare

Households are not charged the full cost of school meals. As a form of social welfare, local government contributes part of the financing by charging different prices for school meals.

A minority of municipalities (37 per cent) have a single fixed price. However, in 13 per cent of those cases disadvantaged families receive special assistance.

The majority of communities (63 per cent) charge different prices. Most often, they use a system based on family size.

Single prices tend to be more typical of smaller communities. The larger ones sometimes offer meals at four different prices.

In fact, no connection has been demonstrated between price systems and the extent to which revenues cover costs. The differences arise mainly from the costs themselves.

Consumers provided 93 per cent of the revenue in 1985. Other sources were marginal: subsidies from a dairy provider in return for promotion of its products, or departmental grants.

While communities subsidise more than 50 per cent of the cost of school canteens, that effort represents only a small portion of the municipal budget.

The difficult situation of school canteens is heightened mainly by rigorous and prolonged price control. In this context, social welfare is less relevant. Taxpayers contribute instead of the actual consumers.

7. Proposals for reform

Municipal accounting systems need to be improved so that local performance can be evaluated.

Restaurant service managers should have control over the entire range of services involved and should be given more responsibility, for example, being in charge of the supervisory staff or managing advances for small expenditures.

Managers should present an annual report to the town council.

In collaboration with financial authorities, managers could express their views on the financial participation of the municipality.

Staff could be motivated by sharing in cost-savings by means of bonuses.

A consumers' union, including a school physician, could express its views regarding the nutritional value and prices of meals and public amenities.

Conclusion

This study demonstrates the use of performance indicators to evaluate a local public service. It provides a concrete example to illustrate the questions raised in the use of performance indicators.

APPENDIX II

Educational system performance

Education is a national and local public service in which both state and local authorities participate.

The Evaluation and Forecasting Directorate, which is under the Ministry of National Education, has been conducting annual studies on the state of education since 1991. The study uses thirty indicators to evaluate the efficiency, effectiveness and equity of education.

The study evaluates performance in several areas. Armed with that information, national and local authorities can reorient their actions according to the demonstrated needs and priorities.

1. Education expenditure

The study uses a comprehensive indicator, Domestic Educational Expenditure (DIE), to measure the country's efforts in the field of education. This indicator encompasses expenditure by all the economic agents involved (administrations, businesses and households) for school and out of school education at all levels, organizational activities (general administration, guidance, educational documentation, educational research), activities to promote school attendance (canteens and boarding facilities, school health services, school transport), and expenditure required by the schools (supplies, books, clothing).

In 1993, DIE reached 507.7 billion francs, or 7.2 per cent of gross domestic product (GDP). During the period 1975 to 1993, domestic educational expenditure fluctuated between 6.5 per cent and 7.2 per cent of GDP. The annual growth rate was 2.8 per cent, which was less a result of an overall increase in the school population than of rising costs per head. From 1975 to 1993, the average annual cost per pupil or student has increased by 2.3 per cent per annum in real terms.

There has also been a change in financing arrangements. The local authorities' share increased from 14.1 per cent in 1975 to 19.4 per cent in 1993. The state contributed 70 per cent in 1975 and 65.3 per cent in 1993.

In 1993 more than one quarter of domestic educational expenditure was spent on primary education. That share has been diminishing over the past 20 years owing to a decline in the number of pupils in that category. The current average cost per pupil is 20 000 francs, which falls in the intermediate range among OECD countries.

Secondary education represents 44.5 per cent of domestic educational expenditure. As a result of decentralisation, departmental and regional authorities have become more involved in financing these new demands. In 1993, the annual cost was 34 700 francs per pupil in a lower secondary school (*collège*), 43 800 francs per student in a general or technological upper secondary school (*lycée*), and 47 800 francs per student in a vocational school (*lycée d'enseignement professionnel*).

Another valuable indicator is the cost of a complete education, without repeating any year. In 1993, it cost 427 000 francs to educate a child from the age of three until the attainment of a general or technological *baccalauréat*.

Higher education accounts for 15.9 per cent of domestic educational expenditure. Higher education costs rose during the 1980s, with an average annual growth of 8.8 per cent, due mainly to an increase in student numbers. At the same time, there has been little change in the cost per student. In 1975 the cost per student at the higher education level was twice the average student cost, while in 1993 the ratio was only 1.4. The cost per student for one year in a public university amounts to 32 900 francs, and in a University Technological Institute (*Institut Universitaire de Technologie*) (IUT), 53 000 francs. Among the eight OECD countries providing such data, France and Spain expend the smallest amounts per student.

Continuing training accounts for 9.4 per cent of domestic educational expenditure. The participation of businesses in this area is significant: they contribute more than one third of the financing. The costs of continuing training have increased as a result of economic difficulties; authorities are endeavouring to improve the level of training as a means of curbing unemployment.

2. School careers

Children entering the school system today can expect to attend school an average of 18.5 years. During the past decade, education has lengthened annually by 0.2 years.

This reflects an improvement in quality. The number of repeaters has declined and schooling up to the compulsory age of 16 has been the norm in France for a long time. Progress has therefore been more marked in schooling beyond the ages of 16 and 19 years, where the enrolment rate has more than doubled in 16 years, rising from 31 to 67 per cent. France is one of the highest ranking in this respect among OECD countries.

The *baccalauréat* is becoming more common. In 1980, 35 per cent of young people attained that level, compared to 65.5 per cent in 1993, with 56.7 per cent obtaining a diploma. The increase occurred in the second half of the decade. The general *baccalauréat* continues to rank first with 37.8 per cent, the technological *baccalauréat* is obtained by 19.1 per cent of students, and the vocational *baccalauréat* continues to grow, with 7.9 per cent.

Since the beginning of the 1992 school year, there has been a decline in the number of students enrolled in general and technological upper secondary education. That decrease is a result of demographic trends and a platform effect in that sector. In contrast, vocational secondary education has compensated for demographic decline by development of the vocational *baccalauréat*.

Following negative growth from 1985 to 1990, lower secondary school enrolment has begun to rise again as a result of demographic trends. In fact, several aspects must be taken into account to explain changes in this area: demographic trends, creation of diplomas and the rate of repeating.

At present, 95 per cent of students holding general and technological *baccalauréats* enter higher education the following year. In 1992, *baccalauréat* holders continued their education as follows: 52.8 per cent in universities; 8.7 per cent in University Technological Institutes; 8.9 per cent in preparatory classes leading to the *Grandes Ecoles*; 21.8 per cent in the Divisions for Higher Technical Studies (*Sections de Techniciens Supérieurs*); and 6.8 per cent in other types of educational establishments. Since 1989 more than 100 000 additional matriculations are due each year to the growth in school enrolment.

More than half of the students enrolled in university studies go on to graduate studies. Among general university studies, 42 per cent of students with master's degrees go on to obtain a post-graduate diploma (*Diplôme d'Etudes Approfondies*) (DEA) and 42 per cent of students with the DEA go on to complete a thesis.

3. Qualitative performance of the education system

In France, military service provides an opportunity to assess a particular age group. In 1993, nearly 450 000 young people were tested in conscription centres. The battery of tests used, essentially unchanged since 1967, provides a score known as the “gross general level”. The average level has increased by 17.4 per cent in twelve years.

That figure reflects for conscripts as a whole an improved capacity to adapt to work (reasoning, logical sense and vocabulary usage) rather than any progress in terms of practical and technical intelligence.

It is noteworthy that the level attained by conscripts corresponds to their educational level at the time of testing, thus demonstrating the real impact of education.

A comparison of scores from 1980 to 1993 indicates that students entering the first year of lower secondary education had improved in mathematics, while remaining stable in French.

Students in *lycées* received, in principle, 1090 hours of teaching in 1993-1994. More emphasis was placed on sciences. The hours devoted to science, literature, social sciences and foreign languages increased while less emphasis was placed on vocational and technological fields and art.

The study demonstrated that the differences in effectiveness of the *lycées* was greater than the disparities due to the initial level of the students at the time of entrance. These establishments therefore contribute added value.

4. Social and economic impact of education

Education reduces the risk of unemployment. The unemployment rate for young men without diplomas is 14 points higher than for those with diplomas. For women, the difference is 16 points.

However, beginning in 1993, unemployment also affected the most highly qualified graduates.

There is also a correlation between educational level and salary. In the 25 to 29 year old age group, income for individuals holding a *baccalauréat* + 2 diploma (i.e. representing 2 years of study after the *baccalauréat*) is 30 per cent higher than for holders of a Certificate of Vocational Proficiency (*Certificat d'Aptitude Professionnelle*) (CAP) or a Certificate of Vocational Studies (*Brevet d'Etudes Professionnelles*) (BEP). The correlation holds at all levels. Individuals without diplomas earn on the average 90 per cent of the salary earned by holders of a CAP or BEP. Holders of the *baccalauréat* earn 1.1 times the salary of CAP and BEP holders.

Similar comparisons hold true in mid-career. Individuals with a *baccalauréat* or a *baccalauréat* + 2 diploma earn 1.3 times the salary of those who obtained a CAP or BEP around 1965.

Social status is also a function of education. Holders of a *baccalauréat* or a higher degree are six times more likely than those without *baccalauréats* to enter management levels or middle management before the age of 30. For women, obtaining a diploma increases their chances of promotion even more.

Continuing training is equally valuable for career advancement: 10 per cent of men and 9 per cent of women indicated that their most recent professional training had led to promotion.

With regard to ordinary staff and workers, training is more effective when its is financed by the employer. The opposite is true for managers and middle-management staff: they tend to choose longer professional training courses on the basis of a personal strategy for career development or change of job.

Conclusion

These indicators reflect the enormous effort France has put into education, which has improved the educational level of the population and has also had a positive economic effect. At the same time, in view of the financial resources and involved and the issues at stake, additional performance indicators are needed.

APPENDIX III

Management of the town of Issy-les-Moulineaux

The municipality of Issy-les-Moulineaux is located at the southern edge of Paris and has a reputation for good management. The magazine *L'Expansion* ranked Issy-les-Moulineaux fourth among cities of 30 000 to 100 000 inhabitants. Innovative strategies explain and strengthen its performance at the same time.

1. *Cost accounting*

The local authority is gradually instituting a system of cost accounting covering various sectors: general administration, technical affairs, social welfare, educational, cultural affairs, sports and youth. Divisions within the various sectors provide precise data. Thus, the cost of services is known.

2. *Performance charts*

Generally speaking, managers use financial performance charts, which provide them each month with information on actual expenditure compared with forecasts.

The technique is also applied to “satellites” of the municipality. Associations and semi-public businesses thus benefit from equivalent monitoring.

More precise performance charts are also used. In the field of human resources indicators provide information on permanent staff, replacements, projected recruitment, distribution of overtime by service, parental leave and secondments.

3. *Financial reporting*

Since 1993, the municipality has published a financial report containing data on resources, expenditure and debt. The report is more detailed than required by the Act of 6 February 1992 relating to financial disclosure. For complete objectivity, the accounts are reviewed by a private firm.

The municipal report was inspired by the annual financial reports issued by companies. It provides information to the population and also serves as a source of reassurance. It is one of the elements which enables a local authority to borrow under the best conditions.

The report is part of a municipal newsletter which includes other information on civic life and reflects the policy of clarity and transparency advocated by the local authority. To render the financial information more comprehensible, the newsletters sometimes present expenditures on a symbolic basis of 100 francs.

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GERMANY

I. PERFORMANCE INDICATORS AS A NEW WAY FOR PERFORMANCE MEASUREMENT IN GERMAN ADMINISTRATION

German administration has traditionally been governed predominantly by the “rule of law”. Thus measuring the quality of public services by using performance indicators, is a rather new trait in the German administrative culture. The behaviour in public organizations and its action was and is very much controlled and bound by “administrative law”. Subsequently public sector action was almost judged according to its “*Rechtmäßigkeit*” and its quality compared with lawfulness. Consequently, there was no need to establish a quantified measurement in terms of market-economic efficiency and the customer-needs of citizens; public services could remain bureaucratic.

1. “NPM” as the prevailing modernization strategy

Since in 1992 the financial crisis of public budgets became prevalent - especially in local government - the juridical attitude towards performance in the public sector was seriously attacked. Thus, in Germany many local authorities joined the **“new public management” (NPM)** movement, which became the prevailing administrative reform strategy in most of the OECD countries. NPM attempts to improve the quality of public management through a shift from a bureaucratic and administrative-oriented towards a more business and management based performance-philosophy, which extends and focuses attention to better economical performance and increasing responsiveness to the citizens' needs; even if NPM's main aim still is to lower budgetary deficits.

The general goal of the NPM movement is to achieve better results (enhanced quality) despite of or because of the overwhelming crisis of public finances. To reach this goal the performance of administration has to be improved on all levels. The former bureaucratic government style was - to a remarkable extent - built upon the belief that good results in administration could be guaranteed by the loyalty of a highly protected and well rewarded staff. NPM attacks this conviction by the insight, that good performance depends much more upon efficient management and working conditions. This intends to enhance the individual motivation of all categories of civil servants and thus to use their skills and capacities as far as possible.

2. Performance measurement as an inevitable means of administrative reform

The NPM approach tries to improve government chiefly by introducing new structures and a new performance-oriented culture into government. In the centre of this reshaping of the public sector an increasing **decentralization** of tasks and **a devolution of responsibilities** to lower administrative levels is taken place. On the other hand, this new “freedom to manage” and the accountability of the operative departments involves the risk of unco-ordinated and selfish behaviour of and within the separated units. To avoid this danger and to assure at the same time the benefits of decentralization, NPM requires a new way of political and managerial “steering” in public administration consisting of new methods of leadership and control. This means neither more nor less, but better supervision from the top. The supervision should be understood as support for the operative departments enabling them to achieve a better performance. It seems obvious that such a new kind of management in the public service needs sufficient and effective

information about the more and more independently acting units. Subsequently **data in terms of indicators, measures**, etc., which are usually not at hand in administrations governed in a bureaucratic manner, gain in importance.

The lack of management-information on input and output became one of the most serious obstacles in modernizing the public sector in Germany. Thus, establishing workable performance measures is an inevitable part of all of the distinct reform approaches. Mostly the measures are used as means to create a reporting system or controlling system. The usefulness of measures seems to depend largely upon the question who is to be informed. A clear distinction has to be made between the control of the operative units by the administrative management or the political control by parliaments and political leaders. These two major kinds of governmental leadership seem to require different types of indicators and information systems.

3. The “bottom-up” character of local government reform in Germany

Unlike other countries the German public sector modernization has a unique “bottom-up” character, with a broad variety of isolated and individual approaches. The movement started in a few innovative municipalities, only vaguely promoted by the KGSt (*Kommunale Gemeinschaftsstelle für Verwaltungsvereinfachung*; [joint municipal office for the simplification of administration]). During the last two years more and more local and regional authorities joined the “modernization movement”, but there was only loose connection between the more or less independent individual efforts. Many local authorities have either developed or are still developing simultaneously specific reform-concepts on their own without any support and participation by the federal government or by other central agencies.

Especially the development of performance indicators suffers from this individualistic proceeding, because particularly in the beginning quality or performance of public services can be estimated only if comparable information is available. For example, the questions, whether the issuing of a driving licence is cheap or expensive and whether the issuing has a long or short duration can only be answered to some extent if a comparable measure from some other municipalities or from at least one comparable procedure is at hand.

The question, whether the development of indicators inside an organization should be achieved in a decentralized way in the operative departments or centrally at the top, is also difficult to answer. On the one hand, only the operative departments have detailed knowledge, about what is performed, which is needed to create measures. On the other hand, it appears often to be difficult for them to use this information for a successful construction of measures. Furthermore, there has to be uniformity to some extent, if information should be usable for central units. Assistance of higher authorities is useful in order to assure the applicability of indicators for all levels of authority involved in the performance of administrative results. Thus the development of performance measures is preferably done by a “mixed” approach of “top-down” and “bottom-up”, if one wants to arrive at comparable and more “objective” measures.

4. Efforts of standardization: the need of comparability

Recently there has been a new effort to overcome the hitherto dominating isolated approaches of modernizing administration. Many local and regional authorities joined together in innovation circles to get information and assistance from other organizations and from scientists, mainly by discussing different approaches to reform. This trend can also be perceived in the invention of performance indicators in German local government. This part of the NPM-approach recently reached a stage of fused efforts with the willingness to standardize the shape of measures. Mainly municipalities have united in trying to create resembling and thus comparable measures.

The membership of the established circles depends largely upon the size and the geographical setting of the participating organizations. Thus the contributing parties have to operate in a broadly similar societal, political and juridical environment and have therefore nearly the same functioning. But the proceeding on group level is still different. By now, most of the groups are only loosely linked together, mostly without central co-ordination and supervision. Only the "Bertelsman-Foundation group" has some central governance. Central authorities are still granting only very little participation or assistance in the whole arena of government modernization.

II. A HIERARCHY OF PERFORMANCE INDICATORS

Performance indicators can be ordered in different ways according to their structural and functional propensities, as well as to the purposes they serve. In the present context an approach towards **systematization** is being chosen, which follows quite closely the "historical" path of the emergence of the purposes bound up with the use of performance indicators in the German local administration. As a matter of fact this path displays a very clear pattern of ever more "broadening" and "deepening" purposes, so that the "historical-functional approach", which is actually being practised, allows for a quite reasonable distinction of different levels of complexity. In order to get things not too complicated, the "historical" facts are left out in the following, so that the presented "hierarchy" is reduced to the functional dimension solely. However, the basis of this theoretically provable way of ordering is an empirical analysis of the particular path of development that the local governments in Germany have chosen in order to cope successfully with the problem of getting smoothly from early and rather simple beginnings to higher-order-systems of performance indicators in an "evolutionary" step-by-step way.

The development of performance indicators in order to improve public services shows some typical obstacles and problems, which appear to be quite similar in most approaches. Despite those problems, the vast need for measures can be considered as a result of the general difference between the private and the public sector. Since the purchase of goods or services in the market-economy is inherently a twofold assessment of supply by the customer - first a monetary assessment of the price and second a quality valuation - information about monetary returns and the quality of goods and services is provided. Thus there is nearly automatically a data base given to develop indicators relating the internal performance (costs and quality of performance) to an external assessment through the mechanism of market-exchange. This kind of feedback is almost completely missing in the public sector, where prices, provided they exist at all, depend chiefly upon the political or juridical assessment, and only sparely and loosely on the valuation of clients.

This draws attention to the two main barriers in the development of performance indicators in German local Government. The first main obstacle is the gathering of cost-data to build up financial measures, preferably in monetary terms, to gain information about economical performance. Based upon the financial data a next step in the development of performance indicators can be achieved extending the narrow efficiency performance assessment through quality aspects. Therefore value based data (internal and external assessments) is needed, which is even more missing than efficiency information.

1. First level: input based indicators

The first hierarchical level is represented by financial indicators that allow in an **input-oriented** way to specify the costs of public services for every organizational unit within the administrative structure.

