

Knowing me - knowing you: **Benchmarking services under Supporting People**

What is benchmarking?

Benchmarking is comparing the cost and quality of services in order to **improve** efficiency or standards/ performance. Benchmarking can be done internally or externally.

Internal benchmarking – for larger organisations: It is used to understand why similar cost centres (e.g. training/ stationery/ telephone) might be higher in one service than another. It may also be used to explore reasons for poor performance in one service against another service which is performing well.

External benchmarking – for small organisations or organisations which do not run two similar services: This is used in exactly the same way as internal benchmarking to measure cost and performance.

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There are more challenges but potentially more benefits to external benchmarking and this briefing is focused on this form of benchmarking. For those approaching benchmarking for the first time the plethora of definitions can be confusing, so it can help to focus on the learning and sharing that goes on during the process. In practice, benchmarking usually encompasses: regularly comparing aspects of performance (functions or processes) with best practitioners; identifying gaps in performance; seeking fresh approaches to bring about improvements in performance; following through with implementing improvements; and following up by monitoring progress and reviewing the benefits. www.benchmarking.gov.uk

Why should I consider benchmarking my service?

- To look for cost efficiencies which will ensure that my service is more cost effective in the emerging 'procurement culture' of the Supporting People and other Commissioning programmes
- To look for cost efficiencies which will increase the size and reach of services to vulnerable people
- To understand how well my service is performing against other similar services and the relationship between performance and cost for my service
- To provide an action plan for reviewing and improving policies/ procedures and practice which will improve the service and/ or reduce cost
- To prevent waste of resources and demonstrate VALUE FOR MONEY
- To improve quality of performance to my service's users

What should prevent me from getting involved in benchmarking?

- Lack of support for the exercise from my management committee
- I am not willing or able to put time into this exercise
- I am not willing to share information on cost/ policies/ procedures with another similar organisation
- I don't think we can improve our efficiency or performance
- Action plans created by this process will not be carried out
- I am confident that our funding is secure and procurement knowledge and preparation is not required by my organisation

Who should I benchmark against?

Type of Partner	Description	Advantages	Disadvantages
INTERNAL	Own organisation, any location	Common language/culture/systems Access to data Communication channels Relatively quick returns	Inhibit external focus Foster complacency Only adequate returns
EXTERNAL	Other organisations measurably better in key areas	Similar structure/constraints Relative ease of access to data Relatively low threat	Step-change less likely Legal/ethical considerations Industry paradigms may inhibit creativity
BEST PRACTICE	Organisations selected for "Best" Practice in key areas	Potential improvement leaps Potential high returns External focus Removes blinkers/ N-I-H ("Not Invented Here")/ navel gazing	Continuous/long term commitment Potentially difficult Change always results

Table from www.benchmarking.co.uk

Where do I start?

Ensure that you have the support of your management committee and any senior managers within your organisation who may need to provide time and expertise to this process. Identify services with similar objectives and, where possible of similar size who would be willing to carry out this exercise with you.

Decide whether or not to involve an external consultant in providing some increased objectivity and how to share the costs of this resource. Draw up a timetable of the process. Below is a sample which you can use and modify

Sample Benchmarking Timetable

Benchmarking exercises ideally involve between 3 – 6 services for comparison.

When	What	Who
1 st stage	Draw up a benchmarking agreement or use a standard agreement available from www.benchmarking.co.uk	All parties to sign.
2 nd stage	Agree what information is to be collected, how and by whom. The QAF would provide an ideal starting point for VHG members. Available from www.spkweb.org.uk	Consultant may have already drawn up a recommendation to be discussed and agreed by interviewing all partners prior to this session.
3 rd stage - A	Collection process on performance - no longer than 2 weeks in total duration <ul style="list-style-type: none"> ■ Desktop information exchange - policies/ procedures/ monitoring and evaluation tools and responses ■ Telephone interviewing ■ Site Visits ■ Service User interviews 	All to participate – consultant to lead Could involve service user consultants in some parts of this process. NB. 2 people should carry out site visits.
3 rd stage - B	Collection process on cost For Supporting People providers this is a Value for Money exercise. Remember! - <i>Never ask another to share information that you are not prepared to share. Also whilst more detail provides better information it is not essential to a successful benchmarking exercise.</i>	It may be useful to involve your local SP team in finding out what costs and methodology they would accept.
Final part of joint process.	Writing the conclusions and action plans. Meeting to discuss.	Agreed person to collate information and write action plans <i>This part of the process is ideally carried out by a consultant</i> but people from within the participating organisations could do this work.
1 year later	Implementation - Action Plan their action plan Review	Individual organisations to implement All

Value for money information:

Value for money is the comparison between cost and quality of the service. This should be balanced and consciously understood by the provider and the commissioner of the service. Benchmarking financial information on cost may cover the following areas - these are suggested only and should be agreed in advance by all participants:

1. Hourly rate
2. Hours of support provided per week
3. Direct costs
4. Indirect costs
5. Contract value
6. Direct cross-subsidy
7. In-direct cross-subsidy

Useful information on Value for Money (VFM) can be found by doing a key word search on the SPK web. Lancashire County Council have recently published some reader friendly guidance on this subject. www.spkweb.org.uk (March/ April 2005)

Quality of Service information:

The SPK web holds lots of information on the Supporting People Quality Assessment Framework which could usefully provide a framework for benchmarking similar services. www.spkweb.org.uk

Hostels can use the recently published Hostel Review Toolkit which is on the ODPM website www.odpm.gov.uk under 'What's New' (April 2005). This tool kit contains service user questionnaires and frameworks for review which could be the basis for benchmarking exercise.

It would also be useful to involve service users in the benchmarking process where possible. Advice can be gained from various organisations on how this is best achieved.

Resources

There are two websites devoted to benchmarking which provide a lot of free information on registration of details:

www.benchmarking.gov.uk – This website is aimed at public sector providers of services.

www.benchmarking.co.uk – This website is aimed at private sector organisations although they have experience of supporting both public and voluntary sector organisations in benchmarking services. Training and bookshop available at various charges. This company also provides a basis agreement document for external benchmarking arrangements.

There are specialist websites which provide information on value for money and quality standards for our sector:

www.spkweb.org.uk – The Supporting People website holds detailed final versions of the Quality Assessment frameworks and guidance. Also- useful information on working out value for money information. All information is free and there is no need to register.

www.odpm.gov.uk – Providers of hostel accommodation should download their free copy of the Hostels Review Toolkit which is endorsed by Homeless Link.

News:

SITRA are developing a national benchmarking toolkit which it is hoped will be available from 2006/07 onwards. The SITRA website is www.sitra.org.uk

Local support:

Please also consider contacting your local CVS and/or Business Link for support and free information on benchmarking.

VHG:

VHG will keep members supported and aware of news and toolkits as they become available. Please contact us to register your needs and interest in this subject.

VHG

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