

Performance and Financial Benchmarking

Report of the Treasurer

For further information about this report please contact Keith Dixon, Treasurer, on 01743 260202.

1 Purpose of Report

The report sets out potential benchmarking material that is available to judge the performance of aspects of the Authority's work.

2 Recommendations

The Committee is recommended to ask Officers to examine the performance indicators, and to quantify and report back those they consider appropriate to use for benchmarking this Authority.

3 Background

On 12 March 2009 the Committee considered comparative information derived from the CIPFA statistics for 2008/09. Concerns about the accuracy and content of the expenditure classification (eg "training"), led to the conclusion that more precise benchmarking would be of greater help. Officers were therefore asked to look at developing performance outcomes for comparative purposes and to bring them back to the Committee.

Additionally, a key line of enquiry in the organisational assessment for fire and rescue authorities is whether the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?

4 Value for Money (VfM) Indicators

One set of indicators that is available arises from the CIPFA / KPMG VfM Indicators. In 2006 public sector audit agencies commissioned KPMG to develop a suite of value for money indicators covering the main areas (streams) of corporate services:-

- i Finance
- ii Human Resources
- iii ICT
- iv Estate Management
- v Procurement

These indicators have now been produced, and CIPFA in conjunction with KPMG are offering a benchmarking service based on these indicators. The cost is £750 a stream or £2,250 for three or more streams.

A recent development has been the recommendation in HM Treasury's 'Operational Efficiency Programme Final Report' that "all public sector organisations employing more than 250 people must collect and publish data using the five audit agencies approved value for money indicators for back office operations with effect from June 2009 for central departments, agencies and NDPB's and by December 2009 for the wider public sector.

5 The Indicators

The indicators are set out in the Appendix. Some definitional changes were made in May, but they remain substantially the same. They comprise primary and secondary indicators. Most are self explanatory although some – eg adoption of the Management Practice Model require additional knowledge of how given models are built up.

For instance the 10 Finance Management Practices are:-

- i Budget holder responsibilities are clearly understood and embedded in performance appraisal;
- ii Service levels and expectations are set formally with key internal customers
- iii There is a rolling programme of reviewing and benchmarking the organisation's costs across major service areas;
- iv Integrated software is in place with centralised data processing;
- v Adoption of e-government such as bar-coding, invoice scanning, self-service using intranet etc;
- vi Fully automated accrual system;
- vii Real-time access for budget holders;
- viii Needs-based budgeting prepared every three years;
- ix Open customer satisfaction surveys annually;
- x Comprehensive professional development programme for finance staff.

6 Conclusions

The approach adopted by CIPFA / KPMG is comprehensive and consistent. It has a cost, and is geared at all authorities therefore it sets out indicators that may not be fully relevant to smaller bodies – eg the cost of some processes compared with the volume of transactions in those processes.

It should be remembered that the services involved form a small proportion of the total budget, although the way they are performed has a significant impact on the effectiveness of our total spending.

However there may be value in each service considering its response to the indicators. This would then form a judgement as to whether there were fruitful areas to pursue, and whether full or partial benchmarking should then follow.

7 Financial Implications

The financial implications are as outlined in the main body of the report.

8 Legal Comment

There are no direct implications arising from this report.

9 Equality Impact Assessment

Officers have considered the Service's Brigade Order on Equality Impact Assessments (Personnel 5 Part 20) and have decided that there are no discriminatory practices or differential impacts upon specific groups arising from this report. An Initial Equality Impact Assessment has not, therefore, been completed.

10 Appendix

Finance Indicators 2008

11 Background Papers

There are no background papers associated with this report.

Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Balanced Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	
Capacity		Member Involvement	
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment	*	Operational Assurance	
Efficiency Savings		Retained	
Environmental		Risk and Insurance	
Financial		Staff	
Fire Control/Fire Link		Strategic Planning	
Information Communications and Technology		West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Equality Impact Assessment	*