1.1. Input-oriented expenditure planning and control by decentralized responsibilities

The traditional budget, which contains only highly aggregated totals for general categories of spending, is differentiated, so that the financial planning can go down the organizational ladder up to the operating units, where the costs are caused. Furthermore, the amounts budgeted can now be compared to the actual expenditures, so that a solid basis for the establishment of controlling-procedures is available. An instrument like this will allow on its part the monitoring of expenditures over time, so that the trend of actual expenditures, as well as their short, middle, and long-term relationship to planned debits can be observed and evaluated. Besides, input-oriented indicators will also allow practices that aim at the decentralization of responsibilities for resource-management right in the way that the NPM is propagating. For instance, the chance to dispose at the same time of considerable parts of the available money or of moving financial means between different positions of the budget without prior permission of the financial department, or the hiring of new employees as well as the creation of new jobs or the cancellation of existing ones without permission of the personnel department may be granted to the operating units on floor level. Such rather far-reaching innovations may be implemented with the intention to foster “entrepreneurial” initiative and motivation within the middle management and possibly within the rank and file below it, too.

1.2. Towards input and output related indicators

The development of performance measurement in administration conveniently begins in most cases with those absolute (budgetary) numbers already existing or easy to observe. Simple coefficients like the average cost per person or the average cost per event could be built up by dividing, for example, the number of staff or the amount of specific events, for instance the number of licenses issued, of a department by its financial input. But such indicators are only a kind of dummy-relationship between the input/output, because the mere amount of outputs ascribed to a specific department is not a precise and sufficient measure of the performance of that department. The given input of a department (staff and/or money) does not consequently lead to visible outputs of this unit. Simple amounts are easy to measure, but they usually do not represent the output resulting from the input given to a certain department.

Mostly, outputs are results of the work of more than one department, so that the combined inputs must be related to this output. For example, a department authorised to issue a certain license seems to have a very high performance in relation to its financial and personnel input, but, if a number of other units involved in the production of these licenses, their work is not taken into account and thus the achievement of the issuing department is overvalued and - vice versa - the performance of the subordinated units will be underestimated. Furthermore, a lot of additional labour, for instance, overhead or other administrative services or efforts of good documentation and evaluation of action would not be represented in pure output figures.

If detailed information on performances is missing, there is nevertheless the possibility to use decentralized input-based cost-measures to receive information about organizational performance. Comparing distinct municipalities or departments by simple cost/department relations differences between them, but this is not a performance measurement as such. It only allows to ask for the reason(s) of the disagreement. Comparing can also be periodically useful, to get information about the improvement or deterioration of performance.

Notwithstanding that, input-based indicators could be useful in the beginning of modernizing administration, it seems quite reasonable that the accounting of cost to discernible organizational units is only a first and limited step towards performance measurement. To assess the efficiency and to valuate the quality of public performances, further information about public goods and services is needed. Not only the responsibility of departments for their financial (and personnel) resources must be assured, but also information about which goods or services, partly or as a whole, are actually performed. In fact a complete knowledge about the character and extend of performances is required to have the ability of relating cost and quality to become increasingly valid coefficients with more information about performances.

2. Second level: indicators with determination of results

On the second hierarchical level there are financial indicators that aim at the determination of the costs of public services in an **output-oriented** way.

The transition to this second level presupposes that the **costs** of public services are **specified** not only for organizational units, but also for their respective **"products"**, so that a so-called "*Kostenträgerrechnung*" (invoice for the cost bearer) will be possible.

2.1. Output affirmation by product definitions

It is a general problem of German administration that there is very insufficient knowledge about what is performed and which characteristics its performances have. Thus, it is clear that there is no valid information about performance in administration as long as information must rely only on the traditional budget-based data. Therefore second hierarchical level type indicators need a new and better data base, than the data usually drawn up in German administration. To achieve more reasonable input/output related measures, reliance not only on departments, accountable for outputs, but also on performed units and their quantity in the first place is necessary; the establishment of input and output dependent measures must start with the recording of performances in order to get information about the results. An inquiry of distinct goods and services or products is necessary for the ascription of costs.

The essential practical step to be taken in direction to reach this level has to be seen in the elaboration of so-called **"product-definitions"**. A financially orientated product-definition will serve its function adequately, if it identifies a unit of administrative output that can be used for the delineation of administrative service-quantities and -qualities, as well as for the attribution of costs caused by "producing" administrative output. Output-oriented financial indicators will normally indicate the costs of such units of administrative output.

The use of such "cost-per-unit" indicators clearly supplies hightened information and awareness of the costs (input) caused by those products (output). Despite that this is a remarkable achievement for the control and leadership in public administration there is still no direct internal or external assessment or valuation of outcomes (products) as such.

2.2. Towards performance assessment of output-units

Provided indicators of the second hierarchical level are available, additional purposes may be pursued. For instance, the central financial planning can be extended into the sphere of cost-efficiency-decisions. Furthermore "make-or-buy" decisions will be possible, that may be regarded as an important step towards a "lean administration", and that may contribute to the latitude of the operational units as well. On the basis of output-oriented financial indicators there will be also a chance for make-or-buy decisions inside the administrative structure itself. This chance may get real wherever organizational units have inhouse-"servers", so that they may be regarded as internal "clients". In all these cases internal bargaining for "prices" becomes possible, which may be fostered by the results of inter-administrative comparisons. These provide for information on the cost-structures in comparable organizations, so that "clients" - as well as central agencies - will get a feeling for "adequate" expenditures, and for good or bad "pricing" internal - or external - servers and suppliers. The benchmarking-effects flowing from inter-administrative comparisons will also provide, however, for widely extended possibilities of reliably delineating structural and processual areas, in which modernizing activities may take place with a guaranteed efficiency and effectiveness.

Through the internal and external comparison of cost-per-unit indicators an indirect but still imperfect reasoning about performances is possible. Despite of its usefulness the effectiveness and applicability of second level type indicators are restricted, because it provides only information about price differences in the production of certain kinds of goods and services and not about the quality of results. Therefore only an ex-post assessment of performances through a indirect reasoning by assuming that price differences indicate performance differences as well is possible. However, there is no stringent reason that price differences are caused by performance distinctions; it is also possible that differences in cost are the result of different qualities of units.

Thus, it has to be asked not only what is produced, but also how it is produced. Therefore - in a strict sense - no immediate quality assessment of goods and services is done yet. Practicable is only indirect reasoning if the differences in costs are eventually caused by differences in the quality of performances and not by different product standards. To improve the valuation of performance and resulting units additional information about different qualities of performances is required.

3. Third level: performance indicators

On the third hierarchical level there are output-oriented indicators that are no longer financial, but aim at measuring the "quality" of the "products" of public services.

3.1. Output assessment by product-description

The transgression from financial indicators to quality-indicators presupposes the definition of such qualities of the products of public services, which are considered to be important for the goal attainment and performance of the public sector.

In the German local Government the main practical step, that should lead into this direction, is presently in all actual observable cases, the so-called product-description.

It is not easy to make general statements on the characteristics of these product-descriptions. Normally, they start by listing the legal foundations of the assignment at stake, as well as social target groups, the activities, which are necessary for the performance, and the goals that are aimed at. The second step is the search for indicators that can be used for defining and measuring intended and achieved product-qualities whereby existing sources of data are preferred.

This approach can be seen as a cause of many difficulties of the municipalities trying to define their performances as products and describe the quality of these performances. In most subject matters it seems quite unclear to distinguish between the product (a service or a good) as such and the quality of its performance. For instance, the comparison of libraries is not reasonable by indicators that only measure performance by the cost per book or the cost per employee, etc., because the different functions and tasks or even the different settings will affect the measure. This influence can be assumed as a result of different products (distinct kinds of libraries) and not of different performance quality. A general solution of this problem can be achieved only if a given standard of performance is stated as a product valid for at least a group of municipalities - or even better for all of them. If only cost-per-unit indicators are available, there is always confusion whether measured performance differences are caused by quality or product differences. Thus, the construction of performance indicators must be enlarged including direct surveyed data about the quality of performed units.

3.2. Towards quality management in public administration

Provided that the oftenly sour endeavour to come to product descriptions leads to an agreeable result, more and other purposes can be pursued. On the central planning-level more than just financial goals can be set. The planning can transcend into anticipations of quality of life in the future. Furthermore, cost-effectiveness-decisions will be possible, and qualitative performance-standards can be set in order to define concrete assignments for the public services. These standards could be published in order to inform the public about the "value for money"-concept of the government, the achievement of which can be expected. Inside the public services agreements about qualitative targets can be reached with the operational units. Within these units target-definitions and -agreements can be extended to the level of the employees. On this basis new perspectives of personnel management and leadership can be opened up. An output-oriented political planning and control of the public services and motivational effective self-planning, self-organization, and self-control inside the public sector can be integrated into a comprehensive feedback loop.

In continuation of such developments a **"total quality management"** may be introduced and implemented that is build upon the principles of organizational development, leaving much room for a participatory organizational culture. By means of such a transformation the striving for quality can be extended from optimizing the relationship between inputs and outputs to the much broader concept of optimizing the relationship between inputs, throughputs (or transfer processes) and outputs. Likewise inter-organizational comparisons can be extended to a much broader agenda. All the vast possibilities of benchmarking can be activated and utilized in order to mobilize additional motivational energies.

Despite the outstanding information achievements about quality and quality differences getting possible by third level quality measures, there is - like in the case of cost-per-unit related indicators - uncertainty about the meaning of those quality measures. The quality assessment is inherently based upon internal assessment and objectivity can only be attained indirectly by comparison. Thus, it seems unclear, whether a high performance quality, internally measured, is also appreciated by the clients and remains to be good performance in the eyes of the audience. There might be no need for such a high performance quality or it might affect other targets of citizens, who could have more benefits by stressing other features. Thus, additional information is needed for a further improvement of administrative performance.

4. Fourth level: quality measurement by external feedbacks

On the fourth hierarchical level there are once more indicators measuring outputs in qualitative terms, now being based upon **external feedbacks**, however.

The prerequisite for an advance from the third to the fourth level is the opening of the previously mentioned comprehensive feedback loop for the addressees of the public services by a direct integration into the control cycle.

In the German local government the main road leading in this direction is presently the organization of surveys with citizens and/or clients. Where the concept of such surveys fits consistently in the principles governing the pre-established comprehensive feedback loop, quality-indicators are transformed directly into elements of questionnaires. On the basis of such an arrangement performance-evaluations from inside the "system" can immediately be compared to performance-assessments from outside. The public is empowered by giving it the chance to express its feelings of satisfaction. The planning and controlling of the performance of the public services receives a "participatory" component.

5. Fifth level: quality targeting

On the fifth hierarchical level indicators measuring outputs in qualitative terms are to be found once more, being based now not only on external feedbacks, but also on **external targetings**.

One will manage the transit to this highest level by integrating the addressees of the public services not only into the control cycle but also into the process of goal-setting, adding thereby a second "participatory" component. The easiest available path leading into this direction is again offered by the organization of surveys. Surveys may provide for external information that are highly relevant for the goal setting process by just asking citizens or clients about their expectations or needs with respect to the performance of the public services. It goes without saying that such information will be of great value in particular for local governments, which are immediately confronted with a potentially critical and unrestful public on a daily basis, and whose stability will depend on a considerable degree of their ability to match permanently moving civic priorities and preferences of clients.

III. POSSIBILITIES OF PERFORMANCE AND QUALITY CONTROL BY PERFORMANCE INDICATORS

The hierarchical order of the measurement of performance by financial and quality indicators can be regarded as a result of an increasing use of (cybernetic) feedbacks. Through more and new kinds of measures even more and better information is attained and the steering and control of administrative units can be improved consequently. Improvement is enhanced mainly through the increased utilization of feedbacks, firstly inside administrative systems and subsequently by external assessments of performance. The chart in the appendix shows the broad variety of possible attachments for the application of performance indicators.(See Appendix.)

IV. PERFORMANCE INDICATORS IN LOCAL PUBLIC GOVERNMENT: STATE OF DEVELOPMENTS

Since the development of performance indicators in Germany is a bottom-up approach without participation of higher central authorities, achievements are only very sparsely documented. Therefore, information about the state of efforts is in short supply. Furthermore, many authorities hesitate to supply information to external bodies, sometimes because of the incomplete or imperfect state of affairs and sometimes because of possibly negative public reactions. However, there is very much reason that a number of approaches in municipalities or other local authorities is on their way without any published or otherwise accessible information about it. Regarding the **lack of empirical information** the following treatment of "known" examples cannot be assumed to be complete in terms of the number of modernizing agencies, nor in the quantity of information.

In general the development of performance indicators is an ongoing process and in most cases still at the beginning, even if local authorities are forerunners in modernizing administration and government. The actually achieved level is generally the second in hierarchy-scale presented above. Most approaches now try to define product descriptions in order to proceed to level three. A few municipalities, for example Saarbruecken, and the districts are working on external quality measurement. Others like Heidelberg or the "Bertelsman-foundation group" are doing surveys on external quality-assessment and have thus reached level four already.

Most approaches start with pilot-projects in selected units with business-like structures in order to profit from the advantages of already usable data and information on products easy to determine. Indicators are conveniently developed in such pilot-projects and their use can be tested in order to ensure success in other, more complicated areas.

1. The group of "major cities"

The group of "major cities" comprises Bonn, Dortmund, Duesseldorf, Duisburg, Essen, Hannover, Koeln, Mannheim, Nuernberg, Stuttgart and Wuppertal, most of them located in the western part of Germany (Nordrhein-Westfalen).

1.1. Context/general aim(s)

The development of performance measures is part of the restructuring of municipalities to reshape them into "business-like" service enterprises. This needs new modes of management control. By means of measures and improved reporting management, political leaders are expected to get better informed and to get enhanced control over more independent departments.

Decentralized departments should be responsible for the employment of resources (inputs: money, staff and organization) as well as for their performance (output: results). Therefore central units loose operative tasks and get more service and co-ordinative duties.

1.2. Specific goals

The specific goal of uniting together was to create not only measures with significance only for single municipalities, but to build a **co-ordinated framework of measures**, which is comparable between the participating cities.

Performances should be defined in quantitative and qualitative terms in order to assess resulting costs and to inform accountable administrative and political leaders to aid their performance-targeting. Through the recording of financial inputs and performance achievements using measures and indicators a **controlling system** is to be established. Therefore, in connection with a **reporting system** aided by informational technology has to be introduced by the operative units, which is meaningful for all levels of administration and allows to transfer relevant information to higher levels of authority.

1.3. Subject matters

Measurement in affairs of:

- traffic;
- welfare;
- youth welfare;
- public libraries;
- building regulations;
- public swimming baths.

1.4. Proceeding

The control is performed by a **"steering-group"**, which comprises the head officials of the central head offices. Every specific subject matter is treated by a subordinated **"working-group"** under the leadership of a certain municipality - especially responsible for the development of a common framework of measures.

Particularly in the municipality of Essen, for example, the process started with projects in three departments, charged with sports and public swimming baths, refuse and utilization of waste and street cleaning, and green areas. By 1998/99 the NPM approach should cover the whole municipality.

1.5. State of affairs

Measures are developed in all subject areas, but at present mostly in a pilot state.

The most serious problem the group has been challenged with so far, is the development of commonly defined products and groups of products, which are needed as a pre-condition to create measures.

Indicators are, for instance in Essen, developed up to the level of financial cost-per-unit based measures, e.g. cost-account of units (products, departments) in relation to their returns and the internal measurement of performance in terms of output quantities, e.g. labour-productivity. Furthermore, there are measures of economy, employment indicators, and further financial measures at hand. However, indicators are developed and used up to the second level going forward to the third level chiefly by intermunicipal comparison.

1.6. Construction and application

Costs are determined as totals, per organizational units and per products. Indicators are built by relating these costs to the corresponding monetarial returns. Cost structures are determined by relating costs to the number of personnel and amount of material (fuel, raw materials, etc.). Returns per units and products are also related to total returns in order to get the relative part of their contribution.

Performance is determined by recording quantities in total, per organizational units and per produced units. Subsequently, productivity is measured by relating these quantities to working hours or the number of contributing employees. Thus, an indirect assessment of the quality of workflow, not the quality products, is possible. The produced outputs are also related to the input of material. Furthermore, labour-intensity and energy consumption are measured.

First consequence of performance measurement in Essen is the closing of a public swimming bath in December 1992 because of diminishing returns as compared to costs. Besides, performance figures showed that higher charges for the use of swimming baths, sport grounds and halls, etc. had been necessary to meet financial goals set by politics.

2. The group of "bigger" towns in "central Germany"

This group embraces towns mainly located in Central Germany, like: Darmstadt, Kassel, Offenbach, Ulm, Salzgitter, etc.

2.1. Context/general aim(s)

As long as only input dependent data are available, measures must be justified comparing different municipalities, to obtain information about the quality of services. Measures should deliver **information** not only to the administrative managers but also to the political leaders and local parliaments. The measures should be reported quarterly.

2.2. Specific goals

There is the intention to reach an agreement on reference numbers, in order to get a few mostly equal coefficients instead of a big and intransparent amount of numerical data. Around this measures a suggestive reporting system is to be established. This goal can only be met, if all the departments and agencies involved in the development of measures are assuring their activities by defining them as products.

2.3. Subject matters

Measurement is planned in the fields of:

- population social structure;
- social services;
- staff;
- finance and budgetary matters.

2.4. Proceeding

The proceeding of this group is in its initial stage very individualistic. Every member develops product definitions and coefficients on its own. Afterwards there will be a meeting to co-ordinate the particular measures and to reach an agreement about common coefficients.

2.5. State of affairs

In summer 1994 the project had just started, so that there are **no measures already established**. The above mentioned co-ordination meeting is scheduled for January 1995. Further information about this group can be expected after this summit.

2.6. Construction and application

As most efforts are only projected by now, less valid information about the character and the application of measures is at hand.

But, in respect of the data usually available to municipalities, it seems quite reasonable that there will be mostly absolute numbers in the beginning with only partly coefficients on the first and second hierarchical level. For example, in the field of the social service a measure concerning the average duration of the treatment of clients is planned.

The projected measure on the social structure of citizens shall comprise such features as unemployment, number of poor people and people getting poor relief, crime, character of pubs and restaurants, etc.

3. The group of "major cities" in Baden-Wuerttemberg

Participants are all cities in Baden-Wuerttemberg over 100 000 inhabitants, which have the combined functions of a municipality and a district. In charge of the progress of the development of performance indicators are mostly bigger members like Freiburg, Heidelberg, Karlsruhe, Mannheim, Pforzheim and Stuttgart.

3.1. Context/general aim(s)

The central aim of the project is to provide measures as tools to establish a new kind of administrative leadership and control management in general.

As there are no measures at hand which are nationwide or administrative level common standardised on a higher scale, the objectivity of measurement is to be fostered by inter-municipal comparison.

3.2. Specific goals

A standardised definition of products/outputs and outcomes is to be achieved by a common description of product:

- centres;
- cost;
- quality.

Based on these output/outcome-definitions "objective-measures" are to be established.

3.3. Subject matters

Beginning with a few pilot-projects the development of measurement will subsequently be expanded all over the total of organizations involved.

3.4. Proceeding

As in the case of the major cities in the western part of Germany the leadership of the project is located in the central head offices (*Hauptämter*). The operational work is - for example in Heidelberg - mainly done by the controlling-department.

Heidelberg regards as a serious obstacle, that centrally developed measures are not always accepted by the operational departments (management and staff). In order to cope with this danger, decentralized departments and agencies are broadly included in the development of the measures.

Specifically Heidelberg started with projects in areas like public swimming baths with an already established cost-accounting system to use the available data. The approach was extended upon those offices with an enterprise-like character, for example libraries and the city music school, but also upon classical administrative fields like the registry office.

