

HANDBOOK OF SERVICE LEVEL BENCHMARKS

**SECTION I –
SERVICE LEVEL BENCHMARKS IN THE CONTEXT OF
PERFORMANCE MANAGEMENT OF URBAN SERVICES**

1.0 INTRODUCTION TO SERVICE LEVEL BENCHMARKS (SLBS)

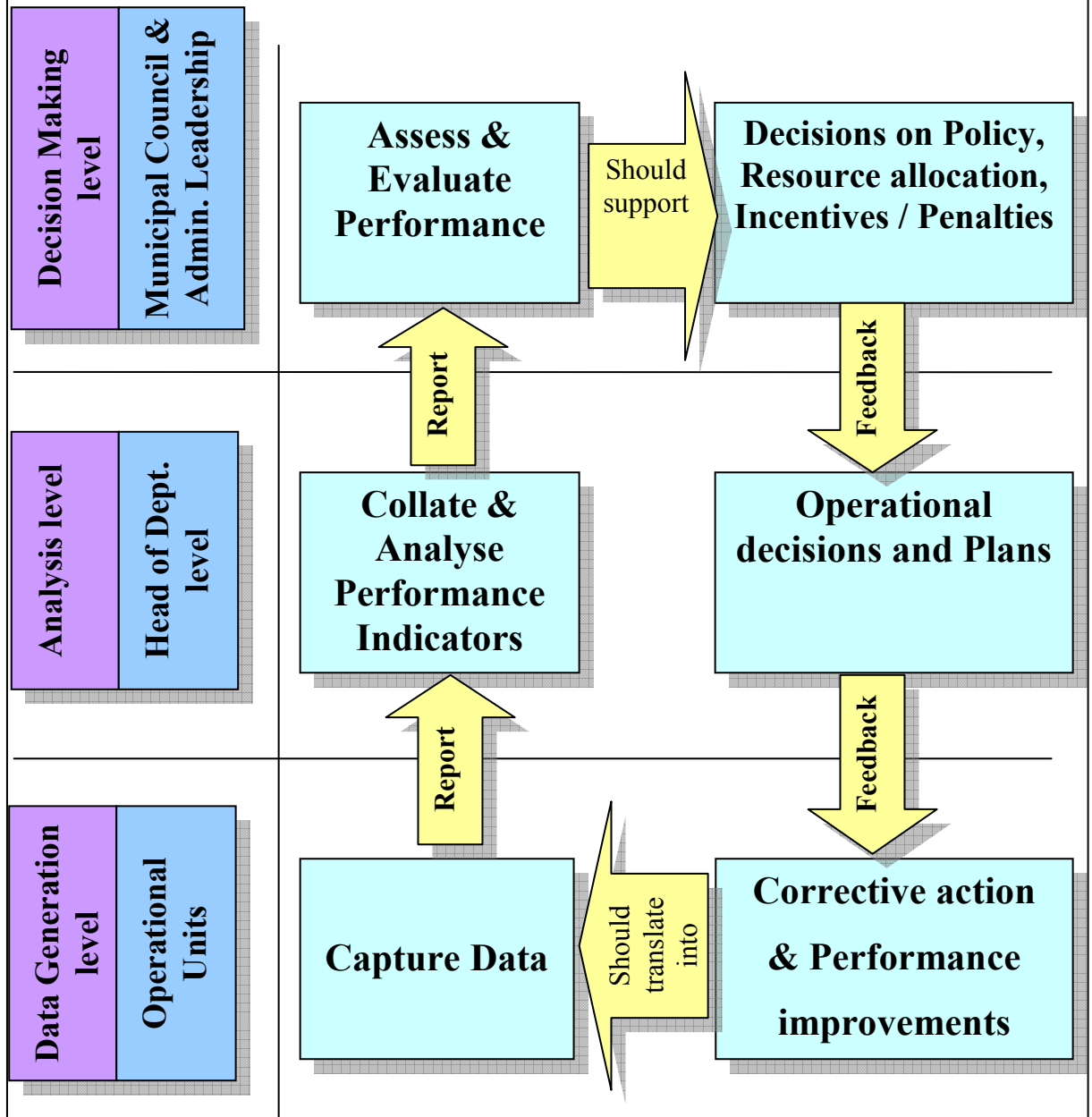
.1 NEED FOR SERVICE LEVEL BENCHMARKS

In every sector, there are few key performance indicators that are understood by most stakeholders in that sector. Similarly, in the urban sector too there have been a number of performance indicators related to urban management and service delivery that have been defined, measured and reported. However, most initiatives in performance management so far have been observed to have some key limitations, viz.

