

Performance Management as a Tool for Political Prioritization in Local Governments

Mads Teisen

Abstract

Performance management mostly tend to lead to discussions related to its own effect, its ability to create knowledge and legitimacy and its ability to document effects, although the schemes vary. So far, there has been little or no discussion as to how performance management influences political life in local governments. However, especially in local governments there are dilemmas. Given that a well-implemented performance management system creates clear performance indicators at a regular basis, it should serve as the ideal basis for political prioritization. However, in reality it takes away power from politicians by making politics technocratic and evidence-based, leaving little room for personal judgement. And the management fears that the politicians could be interfering in the daily running of the operations. The dilemma is pointing out the need for a discussion as to how involved the political level should become with performance management.

Since 2008, the Technical and Environmental Administration of the City of Copenhagen has controlled its primary operations through a performance management system. The system is based on continuous measurements of four indicators: citizen satisfaction, professional quality, employee satisfaction and economic efficiency. Thus, these indicators resemble the balanced scorecard, and the management of the Administration also uses this scheme for managing its development dimension. The performance management and balanced scorecard systems thus control the operations and the development, respectively.

At regular intervals a thorough evaluation of the full management concept is carried out, and adjustments are made to match current needs. Consequently, the structure of the performance management system in the Technical and Environmental Administration in Copenhagen is a standard one.ⁱⁱⁱ

The primary focus of performance management is twofold. On the one hand, the system must contribute to innovation, continued development and optimization of operational routines through recurrent learning processes associated with individual measurements.ⁱⁱⁱ And on the other hand, the system must ensure an evidence base for priority setting and management, and thus serve as a management tool on par with the financial reporting.

Performance management provides a wide variety of challenges to a municipality.^{iv} Since 2009, the system in Copenhagen has been adapted and adjusted to serve the needs of its users. While today the ongoing management reporting is progressing relatively smoothly through the use of digital information management tools, the political use of performance management data is the part that presents the biggest challenges, and perhaps also the part that provides the greatest opportunities. There are many dilemmas in this work, though.

In a municipality managed by politicians, it is a basic condition to follow up on the political decisions and priorities. In Copenhagen, for example, there is a widespread desire to focus intensely on the climate challenges, the most disadvantaged neighbourhoods and health issues.

Any attempt to detach the political system is stillborn, creating no political involvement and legitimacy behind the decisions - there would be no political cooperativeness to back up management in budgetary terms without involvement. In a democracy, politicians need to be taken on board.

In order to meet political priorities, it is the Administration's mission to continuously develop proposals in terms of how to create financial freedom. In a time of crisis, this is a difficult game. The room for manoeuvre must be found within the existing operational budget.

If a substantial room for political priorities is to be generated, it will result in similar substantial reductions in the daily operations, with correspondingly serious consequences for the services provided.

Dilemmas

In the following I will describe three dilemmas which must be addressed when working with performance management as a policy management tool.

First dilemma: How to involve politicians in the solution of technical problems when they basically know nothing about technology?

Politicians are elected to represent citizens, and are thus presenting a layman's view. There is a natural skepticism in the administrative organization about leaving the far-reaching technical decisions to lawyers and schoolteachers, who may take matters into account which are not based on objective and professional assessments. If this happens, it will be counterproductive to use performance management in decision-making as performance management is meant to promote a higher degree of evidence-based decision-making. On the other hand, one of the key points of performance management is that it is intended to put the citizen and his views in focus. And who are better at expressing these views than the elected politicians?

Second dilemma: How to involve politicians in the solution of technical problems without reducing them to technocrats?

It is obvious that decisions about the use of one type of sweeper or another with which to clean the city's streets can be very technical. As a general rule, such decisions may not be suitable for political decision-making. But the devil is often hidden in the detail! If such decisions have large economic and qualitative consequences, why should politicians not be heard? To which extent can you involve elected representatives in technical discussions without reducing them to technocrats?

Third dilemma: How to ensure evidence-based decision-making in a politically driven organization in which emotions play a big role

Members of the City Council, for instance, spend a lot of time making a difference. Most politicians are very dedicated to certain causes. Is it therefore understandable if the City Council could be unable to make technical decisions without being strongly influenced by emotions and a "hinterland", which is affecting them to an inappropriate extent?

However, experiences from Copenhagen show unambiguously that the elected officials have a tremendous responsibility in relation to the management and operations of which they are responsible. Their priorities are most often based on the quality, the well-being of employees and on similar issues – next to economy. The citizens' views do not always come first!