3.5. State of affairs

Within the scope of the pilot-projects in the subject matters of the city-library, the music-school, public swimming baths and traffic, measures mainly of the second level type have been worked out in the case of Heidelberg. Leadership and control is exercised by contracted agreements on budgetary goals, based upon mainly cost determined performance measures.

The establishment of relations between costs and products (outputs) is expected to cover the whole administration of Heidelberg in March 1995. The service-quality of the city-library is recorded by annual visitor-surveys. This data could be used conveniently to build up quality-measures on level four.

3.6. Construction and application

Within the scope of building permits, the running of public swimming baths and legal-irregularities, **cost-per-unit indicators** are built up by dividing the quantity of activities through the costs caused by those activities within a specific given period. **Economy and the efficiency** of classical administrative activities like these is assessed by indicators on the second or third level combined with intermunicipal comparisons.

Performance measures are presently built up upon actual numerical data, which have a subjective bias in every single municipality. Measures would be better comparable and consequently more evident, if they could be based upon commonly defined average-numbers, by organizations like the KGSt.

First results of the measurements done in Heidelberg are the closing of one public bath and the reduction of the opening-hours of all other swimming baths. Furthermore an inquiry into the costs of the city music school led to a number of efforts to reduce its expenditures.

4. The Bertelsmann-Foundation group

Members are the towns of Castrop-Rauxel, Guetersloh, Dessau, Ludwigsburg, Pforzheim, Potsdam and Brandenburg.

4.1. Context/general aim(s)

The establishment of a kind of “NPM” is the overall aim, figuring as a means/tool of an efficiency and effectiveness oriented steering by outputs (strategical) usable by management and politics. Furthermore, improved reference to the citizens is targeted.

4.2. Specific goals

- Creating performance indicators in the subject matters of:

    - legally correct execution of duties;
    - user/customer oriented service;

- economical use of resources;
- employee-satisfaction.

- By means of intermunicipal comparisons;

- Enabling and encouraging management through leadership by the principles of delegation and co-operation, that is:

  - delegation of responsibility and
  - reporting plus accounting.

4.3. Subject matters

Measurement of efficiency and effectiveness of matters of:

- structures of cultural institutions (only in Bielefeld);
- the town clerk's office (*Ordnungsamt*), particularly

  - residents' registration (*Einwohnermeldewesen*);
  - foreigners' registration (*Ausländerwesen*);
  - traffic affairs (*Verkehrswesen*);

- the registry office (*Standesamt*);
- the tax office (*Steueramt*);
- the office of green areas (*Grünflächenamt*);
- the welfare office (*Sozialamt*);
- the cost-comparison of public libraries (*Betriebsvergleich öffentlicher Bibliotheken*).

4.4. Proceeding

The project is managed and supported by the **Bertelsmann-Foundation** and the German Civil Servant's Federation (*Deutscher Beamtenbund*). Furthermore the project is supported by external scientists and **business consultants**. The two project-bearers are also in charge of the costs - as far as the project development, the hiring of experts and consultants, the pursuit of inquiries as well as their evaluation, interpretation and publishing are concerned. The municipalities are bearing only the expenditures for the personnel needed, for the qualification of personnel - if needed - and subsequent investments.

The project begins practically by defining general goals and by deciding about what should be produced (performances), for whom and which targets/results should be met. Subsequently, there is to ask, how and by which criteria (indicators, coefficients) the goal achievement could be measured. Quantities and qualities of performances will be measured by comparable data. Measurement will be done by the means of recording and counting as well as by client and employee surveys. Results of measurement are to be reported to the management and comparisons between authorities and agencies are to be made periodically.

4.5. State of affairs

The state of affairs depends largely upon the subject matter in consideration:

- **indicators and reference numbers** are established in all fields, but there is in most cases still some revision or adjustment needed;
- **measurement** has started in all subject matters, but in different extent;
- **intermunicipal comparison** is already done with respect to residents' and foreigners' registration.

4.6. Construction and application

Indicators on level one, two and three are established and at work. Means to create **"real performance indicators"** on the fourth level are at hand. For example in the field of "residents' registration" there are data referring to the outcome, for example based upon the valuations of citizens' (subjective) satisfaction (*Bürgerzufriedenheit*), registered by surveys. There are also data about the employee-satisfaction and the rate of sick-leaves.

Measures include costs of staff and costs of data processing per 1 000 inhabitants (e.g. personnel costs of 1.20 thousand German marks/thousand inhabitants). These two kinds of costs are summed up and related to working hours, for example in one of the municipalities costs of 139 DM/per hour have been discovered.

Furthermore, there is a measure of labour-productivity, that expresses a relationship between a referential optimum expense and the actual working hours.

It appears to be obvious that there is easy access to the possibility to build up "real quality-measures", for example by relating quality issues, such as customer or staff satisfaction to performance/output data, such as cost or productivity.

5. Approaches of single cities

Besides, information about attempts to measure performance is available for the Municipalities of Bochum, Osnabrueck, Passau and Saarbruecken.

5.1. Customary approaches

The development of performance indicators in Passau and Osnabrueck is mainly on level one or two. Also no extension of measurement to not yet approached government resorts is scheduled. Therefore these cases provide no further information than those already presented in concern of the groups of municipalities.

In Bochum a quality assessment is attempted by means of establishing input/output relationships on measurement levels two and three. For example the employee-satisfaction is measured by the number of sick-leaves and the numerical relationship of newly recruited and leaving staff. Satisfaction of clients is estimated by relating the waiting-time for service to the number of applicants, as well as the number of applicants/users per employee(s) and the relation of time spent for clients by the number of clients, etc.

5.2. The outstanding example of "Saarbruecken"

The case of Saarbruecken represents an outstanding administrative reform-concept in Germany, because the municipality practices a unique **"total quality management"** (TQM) approach. Thus the quality-aspect is necessarily a central feature also with respect to measurement and indicator-building.

By defining quality as the predominant aim of the improvement of administrative performance, the measurement of quality is being made an overall endeavour. Consequently the measurement of quality is planned to be widely expanded. Despite the fact that the development of quality-measurement is actually only projected and lacking practical application, the intended concept of measurement is remarkable. It includes the objectivation of measurement of performance-quality - not only externally by clients' or citizens' surveys - but also by introducing internal "**client/server-relationships**" that are accompanied by measurement of clients' satisfaction.

The scheduled fields of measurement are:

1. internal client satisfaction;
2. complex performances (e.g. counsel performance of welfare officers);
3. assessment of performances (performances of successful "quality-improvement work-teams");
4. performance of individual employees and teams;
5. development of the TQM-programme;
6. client satisfaction (by surveys);
7. influences on quality performance (by staff surveys);
8. quality of work-flows (creation of useful indicators and coefficients).

The informational content of internally measured data - without having the opportunity of intermunicipal comparison - is to be proved by "follow-up measurements". For instance the success of continued education is assessed by measurements before and after courses.

6. Performance indicators in rural districts

Another branch of local Government, which aspires to develop and use performance indicators, is the local districts. With the assistance of management consultants (Zuendel GmbH and Mummert + Partner GmbH) remarkable results are attained in the fields of welfare-, traffic- and educational affairs.

A harmonisation and comparison of performance measures is established within the group of rural districts of the Weser-Ems region (Ammerland, Aurich, Cloppenburg, Emsland, Friesland, Gr. Bentheim, Leer, Oldenburg, Osnabrueck, Vechta, Wesermarch, Wittmund) and between the rural districts of Emsland, Goettingen, Hannover, Hildesheim and Osnabrueck.

All of the above listed agencies have developed detailed data about outputs and **indicators** relating those outputs to quantities of input. Thus there are indicators relating numbers of application-cases to the number of inhabitants (e.g. number of cases/1 000 inhabitants), the number of employee(s), the working time per case, the duration of performance, cost per case, subsidy per case and result of application (total and relative (percentages)). Consequently indicators up to level three are potentially applicable by now.

Concerning the task of automobile-licensation performance indicators have been created to measure the quality of performance by average frequencies of applications and average duration until execution, for instance the frequency of insufficient performed cases or the time spent to assure the fulfilment of official duties, etc. Furthermore indirect qualitative measures like the accessibility of services, especially for handicapped people and the assistance given to “clients”, etc. are recorded.

Moreover additional external data on level four are scheduled. Applicants' satisfaction is to be investigated by means of surveys and internal recordings of variations of client treatment, means of structure and behaviour. Additionally, measurement of employee-satisfaction by surveys is also planned.

APPENDIX

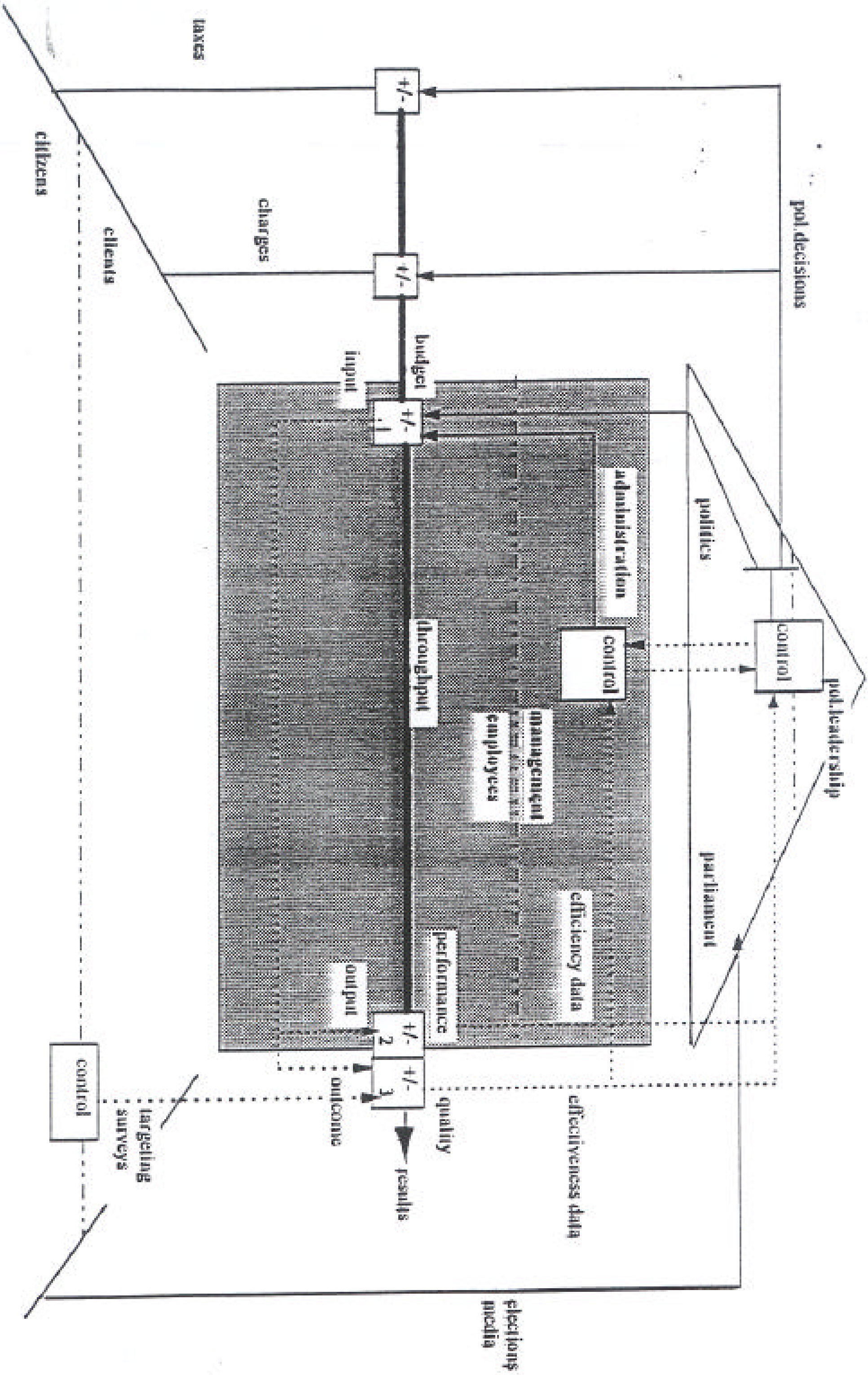

Figure: Possibilities of Performance and Quality Control by Performance Indicators

Legend

	Levels of Responsibility
	Administrative Performance

Cybernetic Control Loops

	Material Inputs
	Goals/Handicaps set by Politics and Management
	Information
+/-	Checkpoints/Regulation
control	Information Proceeding Assessment of Success

Internal Measurement

+/- 1	Input Measurement
+/- 2	Performance Measurement
+/- 3	Quality Measurement

External Performance Control

+/- 1 + control	Input Assessment
+/- 2 + control	Performance Assessment
+/- 3 + control	Quality Assessment

NORWAY

Introduction

Performance measurement has become a recurrent catchword for government management (Osborne and Gaebler, 1993). Particular emphasis has been placed on developing better information to assist the central governance of the local government sector, and to support local decision-makers. Norwegian local governments (435 municipalities, 19 counties) provide the greater part of public services. The municipalities supply primary health care and social care (somatic nursing homes, home nursing services for the elderly and services for the psychically ill), social welfare, day-care centres, primary education, some cultural services and infrastructure. The counties are assigned responsibilities for public hospitals, secondary education, culture, infrastructure (roads), and public transportation. Both levels are responsible for geographical planning. The local public sectors maintain the overall responsibility for financing, producing and arranging these services.

The central government states in its budget proposal for 1995 that "*Local government allocates a major portion of public resources. Thus, information about the outcomes of local government should have a high priority*" (St.prp. nr.1, 1994-95, p. 44).

The first section (1) describes the strategy of performance management and the current status of general information about local public services. It is limited to data and indicators that are collected on a regular basis at the central government level. This section is based on information supplied by the Statistics Norway (the Central Bureau of Statistics), the Ministry of Local Government and Labour, the Ministry of Church, Education and Research, and the Ministry of Health and Social Affairs. The second section (2) outlines the usage of performance indicators in education, health care and social services. The measures described here are available at the national level, and can be used to compare performance between institutions, counties and municipalities. Particular emphasis is placed on health care and education. The third section (3) focuses on quality. Service quality is frequently measured by proxy indicators such as availability or resource inputs per user. These are obviously poor measures of subjective or perceived service quality. This section describes some of the initiatives taken to measure service satisfaction by methods derived from market research, primarily based on survey questionnaires. The fourth section (4) reviews the actual usage of performance indicators at the local level. The description is based on material derived from a survey of the municipal and county decision-makers, and from direct communication with a limited number of local governments.

The strategy and status of performance measurement

The development of performance indicators and information systems has become an important strategy for central management of the local sector. The ambitions are outlined in St.meld. nr. 23, (1992-93) on the relationship between central and local government. It underscores the importance of information about goal attainment in local government, particularly where central authorities have defined specified objectives that relate to local government. The central government commits itself to developing and refining an information system that is relevant to local and central government policy making, and sets down a set of guidelines. The information system should:

a) provide a broad description of the state and development of local government activities;

b) as far as possibly rely on existing data sources and routines for data collection;

c) be linked to specific goals for the various sectors;

d) provide a basis for condensed reports to the Cabinet and Parliament;

e) be based on a robust framework to secure sufficient continuity;

f) be useful for local governments;

g) facilitate analyses of particular phenomena, and these may use supplementary data sources, and be used to generate annual reports about local government to be presented to the Parliament.

Status is best described by the annual proposition that the central government submits to Parliament on the local government economy. The most recent is St.prp. nr. 50. (1993-94) on the state of local government for 1995. This is the primary source for up-to-date information about local governments. It increasingly emphasizes output and activity measurement as a supplement to the conventional financial indicators. The 1995 report dedicates an entire chapter to the principles of results reporting, and twenty pages are used to describe the local service supply and the service demands of the population. It presents three indicators; the number of users, resource input per user and availability as measured by the treatment capacity relative to the population size. The description is based on data for all municipalities and counties, and yields a specified account for education, health care, nursing services and social welfare, although administration, culture, infrastructure, and public transportation are hardly covered. The document describes disparities[1] in service provision between municipalities and counties, as well as the development of the service supply during recent years.[2]

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1 Equity is addressed by analyzing the revenue distribution of municipalities and counties. The committee evalutating municipal and county finances (*Det tekniske beregningsvutalg for kommunal og fylkeskommunal okonomi*) has constructed a "free local revenue", defined as gross revenue less outlays needed to provide a minimum level of public services. Since tax rates are fixed by central regulations, "free revenue" measures the affluence when the expenditure needs of the residential population are taken into account.

2 Central government attempts to integrate and standardize information about performance and output in the budgetary proposals to parliament to relate policy measures to the results actually achieved. These documents currently focus on the government activity level and the various problems encountered. A recent review by the Directorate of Management (Statskonsult, 1994) indicates that the documents remain descriptive, that government objectives remain vague, that most ministries lack a well-developed information system and reliable performance indicators, and that the performance requirements have not been raised. This suggests that performance measurement and monitoring are not well-developed ingredients of government budget making.

Two general limitations in the development of performance management may be noted. First, performance indicators should be related to overall policy objectives. These are often described in rather loose and general terms: the central government emphasizes an equitable distribution of local goods between individuals, socio-economic groups and geographical areas, macroeconomic control of the local government sector, proper legal procedures, the requirement of a flexible and co-ordinated public sector, and the pursuit of a general sustainable development. The values of local self-rule are underscored by the recurrent reference to local discretion, efficiency[1], democracy and political participation (St. prp. nr.50, (1993-94)). Both the definition of performance indicators and the evaluation of goal attainment are hampered by the lack of explicit objectives. Second, government reports and propositions to the Storting (Parliament) commonly use the general term "result reporting" about financial indicators such as local government revenue per capita, measures that describe the amount of service production, and more *ad hoc* evaluations of particular central government reforms. This also includes central regulation of the local sector, local innovations and elections. Reports based on local budgets and accounts are well-developed as instruments of macroeconomic governance, whereas other types of management information are less systematic, less reliable and far less integrated in the decision-making apparatus of central authorities. [2]

Statistics Norway and the Ministry of Local Government and Labour have designed a data base that combines demographic data, data on man-years in the various government sectors, information about the number of users of social services, beds in medical centres, treatments, etc., and budgetary data. The analytical framework is a decomposition of resource input per resident for each service sector. This quantity is decomposed into a demand factor, availability (the degree to which the authority can satisfy residential demands), service "quality", and the unit costs of providing the service. The resource input is measured by current expenditures per inhabitant, potential demand is the number of persons that may require a particular service, availability is measured by the number of actual users relative to the number of users, quality is operationalized by the ratio of man-years (or hours) relative to the number of users, and costs are measured by spending per man-year (or hours).

1 Efficiency may refer to overall effectiveness and productivity. This study uses the terms effectiveness and cost efficiency to separate the two interpretations.