- a) Different sets of performance indicators have been defined under different initiatives
- b) Even for the same performance indicator, the definition may vary or the assessment method may vary, thus inhibiting inter-city or intra-city comparisons
- c) Most measurement exercises have been externally driven (by agencies external to the agency responsible for delivery against those performance parameters), and therefore the key issue of ownership of performance reports
- d) Most performance measurement initiatives have been one-off exercises and not been institutionalized, limiting the benefits of monitoring trends in performance over time
- e) The process of performance measurement has not been taken further into Performance Management (Refer to illustration A)

All of the above means that systems for measuring performance and taking further action on them have not been institutionalized in urban agencies. It is therefore important that the basic minimum **standard** set of performance parameters are commonly understood and used by all stakeholders. Depending on the specific need additional performance parameters can be defined and used.

Illustration A: Performance Management System



Measuring service levels of civic agencies implies measuring outcomes, and thereby indirectly also reflects on institutional capacity, financial performance and other parameters. **Service level** parameters can be measured either from a utility manager's / planner's perspective or from a citizen's or consumer's perspective. Further, to facilitate comparison between cities / service delivery jurisdictions, and changes in performance over time, it is important that the performance levels are **benchmarked**, and monitored against those benchmarks.

It is in this context, that the Ministry of Urban Development has initiated an exercise to define **Service Level Benchmarks (SLBs)**. MoUD constituted a ‘Core Group for SLBs’, comprising experts from various institutions to arrive at the SLBs. Drawing on the experiences of various initiatives in measuring service level performance, the Core Group narrowed down the exercise to four basic urban services to begin with, and arrived at sets of indicators in each. After much deliberation, the indicators, their definitions, means of measurement, frequency and jurisdiction of measurement and reporting, etc. were finalized.

The *Handbook on Service Level Benchmarks*, is a ready reckoner of sorts to enable ULBs and other city level parastatal agencies implement systems for measuring, reporting and monitoring the SSLBs.

.2 PERFORMANCE PARAMETERS FOR BASIC URBAN SERVICES

Service level performance parameters have been identified for four basic urban services, viz.

- a) Water Supply
- b) Sewerage
- c) Solid Waste Management
- d) Storm Water Drainage

These parameters have been defined primarily from a utility managers’ / planners’ perspective. In other words, the parameters highlight the performance as would be monitored by the leadership / management of Urban Local Bodies or other civic agencies. These performance measurements will need to be carried out by the service delivery agencies themselves, reported to higher levels of management and also disseminated widely. Clear definitions and methodologies are expected to eliminate bias in measurement and reporting.

Performance from a citizens’ or consumers’ point of view is better measured by capturing their perception, rather than data from the delivery agency. Measuring citizen’s perception can be in addition to reporting by the agency themselves, and can offer interesting insights when compared with one another.

Performance parameters should be applied in a manner across all cities and be regularly used by all stakeholders. Practical considerations will drive frequency of measurement and reporting; and the jurisdiction of measurement and reporting, both critical aspects in performance measurement. Performance will need to be measured at a frequency higher than or at least equal to the frequency at which it will need to be reported. Frequency should be at such interval at which the variables driving the performance parameter will undergo visible change, and thereby reflect change in performance over different time periods.

Also, to the extent practical, performance should be measured at the smallest geographic jurisdiction as possible. Typically, performance measurements at the

electoral ward level will be of significant value to decision makers, especially elected representatives. Administrative jurisdictions for service delivery departments should ideally be co-terminus with ward boundaries. Service delivery performance at ward levels, when laid out spatially on the city map may also offer interesting insights. Also from a citizen's perspective, 'ward boundaries' are the sub-ULB level jurisdictions that they can possibly relate to.

However, on the other hand, in case of network utilities such as water supply and sewerage, all network management data is ideally reported by Zone / District Metering Area (DMA); which typically represent major branches in the network.

It will therefore be relevant to examine 'network management' related performance indicators by Zone / sub-jurisdictions of the network (for eg. Continuity of water supply), while service delivery as experienced by the citizen is measured by civic ward as the smallest jurisdiction (for e.g. coverage of water supply connections).

For purposes of internal management of the ULB / utility, performance should be reported at the lowest level of jurisdiction and at maximum frequency possible. However, frequency may reduce and city-wide level performance may be reported to higher level of Governments and other external stakeholders.

.3 ROLES OF DIFFERENT STAKEHOLDERS

For the service level performance parameters to come to be accepted as a standard, all stakeholders will need to play their part. The role of different stakeholders and the next steps they will need to pursue are briefly mentioned below.