Possible solutions

The big challenge for Copenhagen has been to find the level of political involvement which on the one hand ensures meaningful participation in the management of the operations, commitment and respect for the political process from the Administration. On the other hand, the challenge has been to establish a level of involvement which does not go so far that politicians are reduced to technocrats or are held responsible for technical decisions of which they are unable to comprehend the consequences.

Common language

A first prerequisite for solving these challenges was the establishment of a common language. The definition of a set of citizen-focused core services was the starting point upon the establishment of the Technical and Environmental Administration's performance management system. The core services described are the effects of management services on the citizens (street cleaning, refuse collection, park maintenance, building inspection, etc). These effects are measured twice yearly through questionnaires. Citizen satisfaction is reported by a research institute, and the data can be read both in annotated reports and digitally in the MIS system. Citizen satisfaction is measured on a Likert scale 1-5.

While the citizen satisfaction measurement is the actual performance measure, three other indicators are also reported at the same intervals:

Professional quality management is based on a technical assessment twice a year of the professional quality of the services rendered. The technical assessment is measured on the same scale as citizen satisfaction and reported concurrently.

Employee satisfaction is measured by means of a questionnaire-based survey twice a year. Employee satisfaction is reported on the same scale of 1-5, designing reports and data entered in the Administration's MIS system.

Economic efficiency is calculated as the proportion of the Administration's budget of which the individual core services are made up. The performance management system is interlinked with the Administration's ABC model.

With these measurements in place, the foundation is created for a common language of quality in the operations. Each year the political committee decides on a set of targets to be met for each individual core service. For each service, a target is set as regards citizen satisfaction, professional quality, economic efficiency and employee satisfaction.

The targets set on the level of the core services determine the extent to which the politicians will be involved. The core services comprise the main level where the citizen meets and experiences the service from the city.

These are for example:

- Cemeteries
- Nature in the city
- Bathing
- Paid parking
- Clean streets and squares
- Maintenance of bicycle paths
- Urban planning

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“Arm's length principle”

The purpose is not to debate the detailed technical content in the political discussions taking place at the level of the citizen-focused core services. Instead, the purpose is to discuss the implications of policy decisions. In a situation with a focus on the need to prioritize, it is essential to illustrate the consequences of the proposed changes. If you imagine a proposal for reduction of street cleaning, for instance, it would be important to present the level of declining citizen satisfaction and quality, rather than to discuss which areas of the city will be affected or not.

The decision of which areas would be affected and to which extent would continue to be purely administrative, whereas the level and the satisfaction level to be achieved would be a political decision.

Strategic prioritization.

As mentioned initially, it is the management's task to ensure financial flexibility in order to be able to implement the political priorities. In Copenhagen, the political priorities include better climate protection measures for vulnerable urban areas and improved conditions for movement and health in the city. In a time of crisis, there is obviously no scope for expanding the budget. Every new initiative must be financed within the existing economic framework.

With the established common language it is possible to clearly identify the consequences of a given re-prioritization within the management frameworks, and thereby to establish a policy basis for decisions that go beyond the purely economic. With the performance management system and the established language for quality decisions in place, the basis for priority decisions in Copenhagen consists not only of economy and FTEs, but also of a clear and transparent description of the consequences of the decisions in terms of increasing / decreasing quality, the impact on the citizens' satisfaction with the services provided, and implications for the overall employee satisfaction with the management.

From June 2011, the management has had the intention to establish a strategic scope for precisely the three priorities mentioned above. This work has resulted in the development of 39 business cases with suggestions for new initiatives as well as financing within the existing core services. Of the 39 business cases, a number will be submitted for political decision in late November 2011. This coincides with the definition of targets for the coming year.

ⁱ Bohni Nielsen, Steffen, Nyholm Jacobsen, Mads, Pedersen Morten: Keep an eye on the effect – Performance Management can strengthen public measures; Nordisk Administrativ Tidsskrift 4, 2005

ⁱⁱ Johnsen, Åge: Performance Management in the Public Sector – competition without a market; Fagbokforlaget, Oslo 2007

ⁱⁱⁱ Teisen, Mads, Damgaard, Kamilla: Learning challenges in Performance Management, practicing in a sea full of stones; Evalueringsnyt 25, 2010

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Mads Teisen
Executive Advisor, M.Sc.MPA
City of Copenhagen,
Technical and Environmental Administration
Njalsgade 13
DK 2300 Copenhagen S
Denmark
mateis@tmf.kk.dk
+45 33 66 58 60
+45 26 86 58 03