2 This review is limited to performance indicators in the more narrow sense, that is measures related to service supply, cost efficiency and effectiveness.

$$\frac{\text{Expenditures}}{\text{Population}} = \frac{\text{Number of potential demanders}}{\text{Population}} \times \frac{\text{Number of actual users}}{\text{Number of potential users}} \times \frac{\text{Man-years}}{\text{No. of actual users}} \times \frac{\text{Expenditure}}{\text{Man-years}}$$

Statistics Norway collects the data required to decompose expenditures *per capita*, including the local government accounts, demographic statistics, and information on the treatment capacity of municipal and county institutions. Such data is used to calculate keynumbers along the lines described above. Further, a numerical model has been developed to describe the development of the various components (MAKKO). It is used to describe and to extrapolate the demand for manpower and spending levels for fixed levels of coverage, quality and unit costs. The model has proved useful in analyzing basic and secondary education, childcare, and health care, whereas administration and infrastructure are estimated as residual sectors. A variety of services could and should be included in the analysis. For example, infrastructure comprises a broad set of services such as road maintenance, water supply, and refuse collection for which valid indicators can be constructed.

The performance measures provided by central authorities present several limitations. One consider the definition of *availability* that is measured by production capacity relative to residential demand. For example, the (potential) demand for childcare centres is measured by the number of children aged 0-6 years. The extent to which parents want to take care of their children at home differs according to preferences, employment opportunities, and women's education level. This means that the actual demand for childcare differs between geographical areas with identically sized child populations. Availability is imperfectly measured when related to the size of age groups, and the estimation of service demand should be further refined. Defining and measuring valid and reliable output indicators for public service production is even more demanding, and the current method for measuring *service production* is disturbing. The service output is usually assessed by the production capacity (the number of beds, capacity for childcare) or activity levels (number of physician visits or students in school).

Such indicators say little about health improvement, the welfare of families with pre-school children or the educational contributions of schools, and should be supplemented with other information.

Nevertheless, these data have been employed to estimate the productivity development of the local government sector.[1] An interdepartmental taskforce calculated productivity measures for childcare and primary and secondary education using simple indicators, such as the number of child-hours in kindergartens per week per man-year. The estimation suggested a significant reduction of productivity increases due to higher man-power intensity. Although these measures have limited validity as output measures, they certainly highlight interesting features of the local government sector.

The development of an information system is currently pursued in a comprehensive project involving central and local authorities, particularly the relevant government ministries, the Directorate of Management, and the Association of Local Authorities. It aims at identifying the information requirements of both levels of government, and seeks to define the information contents of the system and the procedures required to collect data. The self-interest of local authorities is taken into account, so the local levels have a direct incentive to supply reliable data according to national procedures and standards. Consistency is a major objective, particularly when imposing precise definitions and consistent information collection in all authorities[2], maintaining a degree of co-ordination between the local government sectors and ministries, ensuring that local data is collected only once, and stipulating corresponding definitions for financial accounting[3] and other information systems (output data, manpower, etc.).

Managing the major services: education, nursing services and health care

Education, nursing services and health care are the main responsibilities of local government as measured by spending shares. The corresponding ministries have developed information systems that yield detailed information about the local service supply. Both ministries exploit this information to monitor the service supply of local authorities and to provide a better decision-making basis for the individual governments. Feed-back, guidance and supervision is performed by the regional state authorities for education (regional school inspectors; *utdanningsdirektørene*) and health care (regional health inspectors; *fylkeslegene*).

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1 See *Rapport fra det tekniske beregningsutvalg for kommunal og fylkeskommunal økonomi*, June 1993, Appendix 2.

2 Differing modes of local government organization is a problem for consistent data collection. For example, it has proved difficult to measure the supply of nursing services in differently organized municipalities. Some authorities operate separate organizations for home services and institutions, others provide both services under the same umbrella. Similar problems occur in relation to the social welfare officies and other social services.

3 There is a need to improve the definition of capital costs in local government accounting.

Education: Norwegian educational authorities do not publish test scores, regular marks or drop-out rates for schools and authorities to inform parents or students about school effectiveness. Test scores are often perceived as incomplete reflections of student and school performance. School competition is seen as contradictory to the egalitarian aims of Norway, and students and parents have little discretion in selecting a school.[1] However, standardized tests are utilized for diagnostic purposes, particulary in primary education. The tests are used to assess the status of the class and the school as compared to the national standard. Such examinations have been developed for reading skills and mathematics and a pilot test is used for English. The tests are administered locally to students at the 1st, 3nd and 6th grade levels (7, 9 and 13 years of age). Further, central authorities collect data about final marks from primary school (the 9th level/ 16 years of age). These results are used to analyze various issues, such as the relative performance of foreign speaking and native students.

Additionally, marks are used for the review of schools, particularly in secondary education. For example, the county of Akershus uses relative ratings as a basis for evaluating school performance. The county calculates the difference between the students' finishing mark points from primary school and mark points from different levels of secondary education. The procedure is designed to take into account that the students have differing qualifications and abilities as they enter secondary education. This performance statistic is applied to compare school performance within the county, and the results are published in annual reports.[2] The county management, the schools and the regional school inspectors repeatedly emphasize that marks tap one dimension of school performance, and that the overall evaluation must be based on a qualitative assessment as well as a broader set of quantitative indicators.

Finally, the Ministry of Education has recently developed an information system related to teaching resources. The information systems for basic schooling (GSI) and secondary schooling (VSI) provide detailed information about teaching hours for various purposes (school leadership, foreign speaking students, special education, etc.). They also contain data about expenditures, class sizes, school sizes, teacher man-years and administrative man-years, drop outs, public transportation to the school, etc. The number of teaching hours measures a resource input (or an intermediate output) and is not a measure that can be used to construct educational performance indicators for schools, municipalities and counties.

1 For more than 50 years, the US has maintained an ambitious approach to performance measurement based on student testing. The federal authorities encourage state governments to regularly perform standardized "multiple choice" examinations, and such testing is regularly done on a sample of 10-, 14- and 18-year-old students. The results are published to facilitate comparisons between schools, school districts and states, and this is assumed to increase effectiveness and accountability. The county of Akershus in Norway has published examination results for secondary education.

2 See Akershus fylkeskommune, Utdanningsdirektøren: "Årsmelding for skoleåret 1993/94".

The GSI and VSI systems can be seen as a direct response to an OECD report (1988) on the Norwegian educational system. The expert group expressed concern about the capacity of central authorities to govern primary and secondary schooling, partly due to the fact that municipalities and counties were assigned a greater responsibility for these services. Several ear-marked grants to education were abolished in 1986 and were replaced by a block grant scheme. The modified grant system was perceived to lessen central control even further. The GSI and VSI systems are primarily used to assess whether local governments comply with the legal minimum standards, and to analyse distributional questions related to issues such as the number of teacher-hours per student for special education for students with learning problems, supplementary instruction for ordinary students, etc. The information facilitates the national monitoring of the educational sector. The central authorities use the GSI/VSI-systems to evaluate the impact of national regulations and the effect of matching grants and other national instruments that have a bearing on educational resources. The information is also employed by the regional inspectors as a basis for their communication with individual schools and local authorities.

Primary health care: The Ministry of Health and Social Care has used for three years a concept called the “Wheel” to monitor the level of social care, primary health care, nursing care at home, and services provided by institutions for the elderly. The “Wheel” represents a circular flow of information and managerial signals, goals and advice between the Ministry and the municipalities that provide these services. The municipalities deliver information about goal attainment, while the central authorities define the national goals and employ statistical information to assess the degree of goal attainment.

The information system contains three types of data: First, the demand for health care and social services is described by data such as the number of single person households, single parents, number of crimes related to drugs, the unemployment rate, etc. These indicators do not measure sickness or social problems as such, but correlate positively with the incidence of such problems. A particular project called Gerix is designed to measure health status and nursing needs. Second, the system provides data about resource input, measured by amount of economic resources, the number of employees in various services (full-time equivalents), the number of vacant positions, etc. Third, the Wheel system provides indicators of output and activity, such as number of vaccines (different sorts) number of persons reliant on social welfare contributions, number of persons receiving help and nursing at home, number of persons living in institutions (single room units, rehabilitation units, etc.), and so on.

Each municipality is supposed to assess its situation in relation to the national goals and main priorities, also taking into account local information not contained in the Wheel system. For example, the Ministry of Health and Social Care underscores in its 1994 report to the municipalities the importance of providing quality services for the elderly population: “The Ministry wishes each authority to focus on the situation in this sector and what measures to take to improve unsatisfactory provision”. [1]

The municipality of Bærum outside Oslo uses the information to prepare decision-making documents for the members of the local councils, particularly the members of the health care sub-committee. Contacts with other municipalities corroborate that the Wheel information is used actively to develop long-term strategies for health and social services, and as a basis for making budgetary priorities.

Hospital care: For several years, the Norwegian Institute for Hospital Research (NIS) for several years has presented data and reports about resource input and outputs in hospitals. The reports are financed by the Ministry of Health and Social Affairs and the Norwegian Association of Local Authorities. The (Samdata) publications are based on data for all public hospitals according to the DRG standard (DRG, Diagnoses Related Groups). This is a classification system for patients according to diagnoses, which is the basis for defining and measuring the hospital output. The DRG statistics are used by hospitals, county governments and central government authorities as a basis for assessing cost efficiency and equity in hospital care.

A first observation is that the cost efficiency of hospital production has increased during the 1980s.[2] This pattern is opposite to that observed in childcare and education. Hospitals that lagged behind in cost efficiency - particularly some of the Oslo hospitals - have improved efficiency significantly. Contacts with the county of Akershus suggests that the DRG-based performance indicators have been used in discussions with individual hospitals, and that productivity has increased partly as a result of this process. This suggests that productivity improvement is partly due to the fact that the DRG indicators are of good quality, and that the performance measurement has been generally accepted as a valid measure of hospital production and cost efficiency. Others counter that substantial productivity variations remain. Except from the efficiency improvement in a few hospitals in the Oslo region, there is no clear trend towards less efficiency variation. Critics also argue that hospital productivity has been taken too far. Significant waiting lists for several forms of treatment, high time pressure on nurses and physicians, complaints about brief observation periods, and higher mistreatment frequencies have spurred discussion about the importance of cost efficiency in the narrow efficiency interpretation as compared to the quality of the hospital care and the aim of satisfying the needs of the population.

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1 See *Styrings- og informasjonshjulet, Nasjonal mål og hovedprioriteringer 1994*, Ministry of Health and Social Affairs, p.2.

2 The DRG statistics are primarily designed for cross-sectional productivity analysis, not for longitudional comparisons.

A second observation is that the performance information is used as an essential part of central government policy evaluation and planning. A recent example is the "waiting list guarantee". Central government has assured that all patients suffering from (a specified set of) illnesses shall be treated within a 6-month period. The Samdata reports contain information about waiting times (since 1994), and this information is used to assess goal attainment. Another example is the design of new grant schemes. Since production is measured accurately, matching grants can be used more effectively. The central government has designed a piece rate system for all hospitals in order to increase polyclinical activity. It has also experimented with grants that link up directly with total hospital output, both to improve cost efficiency and to reduce waiting lists. Although the four hospitals that took part in the experiment increased cost efficiency somewhat, it is debatable whether the experiment should be generalized.[1]

The quality performance of local government

Quality can be assessed as quantifiable technical aspects of service delivery (reliability of public bus transportation, rate of successful heart surgery) or as customer satisfaction (number of complaints, stated user satisfaction). The calculation of spending or man-years per user is obviously a poor proxy for both aspects of service quality. Yet, apart from such indicators, no central authority collects performance indicators that relate directly to service quality. Several ministries provide advice to counties and municipalities, and they have initiated projects for a limited number of municipalities. A recent review of quality management in local government (Ministry of Local Government and Labour and the Association of Local Authorities, 1995) indicates that the health care sector is most active in stimulating quality development in local government.

Local authorities increasingly resort to survey questionnaires to appraise service quality from the consumer viewpoint. Information about customer attitudes is particularly important in the Norwegian setting. Migration rates are low, the public sector is the sole supplier of several services, and consumers are usually referred to one institution or supplier. A noteworthy example that illustrates the power of the producer interests is: a municipality established user groups when new kindergartens were established - but only those employed in the day-care centres were represented! The Norwegian system requires residents to express their preference by voice; exit is usually impossible or inconceivable. Further, quantitative indicators have limited validity as indicators of service quality, and the local authorities (sometimes cooperating with the Association of Local Authorities) have taken several initiatives to assess the consumer's opinion. Although central authorities have not conceived a national program for quality assessment by survey questionnaires, the local levels increasingly resort to consumer surveys. No statistics describe the application of these methods, and three categories of consumer surveys are used as examples:

1 The piece rate experiment encountered problems with the budgetary monitoring, particularly related to the allocation of joint costs between outpatient activities (polyclinical) and other hospital functions.

Satisfaction surveys measure the satisfaction with the service supply, the extent to which the public service satisfies the needs and requirements of the residential population. To be used as a performance indicator some kind of comparison is necessary. For example, the market research institute Norsk Gallup has developed a national survey instrument that measures consumer satisfaction with a broad set of local and central government services. The instrument can be used to assess those services that yield the most consumer satisfaction (which appears to be childcare). It can also be used to benchmark performance of different municipalities or institutions, or it can be used to monitor performance over the years. Another example is a survey that recently (1994) was conducted by the Norwegian Trade Union Centre for Social Science and Research. It focused on municipal services to private sector. A sample of business leaders in the largest cities and towns evaluated the municipal performance in assisting existing new firms and developing an attractive environment for business development. The results were published by ranking the municipalities, and the fact that the larger cities scored lowest attracted significant public attention.[1] Thus, user surveys can be used as a benchmarking method.

Attitude surveys seek to evaluate the perception of the service supply, whether it is deficient and plentiful, whether people regard quality as being sufficient, etc. While other quantitative indicators measure activity levels and cost efficiency, attitude surveys may in principle be used to assess effectiveness. Survey material can be used to analyse local government responsiveness to residential demands, and the (mis)match between citizens' preferences and local government priorities. A number of methodological problems must be addressed to develop indicators of this sort. Most important, citizens must understand the resource constraints and the trade-offs of the local authority. Residents may answer insincerely to influencing government priorities, they tend to prefer additional resources for most service sectors, they lack information about costs and impacts of alternative policies, and the citizens of affluent authorities are commonly more satisfied than those of the poorer governments. The majority wants lower tax rates and increased public spending. Effectiveness evaluation seems to presuppose a more refined - but still practical - questionnaire design that counteracts systematic biases and information shortages in survey responses. There are still serious impediments to be overcome.

1 Benchmarking presupposes that the satisfaction of the business community results from the local government effort, not external influences. Since different local authorities are assigned different instruments and economic resources to stimulate business activity, the high level of satisfaction in some rural authorities may be due to the central governments regional preference. For example, peripheral municipalities get substantially greater central grants for business development.

Nevertheless, the 1990 satisfaction survey in the municipality of Bærum illustrates the usefulness of this approach. A sample of elderly citizens reported their opinions about the health and social services in the municipality, particularly those required by the elderly. The overall impression was one of pessimism and apprehension: They feared that the municipality would not offer proper care should the need arise. The municipality noticed that several of the healthy elderly applied to nursing institutions in order to get a early number for the waiting list. The municipality had an image problem, presumably created by dramatic headlines in the news media. There is no real reason for anxiety as the municipal services were adequate, at least by quantitative terms. To relieve the situation the municipality issued a safety guarantee for the elderly: The municipality abolished all waiting lists, it promised that everyone in need of services (defined by specific criteria) should receive proper services, and, to satisfy the wish for safety further, it established institutions where the elderly themselves could decide to live for a limited period! A 1993 follow-up survey indicated that these measures reassured the elderly and improved their quality of living.

Needs surveys aim at mapping living conditions and the present and future service needs of the residential population. Although these have less relevance as performance indicators, they can certainly be useful in developing the service supply. Another example from Bærum highlights this: parents with pupils in the primary school were asked whether they preferred to have their children in kindergartens, in part-time, or in full-time schooling. About 30 per cent of the parents preferred day-care centres, 70 per cent preferred to put their 6-year olds into school. Bærum introduced schooling for this age group, and this was later followed up by a national school reform. A final example illustrates the more broader role of needs surveys and the attempts to measure living conditions and welfare problems on a broader scale. Statistics Norway performs regular surveys of living conditions, and this methodology has been replicated to assess the situation of a particular municipality. For example, the municipality of Oslo ordered a study from the Trade Union Centre for Social Science and Research (FAFO) to assess social and ethnic segregation and the accumulation of welfare problems in different geographical areas in the city. Assessing the standard of living makes sense since this is the overall objective of local government policy. The results of this survey have been used for several purposes, such as evaluating the block grant system that is used to finance the urban neighbourhood authorities.[1] A significant accumulation of social problems were found in the central-east regions of the city. Yet the report suggested that the grants criteria are adequately defined as they compensate those local authorities that are responsible for the most impoverished and expensive residential population.

1 The municipality of Oslo is divided into twenty-five authorities that provide social welfare, nursing services and primary health care.

Performance measurement at the local level

Recent research provides knowledge about the usage of performance management in local government. There exists survey material (1991/92) on the usage of performance indicators. The agency heads surveyed indicated whether "the agency performed output measurement methods that permitted an evaluation of productivity." Table 1 displays the responses to this question.

Table 1. Performance measurement in local government

Implementation of productivity measurement method. Percentage distribution of responses of municipal and county agency heads.

	Municipality	County
Yes, assessment of productivity	53.5	50.0
No productivity assessment	43.6	50.0
Missing	3.0	
Total	100.1 (340)	100.0 (54)

About 50 per cent of the agencies in both municipalities and counties measured output in a way that facilitated productivity evaluation. As to be expected, administrative services are rarely subject to performance measurement (33.3 pct.), the agency heads are more capable of measuring productivity in the education sector (42.6 pct.) and in the health care and social welfare sectors (44.6 pct.), whereas the higher percentages are in public infrastructure and transportation (57.6 pct) and cultural services (62.3 pct.). Given the relatively meagre data collected by central authorities, these may seem surprisingly high percentages. To verify this result further, an open-ended question was raised about the type of productivity measurement applied. The results are reported in table 2.

Table 2. Performance measurement in local government

Description of method for productivity measurement. Percentage distribution of responses of municipal and county agency heads.

	Municipality	County
Verbal or qualitative description of objectives	18.5	27.0
Qualitative evaluation of productivity	20.2	27.0
Presentation of accounts / costs	10.1	8.1
Quantitative measurement of productivity	12.4	8.1
Presentation of unit costs	6.7	16.2
Other types, yearly reports, plans, etc.	32.0	13.5
Total	99.9 (178)	99.9 (37)

The response rate was 57 per cent, and it is suspected that the missing agencies lack reliable methods of productivity assessment. About 20 per cent of the agency heads that responded did calculate unit costs or estimate productivity quantitatively. The remaining forms of performance measurements are qualitative and verbal descriptions. Considering the moderate response rate to this question, it is supposed that a relatively low percentage of local government agencies provide a quantitative estimate of productivity. A further analysis of these data can be found in Sørensen (1994).

A few examples may illustrate the variety of local initiatives. First, as part of the evaluation of the system of urban neighbourhood administrations in the municipality of Oslo, cost efficiency was assessed by a large number of performance indicators, and these were used to calculate an overall index of productivity. A survey design was used to perform a self-evaluation of leadership in each administration. Somewhat surprisingly, a positive self-evaluation correlated positively with budgetary control, while no correlation was found between cost efficiency and self-evaluated leadership![1] Second, the municipality of Bærum has established quantitative objectives for infrastructure, and twelve targets have been defined for public transportation, water supply and sewage, and mapping and area plotting. For example, no household should lack water supply for more than three hours, and major construction applications shall be settled within eleven weeks. An annual report shows the extent to which each of the specified targets has been reached. The performance indicators will be used to compare productivity with six similar municipalities.