- a) **Central Government:** The Ministry of Urban Development, Government of India will take the lead disseminating these service level performance parameters and building wider acceptance. Further SLBs will also be institutionalized through the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and other [programmes of this Ministry through more ways than one, viz.
 - SLBs will be an integral part of City Development Planning processes, both for assessment of current situation, and for setting targets under their plans.
 - Where ever appropriate, SLBs will be dovetailed with the commitment on reforms, and subsequent process of appraisal of reforms
 - The relevant SLBs should be part of Detailed Project Reports for concerned sectors, indicating both the current situation and what change the project will bring about. Subsequent processes of monitoring implementation of the project will also examine these SLBs.
 - Under the JNNURM, support may be extended to enable ULBs and other civic agencies to establish systems in their respective institutions for periodic measurement, reporting and analysis of SLBs.

- b) **State Governments and its agencies:** State Governments and its nodal agencies in the urban sector have a critical role in driving performance of ULBs and city level

civic agencies. State Government will need to periodically examine the SLBs as an input for its decisions related to policy, resource allocations, providing incentives and penalties, channelising technical and manpower support, and regulatory considerations amongst others. The Directorate of Local Bodies / Department of Municipal Administration will need to play a key role in this process through constant inter-city comparisons. These departments should leverage the power of information technology to build and operate systems that periodically capture and report on SLBs. Web-based technologies should be leveraged for managing information flow. For other nodal state level agencies, the SLBs will provide specific inputs for their programs and interface with the ULBs and other civic agencies. SLBs will also be an important input to State Finance Commissions in the course of their work.

c) **Urban Local Bodies:** ULBs are the most important stakeholders for institutionalization of SLBs.

- As *service delivery institutions*, ULBs will find it useful to institutionalize systems for performance management using SLBs. Performance data at the sub-ULB level (zone or ward level) is particularly useful for the ULB for taking appropriate decisions and monitoring performance of the various field units. Benchmarking with other cities within the State, or with similar cities facilitate a healthy competitive environment for continuous improvement.
- As the *principal elected institution for self-governance in the city*, ULBs will need to examine performance of other para-statal civic agencies, even if the ULBs are not directly responsible for service delivery in those areas.

Performance management data using SSLBs should be included in the set of information disseminated under mandatory public disclosure, as required by the reforms mandate under JNNURM.

The key next steps for ULBs are to generate performance reports on SLBs periodically beginning FY 08-09. Data can be captured either regularly through systems on the ground (For e.g. weighbridge at the composing plant or land fill site, water meters capturing flow at designated points, demand collection registers for water charges, etc.), or through specific surveys carried out at defined intervals. In parallel, the ULBs will also need to institutionalise systems for the entire cycle of performance management, as depicted in Illustration A. This would imply the following:

- i. **Systems for Capturing Data:** Design and implement data collection systems for data to be captured at the most disaggregated level. Such data will typically be from field level staff such as sanitary supervisors, water pump operators, accounts clerks, etc. Simple data formats should be designed and provided to them to capture the data and report the same upwards within the organization for collation and determination of the service level performance.
- ii. **Systems for Collation and analysis of Performance Indicators:** Specific persons should be designated with the mandate to collate the data received from the field and generate the performance reports. Working directly under supervision and guidance from officers at the Head of Department level, young

professionals with good analytical skills and moderate level of technical skills should be able to execute these tasks.

- iii. ***Systems for Assessment and Evaluation of Performance:*** In most cases, multiple indicators need to be examined to obtain a holistic picture of service levels in a particular sector. Performance indicators reported by department level should be closely examined at the management level of the ULB. Such reviews by the Mayor / Municipal Commissioner should be at defined periodicity, say monthly.
- iv. ***Systems for decision making:*** All ULBs do have systems for decision making, however, many decisions end up being considered in the absence of quality data. To address such gaps, systems such as - periodically tabling the performance reports in the Council / to the Standing Committees should be instituted. Typically, reporting ward level performance parameters wherever applicable will be useful.
- v. ***Systems for Operational decisions and plans:*** Decisions and plans will need to be periodically reviewed in light of the performance achieved and follow-on decisions taken up. Additional capital or revenue expenditure may need to be taken up, contracting decisions taken, remedial action taken with respect to deployment of staff, etc. A process of monthly review and follow-up decisions will need to be instituted.
- vi. ***Systems to take corrective action for performance improvement:*** To enable the operational staff implement the corrective action on the ground, they will need to be adequately empowered to implement the decisions taken without lengthy approval processes. For networked infrastructure services, which is the case for most urban services, significant efficiency improvements can be brought about through operational improvements without significant capital investment.

A system of incentive and penalties must be instituted for attaining targeted performance levels. This is critical for the field functionaries to respond for making quick operational improvements. Similarly, the system of penalties for errant staff who have lead to poor performance should be institutionalized.