1 See Oslo kommune, Bydelsavdelingen *Small – is it beautiful? En evaluering av effektivitet i bydelene i Oslo 1988-90*, Asplan Analyse (1991).

As a final reflection it may suggested that performance measurement in one sector spurs similar development in other sectors. As the managers in health care and nursing, infrastructure and education can show tangible results, one would expect that the leaders in the culture sector would reveal social contribution and added value. Whether this is a demonstration effect or not, it is interesting that libraries count the number of queries and book borrowings, that they count the number of visits to cultural arrangements, and that at least one intensively maintained ski track outside Oslo is monitored with an infrared counting device!

Conclusions

Performance indicators are continuously developed and refined both at the central and local government levels. A common aim for all levels of government is inducing effectiveness and cost efficiency. The central authorities want better data to manage the local government system, and municipalities and counties seek a more consumer-driven service provision.

Benchmarking government cost efficiency

Norwegian local government has been growing significantly during the latter decades, particularly since the mid 1970s. Local government has been the fastest growing sector of the economy during the last decade; it accounts for 70 per cent of public employment, and local government spending accounts for 21 per cent of the national product (1993). Crude indicators of productivity suggest that the productivity growth has been low, and possibly negative for important sectors like childcare and primary education. Studies also suggest that the resource reallocation has been sluggish; local government has responded slowly to fluctuations in the age composition and changes in the residential demands. Both central and local authorities want performance indicators as a means to benchmark government services. Yet performance indicators have rarely been used to compare performance and promote productivity of authorities or institutions at a national level. The exception is hospital efficiency, and even the DRG statistics have become increasingly controversial during recent years. Better information is certainly available from individual authorities and agencies, and these data establish a better information base on which to make budgetary decisions. For example, municipal authorities do make decisions requiring that the unit costs of medical centres be reduced by 10 per cent per patient-year. The fact that such decisions are made illustrates that local governments use cost and output information in the decision-making process to increase cost efficiency. The survey material presented here indicates that 20-50 per cent of the government agencies can calculate productivity related performance indicators.

Central governance in a decentralized government organization

The fact that local government has attained greater legal and financial discretion has led central authorities to look for alternative means of management. The development has been characterized as substituting hands-on control with back seat driving. This is clearly illustrated by the development of the GSI/VSI systems in education and the "Wheel" database for health care, nursing services and social welfare. First, the central government aims to use local authorities as a mechanism for achieving "welfare state" objectives, particularly maintaining minimum service levels across different authorities, and reducing disparities in service supply between municipalities and counties. Information is necessary to monitor the service supply and to make necessary policy adjustments if necessary. Second, the government ministries monitor the quality standards. This is partly performed by the central administration, and partly by the regional inspectors for health and education services. Standardized performance information is considered important to give proper advice and to serve as a basis for dialogue between central and local authorities. Finally, the central government defines quantifiable policy objectives for the supply of local services. This has become more important due to regulations that define new legal rights, for example patients' rights to medical treatment. Information about waiting times is crucial for hospital care and old-age care (waiting list guarantee), and accessibility is an important ambition for the childcare sector. Thus, measuring the service output has increasingly become an integral part of monitoring goal attainments of the central government.

Consumer orientation in a monopoly system:

The imbalance between those that provide services and those who receive them appears to be particularly great in the Norwegian system. Parents have moderate influence over the choice of day-care centres, students are commonly assigned to the nearest school, and patients are normally required to visit a prescribed hospital. The service providers and the professional groups have been perceived as making the important decisions. Since most people take a moderate interest in local politics, surveys of residents and users have become a prevalent way of measuring attitudes, satisfaction, and residential needs. The examples from Bærum indicate that opinion surveys can detect serious "image problems", they can influence priorities rather directly and they can reveal residential needs and troublesome living conditions. Consumer orientation is likely to be a major - perhaps the major - motive for developing tomorrow's performance assessment.

The fact that several government authorities assemble performance information shows that this is regarded as important. The impression is that much information is collected without coordination, and that measurement often is performed on an *ad hoc* basis without sufficient concern for the management process, organizational learning and analysis. To the extent that decision-makers regard performance indicators as useful, one would expect future developments to integrate the diverse sources of information into a more consistent framework. Performance information is likely to become an integral part of budgetary processes, so performance objectives are linked more explicitly to the resource allocation.[1] Whether public performance measurement can and should develop into a consistent framework of concepts and definitions like the National Accounts System remains to be seen.

1 The central government appropriation letters increasingly specify the objectives of the spending appropriations, see. St. prp. 1 (1994-95), p. 43-44.

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SPAIN

Introduction

The role of local authorities as providers of public services to citizens in Spain is determined by the territorial structure foreseen in the Constitution of 1978, which is based on the principle of local autonomy for municipalities and provinces. Since the Constitution became effective the principle of autonomy has been developed for specific practical purposes through several laws relating to public services provided at the local level, mainly through the Basic Act on Local Government (Ley Reguladora de las Bases de Régimen Local), which specifies the services that local authorities are required to provide in any case.

In the framework of the territorial structure in force in Spain since 1978 the responsibilities of local authorities have been developed along with those of the central administration and the seventeen regional or autonomous community governments. The local authorities perform the duties they are allocated by law and others which are delegated in them by other public administrations. In practice, the situation concerning public services is one of multiple links between the central administration, the autonomous community governments and local authorities, which has significant implications when it comes to evaluating local public services.

In addition to the complexity of the territorial structure described above, the local administration is organised in many different ways: local administration take different forms, among which the more widespread in Spain are municipalities and provincial institutions.

I. GENERAL INFORMATION ABOUT PUBLIC SERVICES

The use of quality indicators on local public services in Spain is clearly influenced by the complex links between the different administrations: on one hand there is evaluation work performed by different municipal councils and some of the provincial institutions (provincial councils, island councils, island provincial councils, and the governments of single-province autonomous communities) concerning both the development of public services for the whole province and services provided by municipal authorities. Besides the evaluation work performed by local authorities, however, there are reviews on the quality of local public services carried out by other administrations of a higher territorial order (the regional administrations and the central administration). These carry out such reviews for various reasons:

- they have the responsibility of studying the situation concerning certain public services with a view to modifying these by introducing new legislation or by making available new sources of financing;

- the fact that a number of services are rendered by local authorities under powers delegated in them by a public administration of a higher territorial order, which carries out such evaluations to check on the quality of the services;

- local public services are financed by administrations of a higher territorial order which carry out evaluations to check that the financing policy for such services is effective.

Along with the local public services which are the sole responsibility of local authorities there are public services performed by these on behalf of another public administration, or in co-ordination with services of wider territorial scope. In Spain there is very little information on this matter and there currently seems to be some confusion on the subject. The situation may be summed up as follows:

a) There is no body of the central administration solely responsible for centralising inputs of information on local public services. Nor is there any law which makes it mandatory for the local authorities to provide specific information to the central administration concerning public services. The local authorities are only required to provide information in other respects, such as financial statements. They do have, however, a generic duty of providing to the other public administrations the information these require on the activities of local authorities within their own fields of responsibility, mentioned in section 4 of the Act on the Legal System of the Public Administrations and Ordinary Administrative Procedure, which could be developed in the future through a specific regulation as to the information to be furnished concerning the management of public services.

   The central administration has information of a sectoral type received by the different ministries, generally in connexion with subsidies or financing granted to the local authorities, or with a view to co-ordinating activities. However, there is no method of integrating the data supplied to the different Ministries into a single information tool on local public services.

b) Within the central administration there is a ministry which is responsible for local authorities. The Ministry for the Public Administrations performs a number of duties in relation to local authorities, basically through the office of the secretary of state for territorial administrations which handles all such duties except for training of human resources:

- training of personnel in the service of local authorities (which is done through the INAP and the SEAP);

- legal counselling on relations between the central administration and local authorities;

- co-operation with local authorities in carrying out infrastructure works and providing local services. This co-operation is in the form of appropriations made under the annual national government budgets for jointly financing investments by local authorities, through the National Government Financial Co-operation Programme for Investments by Local Authorities, which has been under way for a good number of years and is currently governed by the provisions of Royal Decree No. 665/1990.

Precisely these financing activities have prompted the initial efforts at evaluating at least what types of services are provided by Spanish local authorities. To this end a survey of local infrastructure facilities and equipment has been implemented which contains information for all local authorities with less than 50 000 inhabitants on the level of infrastructure facilities and equipment available for use in the services provided. Thanks to this computerised data base the Ministry for the Public Administrations is aware of the services provided by each municipal council. For example, it is known for each municipality whether urban waste is treated, the type of treatment the waste is given, and the machinery, vehicles or installations available for the purpose.

Some autonomous communities have information tools covering local public services. However, as is the case with the central administration, the information is gathered only for specific purposes, mainly to carry an inventory of the services provided which is used as the basis for financing these services.

c) The National Local Administration Commission (Comisión Nacional de Administración Local) shapes the policy on local authorities and its role in that respect is recognised in the Basic Act on Local Government.

d) The Spanish Federation of Municipalities and Provinces (FEMP - Federación Española de Municipios y Provincias) is a national association of local authorities. It is the most representative of such organisations and holds talks on behalf of the local authorities with the central administration on matters such as financing. The FEMP gathers information on local public services at conferences or through visits to specific local authorities, yet this information is not processed or systematically arranged for lack of means for doing so. Besides, the information made available to the FEMP is far from being complete and does not suffice for preparing any overall reviews or drawing any general conclusions.

e) Different bodies of the central administration gather information on local public services for the following purposes:

- for drawing up socio-economic statistics. The National Statistics Institute (INE - Instituto Nacional de Estadística) centralises most of the statistical information of all kinds available in Spain. The Institute merely compiles the data, which are then evaluated and analysed by other bodies. The INE's statistics include a breakdown of the information available by territorial unit, but this includes virtually no information concerning local services;

- for compiling financial information (expenditure, borrowings, tax burden, etc.) used in taking decisions on fund transfers by the national government as an ordinary method of financing local authorities out of taxes collected by the Ministry of Economy and Finance;

- for using in allocating European Union structural funds and those provided under the National Government Financial Cooperation Programme for Investments by Local Authorities.

f) In general, there is very little information available on local public services in Spain. Furthermore the different bodies liable to receive information on local public services are not duly connected with each other. Such disconnection has resulted in a situation in which the bodies which have information on local public services are like watertight compartments, which makes it is very difficult to arrive at an overall picture and to check on the credibility of the information by comparing it against information received from other bodies (of the central administration itself or of autonomous community administrations).

Besides, the information available is not published entirely and is published on different kinds of supports, which reflects in different methods being used for making the information known. Thus the necessary steps have not been taken to make this information systematically available to citizens, and that the information available is mainly contained in scattered publications from the local entities themselves.

II. USE OF PERFORMANCE INDICATORS BY INDIVIDUAL AUTHORITIES

In Spain it has hardly been a traditional practice to evaluate public policies. However, in the past decade this kind of research has truly blossomed, bringing about a certain "culture" of evaluation and control as reflected by the fact that most central administration bodies are beginning to carry out evaluation studies as a usual practice.

Number of municipalities broken down according to their population and by autonomous community

Autonomous Community	Fewer than 5 000	From 5 000 to 20 000	From 20 001 to 50 000	From 50 001 to 100 000	From 100 001 to 500 000	More than 500 001	Total No. of Municipalities
Andalusia	531	176	42	9	8	2	768
Aragón	709	17	2	-	-	1	729
Asturias	45	25	3	3	2	-	78
Balearic Isles	40	20	6	-	1	-	67
Canary Isles	28	44	11	1	3	-	87
Cantabria	85	14	1	1	1	-	102
Castille-La Mancha	854	48	7	5	1	-	915
Castille and León	2 201	34	5	4	4	-	2 248
Catalonia	797	103	24	9	8	1	942
Extremadura	337	36	5	1	1	-	380
Galicia	179	117	10	4	3	-	313
Madrid	139	19	9	5	6	1	179
Murcia	10	24	8	1	2	-	45
Navarre	253	13	1	-	1	-	268
Basque Country	184	45	9	5	4	-	247
Rioja	167	6	-	-	1	-	174
Valencian Community	409	88	33	5	3	1	539
Ceuta and Melilla	-	-	-	2	-	-	2
TOTAL	6 968	829	176	55	49	6	8.083

SOURCE: Ministry for the Public Administrations

Nevertheless, the situation concerning local entities is different, as even though there is a trend towards systematically evaluating local public services the trend is not so widespread. The larger municipal councils have sufficient financial and human resources for carrying out thorough evaluation projects, yet the Spanish local administration structure is mainly made up of very small local authorities, as the attached chart shows. As is the case with the public services they provide, local authorities face serious difficulties because their population is widely scattered, which has led them to form consortia and commonwealths as the only way of meeting the cost of providing the local services. At the same time, the only possible way of conducting evaluations on the quality of public services in small municipalities is for these to be carried out by the provincial councils as part of their super-municipal duties.

However, performance, efficiency and quality evaluations of local public services have been boosted basically for two reasons:

a) Spain's accession to the European Union has brought about specific actions by the different structural funds in each of the public administrations. The operational programmes which contain the development strategy, the type of actions that are eligible for financing and the guidelines for managing these funds, also carry specific rules for conducting evaluations on the effectiveness of the investments undertaken. This requirement is leading to the implementation of a new method for choosing the regional or social development programmes to be carried out, based on measuring the results, and the responsible officials have become accustomed to evaluating actions from the point of view of their cost, their impact on the territory or the individuals concerned, and the quality of the services provided. Result evaluation programmes are conducted on the "Workshop Schools" (*Escuelas Taller*) run by municipal or provincial councils and financed by the European Social Fund.

   Community operational programmes having objectives of a territorial type, which to a greater or lesser extent are managed by local authorities, contain evaluation requirements. Such is the case of the Local Operational Programme for regions comprised in Objective No. 1, or of the INTERREG, REGIS or LEADER initiatives.

b) As mentioned above, the Basic Act on Local Government of 1985 grants local authorities powers of their own in addition to the powers delegated in or allocated to them by other authorities. Since the Act became effective, there is an area of responsibility which has taken on increased significance: that concerning social services (foreseen in section 25.2.k of this Act for municipalities and in section 36 for provinces). The social services provided by local authorities are seen as a public service aimed at the entire population of their respective territories, falling under the description of rights to which citizens are entitled as a matter of public policy; this development means that social services, along with the other more traditional local public services, clearly have to be evaluated as it is essential to assess the results.

The growth of social services managed by the local authorities has led to a number of studies being published in which questions such as the following are asked: who benefits from the services, what types of services are provided, who is actually responsible for operating them, and when are such services provided.

Precisely these evaluation methods which started to be introduced in the 80s (the period during which the responsibilities of local authorities were defined under the above-mentioned Act, and Spain became integrated in the European Community), in the first place led to specifying certain information requirements. The implementation of information systems which regularly and continuously provide data on the levels of performance, efficiency and quality in providing public services has been a top priority for those responsible for the control and evaluation units at the local institutions which have undertaken such research. Later on, logical patterns of indicators have been drawn up on the basis of the managers' direct experience as well as of the tools, which are undoubtedly reliable from a scientific viewpoint.

Generally speaking the current picture regarding the services in which the use of performance indicators for measuring the efficiency, performance and quality of public services is more widespread, may be described as follows:

a) Public services which are financed in some way by another public administration - an autonomous community government, the national administration, the European Union - and involve a statutory obligation of implementing evaluation systems. Within this group of services are those aimed at:

- protecting the environment;
- defending the historic and artistic heritage;
- preventing and fighting fires;
- providing new urban developments with community services;
- ensuring wholesale supplies, markets and fairs;
- transport and routes of communication;
- waterworks.

b) Public services of a social description, which have to be handled very carefully on account of the impact they can have on beneficiaries:

- taking part in managing primary health care;
- leisure, cultural and sporting activities;
- programmes aimed at integrating certain groups in society.

c) Public services managed by private enterprises under contracts with the local authorities, which form part of the core services for which the local authorities are responsible according to law:

- burial services;
- street cleaning and waste collection services.

On the basis of the known evaluation experience it may be said that the variables, indicators and standards are generally chosen by the persons responsible for conducting the evaluation programme. In most cases they choose one of the following options for conducting information work:

- the evaluation is conducted by personnel from the local authority itself. Usually, they are drawn not from among staff involved with managing the public services, but rather from teams of experts in charge of planning actions, presenting innovative programmes, drawing up control and evaluation reports, and who perform general advisory duties;

- the evaluation is carried out by a consultancy firm hired for the purpose;

- the evaluation is conducted by a team set up at a University;

- the evaluation is carried out by a public administration of a higher territorial order, always respecting the autonomy of local authorities foreseen in Article 137 of the Constitution of 1978. Such evaluations are only undertaken in the context of an overall (national or regional) investment programme which the relevant higher-ranking administration shares in financing.

In all these cases the team responsible for the evaluation chooses a given methodology as well as certain specific variables, indicators and standards. No formal arrangements for consulting with local elected representatives or hearing citizens on the subject are known.

The political representatives are involved in reaching a decision as to the type of publicity to be given to the results obtained. In most cases, the decision on making the evaluation report known to the public has been taken at the time when the political officials determined the need to carry out an evaluation process.

In the light of the practice described above it is not easy to draw general conclusions concerning the method of making evaluation results known to the public, as no consistent procedure is followed in this area. Many evaluation reports that have been reviewed are obviously based on the premise that they are drawn up for internal use only, so that only those who manage the programmes reviewed (as well as those above them, including political officials) are aware of the results and can use them for re-designing or introducing changes in the management of local public services.

On the other hand, in many cases it has been noticed that the reports are drawn up with a view to being made known outside those circles, mainly when the evaluation refers to actions of great social or economic significance. This is a very important consideration in practice, as it was noticed that it leads to selecting the audience to whom the results are addressed according to the type or weight of the policies which are evaluated: for example, in the case of reviews of tangible results, the indicators used as benchmarks are of a physical or quantitative type, or where the research concerns a tangible and socially very sensitive sphere such as law and order or the rehabilitation of drug addicts. In these cases the key consideration has always been the newsworthiness of such information.

The lack of regulations on the subject is counter-productive, as there are no provisions aimed at ensuring a consistent approach on the following:

- the use of generally accepted variables and indicators, and

- mandatory publication of the results obtained.

In this situation perhaps too much is left to the decision-makers' own discretion as to the way in which evaluation reports are to be used, with the type of publicity that the reports are given in some cases even depending of the final outcome of the evaluation.

In any case a large number of local authorities clearly need to apply a policy of consistently publicising evaluations based on performance indicators, as a way of presenting to citizens the results achieved in providing public services. The value- for-money principle, alien to Spain's political and constitutional tradition, has finally taken hold generally in this country and is having a very clear impact on the attitude of local authorities.

The methods used in Spain for publicising information on the performance, efficiency and quality of local public services may be broken down into:

- reports for internal use. These are for use solely by technical experts and elected representatives within a local authority;

- technical reports addressed to the staff of the local authority itself. The main conclusions are included in an abstract which is publicised through press communiques or in the form of news stories;

- publicising quantitative data in the form of meaningful graphs or figures, by placing advertisements in the media;

- publication of the full report or of an abstract with the results of the evaluation in the form of a brochure by the local authority's own publishing service;

- printing the report as a booklet for selling to the public. This method of publicity is sometimes combined with formal presentation of the report at a news conference.

III. NATIONWIDE COMPARISONS USING PERFORMANCE INDICATORS

As previously mentioned, there is a major problem in Spain with the evaluation of local public services: there is no overall source of information bringing together the data available on all local authorities.

There is nationwide information available on the condition of local infrastructure facilities. This is found in the overall figures contained in the local infrastructure and facilities survey database which is centralised at the Ministry for the Public Administrations. Other ministries also manage information systems on the subject, yet these always focus on specific types of infrastructure facilities (such as waste water treatment plants) with which the relevant ministry is concerned.

However, in Spain, the main problem confronting those involved with following up the activities of local authorities is the shortage of information on performance indicators, as there is no overall tool available to allow comparing different local authorities with each other.

Such comparison is impossible basically for two reasons:

- only a small number of local authorities in Spain have undertaken to use performance indicators, and

- there is no body responsible for collecting and managing such information.

Regarding the first point, it should be noted that it is very difficult to make any comparisons at the national or regional level because a considerable number of local authorities are not in a position to contribute data on account of not having carried out performance reviews of any kind. If at least it were possible to compare the results of local authorities having certain features in common the situation would not be so difficult: that would be the case, for example, if most municipalities with more than 20 000 inhabitants had such indicators; then it would be possible to draw conclusions and make comparisons for that segment of the population at least. However, have found that a large number of middle-sized municipalities (and in some cases even large municipalities) do not use any kind of performance indicators at all; on the other hand, there are small municipalities which do work with this type of indicator.

Concerning the second reason, the lack of a body in charge of collecting and centralising such information, it should be noted that:

- it is difficult to entrust a body with centralising such data and using them for carrying out comparative reviews as long as Local Authorities do not make a sufficiently widespread use of performance indicators:

  - only a few local authorities use performance indicators;

  - there are no consistent practices as to the indicators or variables to be used, or as to the public services whose performance is liable to be reviewed in one way or another.

- as has previously been pointed out, Spain has a complex territorial structure. In that sense one should note the difficulties involved in defining the notions of evaluation and control, which are essential as under the Constitution other public administrations have no control over the way local authorities perform their responsibilities. Besides, the centraladministration and the administrations of autonomous regions have responsibilities which overlap those of local authorities, and such overlap works in two ways:

    - the responsibilities of the regional or central administration are projected on the local authorities so that in specific cases actions are undertaken by the other administration in respect of them: the other administration issues regulations as to which services may be provided by a local authority and under what circumstances, shares in financing these services, or involves the local authority in implementing a given programme or policy developed by the central or regional administration;

    - responsibilities belonging to the central or regional administration are allocated to or delegated in local authorities.

Such delegation of responsibilities by other administrations in local authorities has called for making arrangements for the other administration to follow up on the results achieved by the local authorities. In some cases, the disputes that have arisen over the interpretation of provisions on the scope of the control and evaluation systems have been brought before the Constitutional Court, which has consistently upheld in its judgements the need to guarantee the autonomy of local authorities.

On account of all that one may say that the context in which information has to be collected requires very careful planning of the strictly legal implications, to take into account these nuances.

A distinction should be made between reviews on performance indicators for social services and those for other services.

The situation regarding local public services other than social services may be described as follows:

The Ministry for the Public Administrations (as the department responsible for the domestic local administration policy) is currently controlling the management by local authorities of plans for jointly-financed investments. The performance levels of the individual provincial institutions are compared, with the characteristics of the system being as follows:

- the scheme has been designed by the ministry's technical services so that local authorities do not have to operate with indicators: they merely have to transmit the information required from them under Royal Decree No. 665/1990. This basic information, transmitted in the process of arranging financing, is processed by computer at the ministry using certain formulas through which the data are summarised into indicators, which serve as benchmarks for comparing the characteristics of management by each local authority.

- the indicators concern mainly different aspects of the management of jointly-financed investments, for example:

  - the volume of investments carried out;
  - the level of committed expenditure;
  - the percentage of actions not executed on schedule;
  - the difference between actions contained in the plans and those finally executed, etc.

- section 4 of Royal Decree No. 665/1990, which governs the procedure to be followed at the ministry for approving financing of the investment plans of local authorities, provides that the evaluation of the results of prior projects carried out with national government assistance shall serve as the basis for determining the sums to be contributed by the state in the future to some local authorities or others.

That is one of the few examples of indicators of this type being used for comparative purposes. In general, central and regional administration bodies having to do with local authorities tend to use variables of the socio-economic type, rather than those referring to performance indicators. The basic information used for local development programmes includes data on wealth, on the climate, as well as demographic, territorial, educational or occupational data. For example, data on the rate at which the rural population is shrinking or showing how the population is scattered among many small villages are taken into account in deciding on the financial aid to be granted to a given territory. One area in which comparisons based on performance indicators are carried out is that concerning the financial performance of local authorities. Every year, the Ministry for the Public Administrations publishes an economic-financial Report of the territorial administrations carrying a comparative review of the debt burden of the different local authorities.

Another major field in which evaluation programmes based on performance indicators are undertaken is that of social services. The problem here is not having a body which centralises the information on the subject. There are several studies currently under way in that field, but the information is only available at each local authority. Nevertheless, it is possible to identify a number of performance indicators which, to a greater or smaller extent, are used generally:

- indicators concerning the coverage ratio, i.e. the percentage of the population benefiting from the social services;

- indicators regarding the type of service provided, i.e. the breakdown by types of needs covered (mental health, elderly, handicapped, etc.);

- indicators concerning the characteristics of beneficiaries;

- indicators on the periods of time during which individual beneficiaries have been covered;

- number of hours devoted to certain types of care;

- financial indicators: total cost of each type of service, average cost of each type of action, hourly cost by occupational category of those providing the different services, total gross wages, non-wage costs at each centre;

- indicators on how working time is used: for example, time devoted to interviews/total project time, time devoted to visits/total project time;

- indicators on the quality of the care provided. Usually aimed at detecting the degree of satisfaction of users through questionnaires on their views. The evaluation also includes the physical condition of buildings, the degree to which offices are massified, or the average waiting time of citizens until they are attended to;

- indicators regarding the personnel responsible for the social service. These mainly refer to their level of training.

In most of the cases reviewed on the basis of information obtained by using these indicators, decisions are proposed on the need to introduce changes in the management of the services, to allocate more funds to them, to improve personnel training, to alter the programmes, to introduce or cease providing specific services, or any other kind of decisions aimed at improving the services.

In the case of social services one notices a growing tendency to use indicators based on subjective evaluations performed by the personnel involved in managing the services or by the users of the services; however, in the case of the rest of social public services, even though indicators of an objective type (physical, quantitative, statistical...) tend to be used more frequently, subjective evaluations are also used (for example: a questionnaire on the views of respondents on the quality of the local police service or the street cleaning service).

In any case, a review of the information available in the form of performance indicators shows that action guidelines are usually quite different depending on the type of groups to whom the information is addressed. One notices that information drawn up for an audience of university-trained persons is systematically more complex and of higher quality, which makes the chosen set of indicators more scientifically sound.

Such information is published through different channels, depending on the audience to which it is aimed:

- through the media, in the form of paid advertisements or through brochures, for citizens in general;

- brochures sent by mail or distributed in offices where public services are provided, in the case of citizens who are particularly aware of a service or who have used it in the past;

- publication of the whole report or a summary of the report in specialist magazines, when they are aimed at a university-trained audience.

IV. QUESTIONS RELATING TO THE USE OF PERFORMANCE INDICATORS AND, MORE GENERALLY, OF STATISTICS ON PUBLIC SERVICES

The main challenge in making rational use of performance indicators on local public services in Spain is currently the little experience of most local entities with using such indicators. As a result of that the use of performance indicators is criticised, with such criticism reflecting a lack of knowledge on the *modus operandi*.

Very briefly, the critical views on the use of such indicators can be grouped together by type of problem as follows:

a) The indicators are described as not being scientifically sound or valid as an objective tool. This criticism is heard quite frequently from those who take a theoretical approach, yet has the practical effect of making local managers reluctant to use them and to accept political decisions based on results (for example, in the allocation of funds for local development projects).

This criticism has been uttered in various forums at which the evaluation of local public services has been debated, on the following grounds:

- indicators are used with an *à la carte* approach, i.e. only those indicators which are expected to support decisions which have already been taken are used. There is some truth in this criticism, as indicators are known to have been used like that in some cases, by choosing a set of indicators which fitted the characteristics of a given territory or service, yet in other cases other indicators have been chosen which fitted another service, so that in both cases, despite the circumstances being very different, a similar decision could be taken.

Another problem is that the different indicators are not objectively weighted. Critics argue that some indicators are given more weight in certain cases, while in other cases other indicators are considered to be more relevant.

This type of criticism results from:

- the fact that local entities have traditionally not made widespread use of performance indicators;

- the lack of a body in charge of setting standard and consistent criteria in this field.

b) This type of review is too expensive, considering that many local authorities are not even able to provide all of the minimum services they are required to provide by law and that Spanish local authorities are traditionally short of funds.

c) Gathering such information at the national or regional level may be a way of indirectly controlling local authorities by the central or regional administrations, which is not consistent with the principle of local autonomy.

d) The sources of the figures used in preparing quantitative indicators are not trustworthy. Critics question both the validity of information of an objective description and the way questionnaires and other tools used for collecting data for subjective indicators (for example, on the degree of satisfaction of users) are designed or managed. Such criticism of the methodology is correct in some cases in view of the doubtful quality of the information used sometimes.

The public services which are better suited for using performance indicators on them are, on the one hand, those somehow relating to community operational programmes or to local development programmes financed by the central or regional administrations and, on the other hand, the social services. That is so for different reasons: concerning the first set of services mentioned above, the reason is that the administrations which grant the financial aid require that performance indicators be used. Regarding social services, performance indicators have traditionally been used because those who implement the programmes are interested in evaluating their impact.

The situation in Spain regarding the use of performance indicators in relation to local public services may be summed up as follows:

a) the use of performance indicators is not at all widespread;

b) recently, such indicators have started to be used in many more cases, yet the different types of reviews do not have many features in common;

c) no common pattern is followed to allow sound comparative studies to be made or conclusions to be drawn on a national or regional scale;

d) there is no body which centralises the information concerning such indicators;

e) a very promising field for generalising the use of such indicators in future is the funding of local development and social services;

f) certain units within the different public administrations are seeking to implement the use of performance indicators. The Directorate General for Territorial Economic Action is putting into effect a system for evaluating the management by local authorities of local development funds allocated to them for financing investments in facilities for local public services; the tools used for the purpose are the following:

- a database on the degree of improvement or stagnation in the level of infrastructure facilities and equipment of local authorities;

- a sampling control system, by means of regular visits to local authorities to check on the quality of management and how they are organised for carrying out investments;

- a computerised system of management efficiency and performance indicators.

There is no experience with conducting comparative reviews on the performance of local authorities in Spain and other nations, apart from those which may be undertaken by the European Commission solely in the framework of a given type of operational programme.

Nevertheless, such research will have to be carried out in future on account of the integration and cohesion brought about by community structural funds. It would be very interesting to have comparative reviews, as these would act as an incentive for improving the performance of local authorities and would even favour cross-border cooperation between the local authorities of different European countries.

SWEDEN

Background

Sweden has a population of 8.8 million, spread over an area almost 30 per cent larger than Germany. There is a need for a diffused regional and local government in such a vast country - even if the number of inhabitants in each constituency may be quite small.

The public sector in Sweden has three levels: national, regional and municipal.

The national administration is formed by the Swedish Cabinet, central agencies/boards and twenty-four counties (*län*) with an administration reporting to the government. On the municipal level there are some service branches, such as the employment offices.

Local regional government consists of twenty-three county councils (*landsting*) with health care as the main field of responsibility. County councils vary in size from 136 000 residents to 1.6 million residents. The county councils have the same boundaries as the counties. In three areas however, there are no county councils (Gotland, Göteborg and Malmö). In these areas the municipalities also take care of the duties of a county council.

Sweden is divided into 288 municipalities (*kommuner*) and municipalities vary in size from 3 000 to 680 000 residents, the median value being somewhere around 20 000. The municipalities have a wide responsibility - social welfare services, transportation, emergency services, technical services (water/energy), protection of physical environment, civil defence, etc.

The Swedish Constitution states local self-government for the municipalities and county councils. Local self-government has a strong position in Sweden and includes independent powers of taxation. Local self-government is restricted by the Parliamentary powers to decide on laws. The Government, however, has no direct powers on municipalities and county councils other than those who are given by the laws.

The Local Government Act gives the local authorities the general sphere of activities and defines the general powers of local government. The Local Government Act and a new system for distribution of state grants allow the municipalities extensive liberty to design their organisation and give priority to activities according to local needs.

The Local Government Act is supplemented by a number of laws defining the powers, and the restriction of powers, in various fields.

In these laws the Parliament can express the general goal for local services. These laws can also regulate various aspects of production, provision and financing. As much as 70 per cent of the services provided by municipalities are in some way or another regulated by national laws. In general a municipality or a county council has freedom to organize the provision of services as they like and to decide the quantity and quality of the service.

Financially local authorities are quite independent. Less than 25 per cent of the local governments´ revenues originate from national government grants. The rest is local tax and user fees. The tax-level is decided on locally. The system for distribution of national grants is formed to level-out the differences in tax-base and cost-differences due to for example a high proportion of old people.

The local self-government is formed by in total 30 000 elected political persons, most of them on a leisure-time basis. There are approximately another 20 000 persons who are politically appointed working in municipal boards**.** There are approximately five political (elected or appointed) persons for every 1 000 residents.

Sweden has a large public sector. Almost 80 per cent of public consumption is accounted for by local authorities. This includes primary and secondary education, health care, social welfare services like old-age and child care, local roads, water, sewage, electricity and heat distribution, public transportation and recreational activities. Approximately 1.1 million are employed by local authorities (state employees are approximately 0.4 million and private employees are 2.4 million).

Over time the local government provision of services has grown. Growth has taken place within traditional areas for local service provision as schools, health care, old-age and child care. But there has also been a decentralisation from state to local government and a decentralisation from county councils to municipalities. The 1970s and 1980s witnessed a steady increase in local government personnel. A trend inflection came in 1992, when personal strength diminished for the first time.

The combined effect of deregulation, decentralisation and self-government rises a problem of increasing differences between municipalities regarding provision of service. Increasing differences are noted in availability of service, quality, fees, etc. This effect was enforced by a deep recession in the beginning of the 1990s which gave lower tax-income and a higher demand of basic welfare service.

The economic situation in 1992 forced the Parliament to implement a temporary law (for two years) forbidding the local authorities to raise their taxes. Many municipalities and county councils had to make heavy cuts in their services and discontinue some of their voluntary activities. But the productivity in local service production also improved and the situation gave impulses to new types of management and more efficient organisation and distribution of local services. An increasing number of services were put under competition from private companies. During the past years the residents has been given more opportunity to choose between different producers of public funded services e.g. as regards to day nurseries, schools, health centres and home help services.

The problem with increasing local differences in local welfare services focus on the interest on the national level to monitor what is going on. The primary interest is to monitor the results of the service production (quantity and quality in relation to needs) and compare that result with the national goal (defined in different laws) for that service. On the other hand it is not on the national level of vital interest to know how the service is produced.

With this approach the national level needs information of results, quality, demand, etc. related to national goals. These types of performance indicators are difficult to define - in several areas it will take several years to build a statistical system for performance indicators. The work also is complex due to the fact that local self-government must be respected. The local management forms their own following-up systems according to their local needs. Collection of data at the national level thus involves comparison problems. But local authorities want to compare their production with others and thus the state and the local authorities have a common interest.

I. GENERAL INFORMATION ABOUT LOCAL PUBLIC SERVICES

1. Information collected at central level concerning local public services

National statistics (annual financial reports, employment, production data, etc.) are collected by Statistic Sweden.

National agencies and boards generally have a duty to follow up activities within their sector of responsibility. In many cases this has to be done by collecting information from municipalities and county councils. In some cases the regional level (counties) is involved in this work - helping the central agencies to collect data. In other cases counties can have their own reasons to make studies to follow up the situation within their region.

Almost every type of local service produced is followed up at the national level - in one way or another. In some cases it is done by *ad hoc* studies in a few municipalities. But some major systems are continuously collecting data from all authorities. Those systems are:

- health care;
- school/education;
- care of children, elderly and disabled;
- civil defence and emergency service.

In addition to regular following up systems Sweden has a tradition to perform special enquiries in order to present the situation in a certain field, analyze a problem or follow up experiences. These enquiries often produce a deep study through questionnaires and other methods.

Every year about twenty to thirty official reports are presented regarding local services. These are also research programs in universities focusing on the public sector. Some fifty to hundred reports are presented every year from universities and institutes.

In some cases also the Swedish Association of Local Authorities and the Federation of County Councils collect, analyze and publish reports of different kinds. In some areas - not mandatory activities - they could be the only producer of data at the national level.

In general there is a good view of local activities regarding costs, and availability of service. There is a current effort to make existing systems more oriented to quality and effectiveness. But deregulation and freedom to organize and perform activities has lead to new problems and different following-up systems are used by authorities.

2. Procedures to collect information

National statistics (costs and production data) are collected by Statistic Sweden. Additional data is collected by central agencies and boards.

Below follows a list of some local service and corresponding following up organisation:

- social services	National Board of Health and Welfare – health care
- school/education	National Board of Education
- protection of physical environment	National Environment Protection Board
- emergency service	National Rescue Services Board
- civil defence	County
- transportation	County
- immigration	Swedish Immigration Board
- cultural programmes	Ministry of Cultural Affairs

To be able to present data at the national level, data must be comparable. Central agencies develop methods and standards and perform the actual work. Cost related data are mainly collected from various accounting systems used by local authorities. Today the principles behind the accounting systems are mostly the same, although there is no regulation in details. But there are noticeable differences and for example capital costs could be handled in various ways.

The procedures for collecting data and putting together comparable data has been enhanced during the last five years. The main reason for this is that the information is actually used for analysing and decision making. This has led to a mutual interest between state and local government to improve measuring techniques and quality of data. But there are problems remaining to be solved.

There is a need today to co-ordinate existing follow-up systems and to focus more on quality and effectiveness. Most central agencies and boards are working with this task but progress is slow. It takes a lot of effort to change the existing following-up systems.

3. Purposes of collecting information

Information on the national level is collected for statistical purposes, general information and comparative studies. The main part of state grants are general grants and production data, etc., which are not influencing the size of the general grants. The equalisation procedure between the municipalities relies on other data (population, income, age distribution, area, etc). In addition to that, there are some specific state grants left and in this field production data could influence the size of the grants.

The main use of the information is to improve local services. On the national level this could be done in various ways - change laws, influence the political debate, etc. Central agencies also could initiate joint projects to improve activities within local government. But mainly the national follow-up systems are not used for evaluating individual municipalities and county councils. It is used for informing the Government, Parliament and the public of the situation.

4. Publication of the information

Municipal activities are governed by the publicity principle, which has been enshrined in the Freedom of the Press Ordinance since 1766. According to that law, every Swedish citizen is entitled access to public domain documents for the promotion of free interchange of information and opinion. There are some restrictions noted in the Secrecy Act. But information regarding performance indicators, costs, and other information related to administration and management are as a rule open and made available to the public.

Central agencies are making reports - mostly on a yearly basis. They are generally working very hard to make the information understandable to the public. The quality of the reports is generally high and the media is using the information to a large extent. These reports are public and also the information in data bases are in general open to the public.

The ministries are also providing the Government and the Parliament with information and all information to the Parliament is made public.

Almost all reports from national special enquiries are made available to the public. During 1995 the government will prepare a special report to the Parliament of all activities in local government of common interest at the national level.

II. USE OF PERFORMANCE INDICATORS BY INDIVIDUAL LOCAL AUTHORITIES

The responsibility for collecting information of local services lies primarily on the county councils and municipalities. They collect information in order to monitor and control the service activities.

They are free to collect whatever data they need for monitoring and control.

Different studies show that most local services producers have data regarding **input-** (personnel hours, space, etc.), **output- production** (quantity of service) and **costs**. Different performance indicators are available such as: cost related indicators, input/output related indicators and variation over time. This type of data has been collected for a long time regarding technical services (roads, water, energy, etc.). The last ten years focus has been on welfare services.

Performance indicators are used in a relatively high degree in local activities. The reasons for this are several:

- to show the residents what service they get for the tax money, what is done through annual reports and service "contracts" to community members;

- monitoring the local production unit (internal control);

- new management techniques based on providing goals and monitoring performance, distribution of resources (external control);

- need to increase productivity and effectiveness due to the economic situation, through audits and comparative studies;

- use of external private producers who are contracted to provide public service through contract stipulations and following up parameters;

- performance related-pay to individuals or groups;

- to meet requests from the national level of better follow-up information through statistics and national agency information.

Performance indicators in most cases are used as complementary information in management control. In a few cases management uses performance indicators more formally in planning, budget-procedures and evaluating activities.

Municipalities and county councils are rather complex organisations with many different types of duties and responsibilities. New management techniques have been introduced in local government in order to get a better division of responsibilities between the political level and the management level. Formal or informal contracts are made up between the political level as "buyers" of services and internal or external "producers" who are actually producing the service. In these "contracts" it is necessary to specify local services in terms of quantity, availability, quality and costs. The first contracts had obvious shortcomings in this respects but locally better specifications and measurement techniques are evolving. Practical experience shows that "What gets measured gets done!".

New management techniques and more market orientated production with "profit centres", private producers and better economic control over every local activity raises the need for better accounting systems. New systems are now implemented in most organisations and these new systems are following some common rules which make data more comparable between municipalities and county councils.

A raising proportion of the local services produced by municipalities and county councils meets competition. One form of competition is private financed (contracting-out) service as an alternative to in-house-production. The management can choose between internal or external producers of the same service

The competitive situation makes every local service-producing unit eager to measure production, quality, user acceptance, and costs. If there are common and accepted ways to measure a specific service it is possible that these measurement techniques will be used. But often a local unit wants to define their own measurement techniques. This is positive, but from a national point of view it is impossible to aggregate and use this information.

1. Cost accounting

In some (growing) cases there are **quality** related indicators available such as: attitudes among clients, education level, availability of service. Most organisations have quality indicators in a number of areas.

Examples of quality indicators in the field of child day-care:

- number of children per employee;
- education level of employees;
- opening hours and availability;
- user surveys.

In a few cases there are goal oriented measurements of **effectiveness** or **equity** of production. Mainly this type of data are collected in *ad hoc* studies. In the health-care field (county councils) there are more formal systems following up productivity, quality and some aspects of effectiveness - as a part of the regular management control system.

But in general more deep studies of effectiveness and equity are made by special investigations or in research programs. Today there are recent studies of health-care, day-care of children and elderly people, education. A study of productivity in local government has been made in 1994 and data in this field exists since 1965. This information (on the national level) is probably used also at the local level to improve service and efficiency.

2. Selection of performance indicators and role played by the public and local elected representatives

External demands for information give the common base for all municipalities and county councils. In addition to that the municipality level could define performance indicators to be used in the organisation. In most cases the political committees in the local authorities confirm these decisions. But a local working unit could define their own performance indicators to be used internally.

In many cases the local authority asks those who are using the local service what they think are important aspects to follow up. This information is influencing the more formal choice of performance indicators (at the political level).

In order to develop methods and systems, co-ordinate methods, support local work and make information comparable, joint interest organisations - Swedish Association of Local Authorities (*Svenska Kommunförbundet*) and the Federation of County Councils (*Landstingsförbundet*) are working with performance indicators. These organisations also produce statistics on a national basis.

At the national level central agencies are collecting information in order to produce national statistics and to monitor and analyze local services. The Government receives requests for information from central agencies and boards, but not directly from local authorities. Agencies and boards, in turn, decide what information should be collected from local authorities.

3. Publicity of the information concerning the performance of local public services

According to the Constitution, every Swedish citizen is entitled to access to public domain documents for the promotion of free interchange of information and opinion. There are some restrictions noted in the Secrecy Act, but information regarding performance indicators, costs, and other information related to administration and management is, as a rule, open and publicly available.

According to the Local Government Law, municipalities and county councils should make every year public a financial report with information of the economic position. That report should also make clear the outcome of activities. These reports have in the recent years become better and more informative both on the financial side and on the activity side. Performance indicators are often included in the reports.

In a few municipalities there are projects aiming to “welfare contracts”. Those contracts will contain specifications of the service promised to the public. Minimum level and desired level of service are noted and the results should be followed up. Quantity as well as quality indicators are used.

In general local media are looking for local news and information and all information on performance, productivity and quality is of high interest. Sometimes local newspapers also initiate own studies in this area or have user surveys done. In many municipalities there is a local radio and/or TV-channel with local information.

However there is no legal obligation to provide specific performance indicators in the annual report mentioned above. But there is a form of praxis some authorities follow. The information provided in the annual report contains cost oriented “key-values” and basic production figures in most cases. But there is no common standard.

The annual report is made public and is generally printed and distributed to the media. In a growing number of cases a short version is spread to residents. But authorities also keep the public informed by spreading information in other forms. This could be done by advertisements in newspapers or information sheets to households.

There are legal obligations to provide some information to the national level - for statistical purpose and for follow-up purposes.

This information is generally published and made available to the public.

There are some local projects aiming to give all residents a "welfare-contract" (ref. citizens charter in UK). This is a form of information where the authority defines service level, availability, quality, etc. for different service sectors. The information has political obligations but no legal obligations.

III. NATIONWIDE COMPARISONS USING PERFORMANCE INDICATORS

1. Range of available performance indicators

The statistical information of local services on the national level is extensive. It is not possible to present all this information in this study. A more practical approach is to try to present basic information of interest for possible future international comparisons.

Sweden is delivering aggregated data on the national level to OECD. This information is available in the central OECD database.

In appendix 1 follows *examples of information* collected on a national yearly basis in the health-care area. The producer of this information is The National Board of Health and Welfare (SOS). This type of information is mainly used for informing the public and the government.

In appendix 2 some cost oriented variables are presented. This information is collected by the Swedish Association of Local Authorities and is used by local authorities to compare their costs and production with other authorities.

It can be said that there is a good information of output production, rather good information of cost per service and some quality indicators for local welfare services. A number of studies on efficiency and effectiveness exist in different areas. However this information is not based on continuous and systematic data collection.

2. Means of collecting information

Information is mainly collected through questionnaires. *Statistic Sweden*, central agencies/boards and the Swedish Association of Local Authorities and the Federation of County Councils are producing information at the national level.

The main purpose of the national monitoring system of local services is to compare actual results with goals defined in different special laws, not to follow up individual authorities. The Cabinet and the central agencies have no direct power to take decisions against, for example, a municipality which shows bad results. But a central agency could discuss and point out problems to local authorities and support different ways of solving a problem.

The main use of the information is to support a political discussion of the need for changes in laws, the general size of grants, financial equalisation and so on. The information is also of public interest in order to follow up the level of service in the municipality you live in compared to other municipalities. For local management national statistics can be used to enforce better performance and better productivity.

3. Structural characteristics of local authorities and comparisons of statistics on local public services

Relations between the state and local governments are moving from detailed regulation and grants for specific activities to general goals and general grants. Since the information collected is not used for following up individual authorities and since the information is not used for direct decision making there are not sophisticated models for adjusting results to many environmental factors.

Those who - in the public debate - use the information to analyze and describe the situation must take those factors into account. Given the rather good statistical systems, in Sweden there is data available for cross-references, etc. In many cases central agencies and boards are making this kind of analysis to make information more understandable.

IV. QUESTIONS RELATED TO THE USE OF PERFORMANCE INDICATORS AND, MORE GENERAL, OF LOCAL PUBLIC SERVICES STATISTICS.

1. Evaluation of the use of performance indicators

There has been an intensive debate about performance indicators, both by employees and managers within local authorities and those who are politically elected or appointed.
There are several problems with performance measurement methods and this is also the reason for a criticism of the use of performance indicators. Performance management is a powerful instrument. But if the performance indicators are not relevant according to the general goals the work will be led in a wrong direction. Productivity might rise but effects of work will be other than you expected. Before using performance indicators in planning, budget and control there must be relevant measuring points.

Generally it is easier to measure quantity (number of activities, hours, clients, etc.) than quality. If there are definite quantity goals set and no quality goals (which are measured) the result will be poor quality. If there are productivity goals and no explicit goals for effectiveness - suboptimization will occur. In municipalities performance management has been used in areas such as energy, roads, maintenance of buildings, etc. for many years. When introducing this system on health-care, day-care for children, education, etc., it is much harder to define goals and quality indicators. Some political representatives think that performance management is a good tool to control activities; others have the opposite opinion.

The picture varies according to different organisations. Given the same activity some municipalities have better experience than others. Probably there is a relation between the effort to develop measure methods, educate personnel and handling performance management from the political level and the degree of positive experience. It will take years to make performance management work.

Another problem is that people have different needs and different problems. It can take ten times more resources to teach one child to read than another. If financing is only related to the number of pupils, etc. some pupils will suffer. Public organizations can normally not choose clients who are easy to handle. In performance managed organizations there must be flexibility, rules and ethic considerations in a way that weak groups are treated according to needs.

One major problem is also related to the bad quality of data measurement. When measuring the number of visits to a health-centre, one could blow up the number by asking patients for check-up visits more than needed. Key-values including cost per activity could be inaccurate due to bad accounting systems giving non comparable values. This is a definite problem when statistics from different organisations are used for comparisons. But several years of work with improving accounting systems is now resulting in better acceptance of the data produced.

One good example of using performance measurement in management is Nacka, a municipality outside Stockholm, where there is a document with budget for activities and measurable goals for activities. For each goal a measurement technique has been approved and a desired result in figures (or other controllable facts) has been set. In appendix 3 a short summary is given.

Services for which the use of performance indicators appears promising are:

- technical services like water, energy, sewage, roads;
- health-care (primary care and hospital care);
- protection of environment;
- child day-care;
- education.

In the health-care sector there are some sophisticated models implemented for measuring performance and efficiency. These models are used in new management techniques in this field, but the decision-makers and public opinion do not always agree regarding these techniques.

In the field of education a new system for knowledge-related school reports is being implemented. If this system works well there will be better data on effectiveness in schools.

In activities concerning protection of environment there are some national, regional and local goals expressed in maximum discharge of carbon-oxide, etc. These types of goals are possible to measure. Other goals in this area could be difficult to measure.

3. Situation in Sweden

Performance management is used in some areas both in county councils and municipalities. After a long period of experimenting, development of methods and political discussions, performance management has been accepted in most authorities. One important factor is that the national administration has fully installed performance management as its main way for the Cabinet to control agencies and boards. There are still steps to be taken in the individual local authorities, but methods and routines have improved.

The Government is also eager to find ways to follow up the county councils and municipalities given that most of the welfare services are produced locally. But this work takes time, due to the fact that the Cabinet has no direct power to enforce new routines upon local government.

Performance management, as the main way of controlling and monitoring the whole organization, is used only in a few authorities. But performance management in some parts of the organization is probably used in most municipalities.

The cost for introducing performance management is probably considerable (consultants, education, discussions, new systems for data collection, etc.) but there are no relevant studies in this area.

4. Performance comparisons with local public service in other countries

Whenever possible agencies and government try to relate information on Swedish public service to the corresponding services in other Scandinavian countries.

In 1986 a comparative study was made relating Swedish service performance to the equivalent service in Denmark, Norway and Finland. The study was made by the Swedish agency SAFAD (*Statskontoret*) and the results are available in different reports of 1986 and 1987.

Three areas were studied:

- day-care of children;
- care of elderly people;
- primary-school.

Different forms of day-care were analyzed (day-care-centre, leisure centre, family day-home). The factors studied were, among others, wages, education of employees, number of children per personnel, open hours, size of groups, space per child, lunch per child, technical standard, total costs per child. Data was collected and made comparable. The study showed that Sweden spend approximately twice as much per child compared to the other countries due to the fact that Sweden had higher labour costs, fewer children per personnel, better educated personnel, more space per child, more opening hours, better technical equipment and higher standards of meals. The study showed that Sweden had all the requirements to provide good quality child day-care. However, quality itself could not be measured and the study could not state that quality in Denmark, Finland and Norway was noticeably lower. However, the study also pointed out ways to produce almost the same quality at lower costs. For example opening hours could be reduced by having morning-open centres and evening open centres instead of having every centre open for twelve hours..

Since the study was made, productivity improved substantially. But when the study was published (1987) the results did not lead to any direct change. The management, the political leaders and the general public were unfamiliar with the use of performance indicators as an instrument to change activities. Management “culture” and “public debate climate” were not ready for using this information.

Today, eight years later, the situation has changed. This type of information is demanded from the political leaders and management is ready to act on information of this kind. As a result of this, SAFAD will renew some studies in 1995. Also other central agencies are working with comparisons. OECD reports are also of great interest for agencies and ministries.

APPENDIX I

Health-care: some national performance indicators.

Examples of actual data for 1992 shown within ( ).

Health care provided by county councils	
- Somatic short term care – (medicine and surgery)*	
- number of beds per 1 000 residents - admissions per 1 000 residents - bed days per 1 000 residents - days, mean average stay in hospital	(29.5) (170) (991) (5.8)
- Visits per 1 000 residents to doctors in hospitals, subdivided in	(20.2)
- somatic short term care - psychiatric care - long term treatment - general care - others	(8.7) (0.7) (0.1) (9.3) (1.3)
- Total number of visits per 1 000 residents in public local health centres subdivided in	
- visits to doctors - visits to nurses	(9.7) (15.5)
- Total number of visits per 1 000 residents to maternity care subdivided in	
- visits to doctors - visits to nurses	(1.1) (4.8)
- Personnel in public health care per 1 000 residents subdivided in	
- doctors - dentists - nurses, etc. - personnel with short-term education - other personnel	(2.2) (0.5) (8.9) (8.6) (0.2)
- Total costs per resident	
- hospital care - public health centres	(10 891 Skr) (2 370 Skr)
- Costs per performance	
- hospital treatment one day (medicine) - hospital treatment one day (surgery) - visit to doctor at an hospital - visit to doctor at health centre	(2 480 Skr) (3 600 Skr) (1 200 Skr) (650 Skr)

* Corresponding information is available for psychiatric treatment and geriatric (long-term) treatment and subdivided in age groups, etc.

Quality indicators

One form of quality indicator which is followed up yearly on a national basis is waiting time for some operations.

This is due to a national guarantee for treatment within specific time-limits for some operations (hip, by-pass, cataract, and some other operations). In 1992 almost 100 per cent of these operations were carried out within three months.

A quality indicator is also the status of health within the population, length of life, death ratio for child births, etc. In this area statistics are available on a national basis and on a regional basis. But these quality indicators are impossible to relate to individual hospitals (with some exceptions). In an international perspective (OECD has made different studies in this area) Sweden holds the top position in these studies.

A method for measuring quality is also to ask residents/patients how they experience the local service from health centres, etc. This is done on a local basis but these studies are often *ad hoc* and questions asked are varying from time to time and from place to place. There are some studies made at a national basis showing good confidence in health-care organisations. Over 70 per cent of the persons asked gave the mark 5 or 6 on a scale from 1 to 6 (with 6 as the best mark).

A new and interesting way to measure quality in health care is to form an expert panel to judge whether a number of quality indicators have improved or deteriorated during a period of time. Diagnostic factors are defined as:

- diagnostic reliability;
- treatment possibilities;
- death or complications ratio;
- problems of treatment;
- time to heal;
- life quality effects;
- resources used;
- etc.

They are validated and put into a model. In most diagnostic areas the results show a considerable improvement of quality. The drawbacks of this technique is that it is only usable on the national level. But through this model it is possible to evaluate productivity on a national basis in consideration to performance, quality and costs. In Sweden there was a negative productivity in the health area of 1-2 per cent per year up to 1990. In 1992 there was a positive productivity of 3.1 per cent. The main cause for the improved productivity is a cut back on the income-side of the county councils.

APPENDIX II

Cost oriented key-values for comparisons

The Swedish association of Local Authorities and the Federation of County Councils are producing cost oriented figures describing costs for every single authority in terms of:

- costs per pupil in primary and secondary school, etc.;
- proportion of elderly persons in old-age homes, etc.;
- costs per elderly persons related to elderly care;
- proportion of children in public financed day-care;
- costs per children in public financed day-care;
- grants for social security per recipient;
- costs for youth activities, labour market activities per resident, etc.

The above-mentioned figures are used more and more as the quality is becoming better. The figures often show a relatively big difference between comparable service in comparable municipalities. Those who have a low level of service or high costs often take initiative to improve production or productivity. The information is available to newspapers and media and this stimulates a more common debate.

APPENDIX III

Goals and performance measurement in Nacka municipality

Below follow some examples of goals used in the Nacka municipality and published in a budget and activity plan document. Measurements techniques are also pointed out.

Goals	Measurements techniques
Overall goal	
Residents shall consider municipality service is good and a majority should consider that the priority of activities are related to the needs	Measured by survey of attitudes
Residents shall consider that the freedom to choose service producer has been wider	Measured by survey of attitudes
Committees and boards should reach approved goals within their budget	Measured in financial reports
Residents shall consider information is easy to find and relevant	Measured by survey of attitudes
Total results of the economy should be 7% of tax and other income (investments not included)	Measured in financial reports
Municipality should be one of the 25 most cost-effective municipalities	Measured by comparative statistic
At least 75% of residents should consider municipality personnel competent and service oriented	Measured by survey of attitudes
Housing, planning, traffic	
The proportion of residents who are content with municipality activities regarding housing and traffic should not be lower than today	Measured by survey of attitudes
At least 70% of residents should consider that the municipality works actively for protection of the environment	Measured by survey of attitudes
Waiting time for permission to build a house should be max 6 weeks	Measured by special survey
Costs for administration should be low	Measured by comparative statistic
Industry	
Number of jobs within the municipality should be at least 65% compared with the number of residents with jobs	Measured by available statistics
One international company should move to Nacka in the next three years	Measured by observation
Roads	
Main roads should be cleared of snow in 4.5 hours	Measured by internal statistics

Rescue service	
Rescue service should be in place within 10 minutes, except for rural areas	Measured by internal statistics
Inspection of industries, etc. should be carried out according to regulations	Measured by internal statistics
Water	
Users should not have restrictions in water supply more than one time per 10 years and then maximum 10 hours	Measured by internal statistics
Water should at all time have quality according to regulations	Measured by testing
Soilwater should at all times have quality according to regulations	Measured by testing
Leisure-time and cultural activities	
At least 80% of residents should consider that there is a good variation of societies in their neighbourhood	Measured by survey of attitudes
All children should at least one time per year be able to visit a cultural programme organized by the municipality	Measured by internal statistics
At least 80% of residents should consider that there is a good offer of sport and recreation facilities	Measured by survey of attitudes
At least five libraries should have a computer, with access to civic information	Measured observation
Environment	
Every plan should have an analysis of effects on the environment	Measured by inspection
90% of the industries should be given help or advice for protection of the environment	Measured by questionnaires
Education	
All young people should be offered secondary education for three years and 65% of adults who want the same education	Measured by statistics
At least 80% of parents and 60% of pupils should be satisfied with the school and school environment	Measured by survey of attitudes
Child-care	
All families with children over 1 year should be offered day-care	Measured by statistics
At least 90% of parents should have day-care service from the producer they want	Measured by statistics
At least 80% should be satisfied with the quality	Measured by survey of attitudes
Care of elderly and disabled	
At least 65% of the users of elderly care should be satisfied with the amount and quality of service	Measured by survey of attitudes
Development of costs for social security should be lower than in comparable municipalities	Measured by statistics

UNITED KINGDOM*

I. DEMANDS FOR INFORMATION FROM COUNCILS

Information - statistical and other - has long been demanded of local government by a multitude of bodies. Government departments require detailed statistics on local authority spending; bodies such as the Audit Commission probe even deeper into specific services in search of ever more economy, efficiency and effectiveness; and private sector companies such as CIPFA collect reams of comparative information ranging from details about refuse collection receptacles to the number of staff employed in a particular area.

Diverse though the demands may be, such information has historically had at least two characteristics in common. First, it was largely provided on a confidential basis; thus, only the authority in question, and the body collecting the data could identify the performance of an individual council. Second, it was for internal use - for management purposes. Some information made its way into the public domain - for example, local authorities have to publish their accounts - but in reality, very little ever reached the attention of the general public. Though the interested and persistent citizen could probably get the information, the general public was seldom considered as a target audience for information about their councils' performance.

II. USE OF PERFORMANCE INDICATORS BY INDIVIDUAL LOCAL AUTHORITIES

But in the mid to late eighties things began to change. Many authorities began to supplement those statistics that had been collected for many years by the government and other bodies, with their own, detailed systems of performance measurement, specially tailored to reflect local circumstances. As well as collecting the traditional quantitative information - on cost, time taken, output - some of the more innovative authorities sought to take performance measurement a step further - and measure outcomes.

Measures of economy and efficiency are relatively straightforward; effectiveness and quality, i.e. outcomes, are more difficult to quantify. Several authorities therefore tackled the problem from the opposite end. Rather than focusing on service delivery as they had traditionally done, they focused on the service user: how satisfied were the public with the service provided by their local council? Was it what they wanted? How could it be improved?

* This study concerns the use of performance indicators on local authority services in England and Wales.

Service user groups were set up to sound out opinions, and consumer research commissioned. In addition to this, some authorities launched their own charters, committing themselves publicly to certain standards to which they could be held to account. The charters were meant to strengthen the local democratic process. If the public liked what they saw, and considered that the council were meeting their standards, they would re-elect them. If they were dissatisfied with the service provided, or indeed, the standards set, they would know who to complain to. Above all, the public would know what they were entitled to expect. Ultimately, if they remained dissatisfied, they could vote the council out of office.

Case study in performance review - "Redditch Reports"

Redditch borough council, just south of Birmingham, was one of the first in the country to set up a mechanism for consulting the public on a regular basis.

Leaflets were distributed to all households inviting borough residents to participate in a project whereby once every six months they would be asked to fill out a detailed questionnaire on council services.

The questionnaires themselves did not ask "are you satisfied?", but rather built up a picture of performance from a number of detailed questions such as "Do the dustbin collectors leave the area clean and tidy; do they close the gate?" and so on. From an analysis of their responses, the council produced an "overall satisfaction index" - a sort of composite indicator - which was incorporated in the performance monitoring system to set targets for improvement in each service.

Though the initial response was small - some 300-400 people, over time, the group has swelled to almost 1 000 people, representing a fair cross-section of the local community. Encouragingly, the results show that at a time when the council has had to cope with significant cuts in resources, overall satisfaction with services has actually gone up slightly! One would hope that this improvement reflects better planning and targeting of services thanks to the input of the group; alternatively, it may simply reflect the views of a more involved and therefore more sympathetic local community.

But in the late eighties, such initiatives, though increasing in number, were few and far between. And importantly, they were confined to local level.

III. NATIONWIDE COMPARISONS USING PERFORMANCE INDICATORS

July 1991 saw the launch of a national Citizen's Charter, a programme designed to improve services across the public sector - ranging from London buses to post offices to hospitals - with the explicit aim:

> *"to make public services answer better to the wishes of their users and to raise their quality overall."*

This initiative was to spawn a whole series of charters - forty at the time of writing - specific to particular public services.

One of these charters was the Citizen's Charter for Local Government, launched the following year, with the passing of the Local Government Act 1992. This Act required the Audit Commission - the independent watchdog for local government and the health service - to devise a set of performance indicators, i.e. *"measures of economy, efficiency, and effectiveness,"* which would *"facilitate national comparisons"* between councils. For the first time, a uniform set of performance measures was to apply to every council in England and Wales. In Scotland, the Accounts Commission was given a similar task. The Government also suggested that on the basis of these measures, the Audit Commission should publish *"new league tables of local authority performance"*.

The reaction from local government was generally hostile. A few local authorities saw the initiative as a step in the right direction towards more consumer-focused services, tying in with their own systems of performance measurement. Most saw this as the another step on the road towards the imposition of national standards on local government. And they feared that media reporting of their performance would inevitably focus on the poor performers.

To the Audit Commission, this was new territory. Although the Commission, since its inception in 1983, had drawn comparisons between the performance of authorities in almost every one of its special studies, it could not by law publish details of the performance of individual councils except with their agreement. In addition, its work had previously focused on specific services - for example the administration of Housing Benefit, or improving highways maintenance, with the aim of identifying ways to improve economy, efficiency and effectiveness. But now the Local Government Act 1992 required the Commission to make what were bound to be highly publicised (and probably contested) comparisons, across the whole range of council services, and identifying the performance of individual authorities. This was untrod, and highly contentious ground.

What to do?

Although given this task by the government, the Commission had freedom to approach its task in any way it thought appropriate. In March 1992, the Commission began a lengthy consultation process on how best to tackle this initiative. Although the main audience for this information was the public, it had also to be useful to local authorities; this would mean winning their acceptance, and working with them to develop indicators that would seem relevant to local authority managers as well as to the public. The Commission also wanted to keep the administrative burden in local authorities to the minimum; and where possible, to tie into existing information that was already being collected by authorities (for example, for the Department of the Environment). At the same time, there would have to be a sufficient number of indicators to give a full picture of the range of services provided, and to avoid distorting service priorities by forcing managers to focus attention on too narrow a range of services.

No less importantly, the performance indicators had to be interesting to their target audience - the general public. Having determined which services to focus on in the first year, the Commission therefore undertook extensive consumer research to identify which areas - within a given service - were most of interest to the public.

And beyond the councils themselves and the general public, there were a number of other audiences for the information - including special interest and consumer groups, professional organisations, political parties, government departments, all of whose particular demands had to be taken into account in drawing up the indicators.

The indicators

The Commission embarked on a six month research and consultation process, the end product of which was a list of seventy-seven performance indicators. These spanned fourteen areas of service delivery - ranging from dealing with the public, to refuse collection, to social service provision, to tax collection, each of which featured a number of indicators, the combination of which would give a fair picture of performance in that area. Authorities were only required to collect data in those areas for which they were statutorily responsible.

Example of performance indicators

These are the indicators for refuse collection:

Quality checklist

Does the authority provide:

- containers for household waste?
- wheeled bins for household waste?

Does the authority collect:

- household waste collected from the backdoor?
- garden waste? Is it collected free of charge?
- recyclable materials separately from household waste?

Are appointments given for the collection of bulky waste? Is it collected free of charge?
Is a direct dial telephone service available eight hours per working day and is there an answer phone service which takes messages of complaint at all other times?
Are special arrangements made on requests to help disabled people?

Reliability

Target reliability of household waste collection service; performance against target;
Target for rectifying errors; performance against target.

Recycling

Tonnes of waste collected; percentage of which was recycled.

Expenditure

Number of households; net cost per household of refuse collection service.

Broadly speaking, the indicators fell into four types. The largest group were indicators of performance - measuring either the efficiency of a service, or its effectiveness. For example, councils were asked how many housing benefits claims they managed to process within fourteen days; and what percentage of crimes were successfully detected by the police. Some of these related to national targets; others asked authorities to set their own benchmarks against which their performance would be assessed.

Then there were indicators of cost - for example, the cost per household of collecting council tax; indicators of quality, for example, how extensive a refuse collection service was provided; and finally, contextual indicators, such as the number of elderly people resident in the area.

Process

The Audit Commission published its first list of indicators in a Direction issued in December 1992. This allowed authorities a three-month period to set up the necessary systems to collect data for the financial year 1993/94. Subsequently, all the results had to be audited, and published at local level, by the end of 1994; and published at national level in early 1995.

The indicators cycle

Consultation	Direction	Gather Data	Publish Locally	National Publication
==⇒	==⇒	==⇒	==⇒	==⇒
Autumn 92	Dec 92	April 93-Mar 94	April-Dec 94	March 95

Let us focus more closely on arguably the most important two stages of the cycle - the release of the information into the public domain - through the local and national publication of the indicators.

Local publication

The Act required local authorities to publish their performance indicators, in a local newspaper, in the nine months following the end of the financial year. The requirements it placed on them were limited - they had to publish all the relevant indicators; within their basic sections (so for example, the education indicators must appear together, as must the library ones).

Beyond these two basic criteria, authorities could do more or less as they pleased. They could add any other indicators to supplement those laid down by the Audit Commission; change the wording so long as the meaning of the indicators remained unaltered; and add any explanations they thought appropriate. In other words, local publication of the performance indicators was to give authorities the opportunity to have their say - to put their case, before any comparisons were drawn.

Encouragingly, the majority of authorities have gone far beyond the legal requirements for publication. Though a handful have squeezed their indicators, like football league tables, into only half a newspaper page, most have sought to make the most of the opportunity - publishing 2, 4, even 12 page special indicator supplements, using colour, photos, and supplementary text to make them as eye-catching and understandable as possible. To their credit, they have managed to make the publication of some 212 statistics into something approximating a good read!

The Commission is now evaluating local publication. The preliminary results are encouraging. In some council areas, almost 60 per cent of the public saw the indicators. But in other areas, where councils made less effort to supplement the statutory advert with extra publications, only 10 per cent of the public saw the indicators. The verdict of the public? “A good start - but room for improvement in making the indicators more attractive to read.”

National publication

If authorities across the country have responded remarkably positively to the challenge of publishing details about their own performance, they remain hostile to the prospect of seeing their performance compared with that of councils nationwide.

The public sector already has some experience of national league tables, also introduced under the Citizen's Charter. Schools have seen their performance compared on the basis of examination results, and truancy levels; and hospitals, have been compared in terms of cancelled operations, ambulance speed of response, and waiting times. But there is an important difference. Hospitals, are in effect “national services administered locally”: though there is some degree of local discretion, they are ultimately controlled by central government. Meanwhile, local authorities are democratically elected.

Opposition to national publication has centred around three themes. Firstly, the one alluded to above - namely that national comparisons may undermine local policy choices. Ranking authorities' performance may imply that one level of provision is good; and another, bad. Yet that decision may have been made on by local politicians, taking into account the particular demands of their own electorate. Secondly, it is feared that comparing the performance of authorities on the basis of a limited number of indicators could cause managers to channel extra resources into those service areas - dictating priorities, and consequently, skewing resources. And thirdly, some maintain that comparisons drawn between authorities as diverse as rural Radnor in central Wales and the urban London Borough of Tower Hamlets will be at best, meaningless; and at worst, dangerous - failing to take into account each council's particular circumstances.

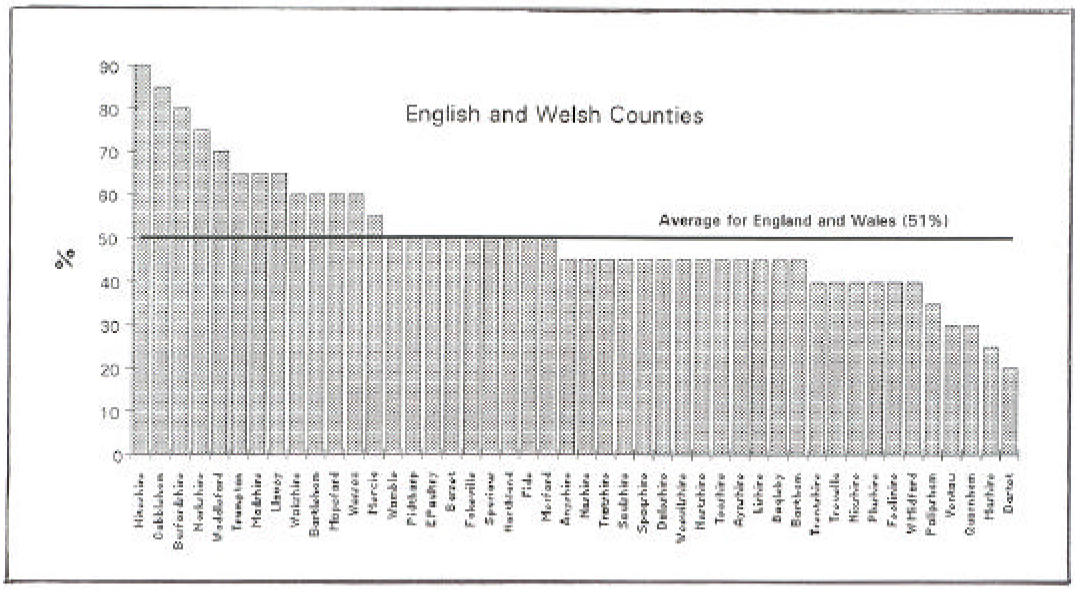
So, in Summer 1994 the Audit Commission found itself in a similar position to that two years earlier, at the outset of the initiative - facing the hostility of local authorities across the country. Though some acceptance for the principle of publishing performance information had now grown up - as manifest in the very positive approach taken by most authorities to local publication - any proposals on national publication tended to be greeted with unanimous opposition. Yet the Commission had a duty, in law to: “facilitate the making of appropriate comparisons ...” So, as it had done the previous year when launching the initiative, the Commission embarked on another round of consultation, this time on national publication.

The proposals were fairly modest. All of the indicators would be published in telephone-directory style appendix; equally they would be available on disk. In this appendix councils would be grouped within counties, and listed alphabetically. That much was uncontroversial. However to make the information accessible to the public and media the Commission also proposed to publish a report on a selection of the indicators - about twenty of the seventy-seven, picked on the basis of consumer research into the public's priorities, and ones that the Commission itself felt should be brought to the attention of the public. The indicators selected for this report would be presented in rank order - in league tables if it was clear what constitutes good or poor performance. Otherwise authorities would be presented alphabetically. It would be this summary report which would attract the attention of the media.

This second proposal was widely contested by local authorities. Focusing on so small a number of indicators would give a distorted impression of performance - failing to represent the full range of services provided; and potentially encouraging managers to divert resources to the limited number of areas featured in the report.

In the light of these objections, the Commission revised its proposals, deciding instead to publish three summary reports. These would enable both wider coverage - of the range of council services; and fuller coverage - leaving more room for comment. One report would be devoted to education, social services, and libraries; one to services such as council tax collection and refuse collection; and finally, one to the emergency services i.e. police and fire. Furthermore, within these reports, performance would not be ranked in league tables, but presented in bar charts - graphically illustrating the differences in performance, in what seemed to be a less judgmental way.

Percentage of three and four year olds with a school place



The future

Every year the Audit Commission publishes a list of indicators to be published by councils. The core of these remain unchanged year-on-year, but some are changed - updating the indicators to reflect current practice, including new areas of service provision, and fine tuning the definitions. Year one included indicators on dealing with the public, housing, homelessness, refuse collection and disposal, payment of benefits, collection of council tax, education, social services, libraries, fire, and police - spanning the majority of council services. Year two supplemented the original set with indicators on leisure and recreation, environmental health and highways. In the first two years therefore, the Commission reckoned to have covered the core set of local authority services. These “core” indicators will be included in all subsequent “Directions” to facilitate the making of year-on-year comparisons.

Any new indicators that are added in future must substitute existing indicators. Several indicators have already been removed - particularly those which provided contextual information - such that the Direction published this year represented a net decrease in the number of indicators. It is hoped that over time, the exercise will become less demanding in terms of time and resources.

More importantly though, is the ambition that this initiative will become less an exercise in number-crunching, and more genuinely useful to authorities and their public. Internally it should be linked to performance monitoring systems; and externally, it should be built on as a vehicle for communicating with and involving the public.

It is hard to judge the success of the Citizen's Charter for local government until the hurdle of national publication is passed. It is then that the issue of comparisons comes out into the open, reaches its target audience - the general public. The aim of this exercise is informing and empowering the citizen. Informing the public of the vast array of services provided by their local councils; and of how well those services are provided. Empowering, by letting the citizen know what they are entitled to expect; how their experience compares to that of other local residents, to that nationwide.

But there are other audiences beyond the individual citizen to whom the collection - and local publication - of this information has already proved useful. Interest groups have data on which to base their dialogue with their local council. And perhaps most importantly, local authorities have taken steps to improve their performance, in areas that they knew to be particular weaknesses. For example, many councils have started to offer appointments for repairs, where previously their tenants would not know when exactly someone would turn up. Targets have been set for responding to letters and phone calls from members of the public. And overall, the initiative seems to have prompted better monitoring of service provision, which in turn, can only lead to improvements in the quality of service delivery.

APPENDIX I

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APPENDIX II

GLOSSARY OF TERMS USED

Cost-effectiveness

The extent to which policy and programme objectives are achieved at minimum economic cost.

Effectiveness

The extent to which objectives (of an organisation, policy or programme) are achieved or the relationship between the intended and actual effect of outputs in the achievement of objectives.

Efficiency (productive efficiency)

The relationship between resources (inputs) used and outputs produced (e.g. nurse hours per occupied bed day). An efficient activity maximises output for a given input or minimises input for a given output. Efficiency measures take the form of output/input ratios (productivity) and expenditure/output ratios (unit cost).

Public sector

Central government departments and agencies (civil service), the wider public service, public enterprises, certain bodies funded from public monies, and local and regional authorities.

Quality of service

The extent to which the nature of the output and the delivery of the output meet user needs; quality of service may be directly measurable (e.g. out-patient waiting time) or may need to be inferred from the results of customer surveys. Common aspects of quality are timeliness, accessibility and accuracy of service.

Service delivery

The provision of a public service for a client (individual citizen, business or other). The distinction should be made between direct provision to the client by a public sector organisation and indirect provision to the client on behalf of a public sector organisation by a third party (e.g. a contractor).

Standard

Usually short for minimum standard, indicating the level of performance (volume of output, quality, etc.) that an organisation commits itself to achieving.