- d) ***Other parastatal agencies:*** The significance of SLBs and the next steps parastatal agencies need to undertake is very similar to that for ULBs. Parastatal agencies too need to put in place all the systems for performance management as mentioned above. The need for periodic reporting of SLBs to ULBs concerned and its public disclosure is further highlighted in this case, thereby bringing in higher intensity of accountability of parastatal agencies to elected bodies and public at large.
- e) ***Bi-lateral / Multi-lateral aid agencies and other stakeholders:*** Various urban governance and infrastructure improvement programs of bi-lateral and multi-lateral aid agencies can dovetail and further strengthen this initiative, mainly in two ways:
 - Enabling State Governments and cities design and implement performance management systems, with a focus on the SLBs defined.
 - Extensively using the SLBs defined in the design, implementation and monitoring of the urban programs supported by them. Benchmarking service

levels and achieving targets for each of these SLBs can be built into the design of these programs.

Institutions such as City Manager's Associations, public administration training institutions, Office of the Comptroller and Auditor General (CAG), other external and internal audit agencies, financial institutions and whole range of external stakeholders should commonly examine these SLBs in the course of their interactions with the ULBs.

- f) ***Citizens and civil society at large:*** While the SLBs have not been defined from the citizen's perspective as such, the parameters considered provide reasonable indication of performance of the ULB / civic agency. Citizens' should engage with ULBs through Area Sabhas, Resident Welfare Associations and other such civil society organizations, in examining the SLBs and suggesting remedial actions.

.4 LIMITATIONS AND CHALLENGES IN IMPLEMENTING PERFORMANCE MANAGEMENT SYSTEMS USING SLBS

It is recognized that this initiative has a number of limitations. Performance management in ULBs is being triggered from the Central Government, however, the acceptance and capacity at the State and city levels is what will sustain this initiative. While this handbook has attempted to address issues of definition and methodology for the SLBs, it is anticipated that a number of complexities will arise in the course of actual implementation. Field level experience in implementing service delivery performance management systems may also throw up the need for monitoring additional parameters. All of such experience should then provide the feedback for improving the SLBs and preparing the second version of this handbook.

Challenges involved in implementing performance management systems using SLBs will be many. They will include:

- Systems for capturing key data elements identified for the SLBs are not present in many cases at the field level. Ideally data is always captured at the lowest level. Interpreting and understanding performance is always easier at an aggregate level, while the same is not possible at the disaggregated level, if data has not been captured at that level. Also the data at city / ULB level can be credible and reasonably accurate, only if it has been captured at lower levels, such as ward level. For e.g. if ward level data is captured on hours of water supply, the same can be aggregated at a ULB level. However, if the number of hours is only assessed and reported at the city level, ward-wise variances cannot be examined.
- To measure input parameters for a performance indicator, there may be a tendency to measure it through ad hoc systems, which can be a one-off exercise. However, to generate data from the field level on a regular basis to sustain periodic performance measurement, sustainable systems need to be put in place.
- In some cases, there may be resistance of field staff or other stakeholders to collect and report correct information, as vested interests may be involved. Such vested

interest may also want to prevent transparent disclosure of the performance measured. Such hurdles will need to be overcome.

- As mentioned earlier, definition and measurement methodology issues will continue to exist, which should get refined with experience. Also, some other indicators may seem important, or more SLBs may seem to be necessary for interpreting performance.
- The entire loop of performance management will be sustainable only if - disclosure, reporting, monitoring and performance management feedback, incentives and disincentives are also brought into the cycle. Else the system of measurement and disclosure of SLBs may not sustain itself.

.5 STANDARDISATION OF SERVICE LEVEL BENCHMARKS

With a view to the definition and computation methodology of the select SLBs (performance indicators), each of these indicators has been detailed out in a standardized template in the following pages. For each of the selected indicators, the following details have been provided:

- a) ***Title, Units and Definition:*** The specific name, the unit of measurement in which the performance is to be measured, and definition for the indicator is provided.
- b) ***Data requirements:*** The specific elements of data that need to be captured is identified, and its corresponding unit of measurement. Each data element is described, point and frequency of data capture is mentioned. The specific formulae that should be used to arrive at the performance indicator are mentioned.
- c) ***Rationale for the indicator:*** For each performance indicator, the overall significance and rationale for assessing and monitoring the performance indicator has been provided. The benchmark value has been specified in most cases.
- d) ***Reliability of measurement:*** The performance measurement is only as reliable for meaningful management decisions, as much as the systems that generate the data to compute the performance. Typically, four levels of reliability of the data systems have been specified, viz. 'A', 'B', 'C', and 'D' with 'A' being highest reliability and 'D' being lowest.

Reliability of measurement highlights a hitherto ignored aspect in performance management of urban services. This highlights the need to designing, implementing and institutionalizing robust systems and processes that will provide data of high reliability, on a repeated basis, and in a consistent manner. ULBs / urban utilities are advised to institute systems corresponding to the level 'A' specified. Such a transition will not happen in a short time period. Thus, while performance levels are improved over time, so should the data systems through which data is captured. The goal therefore is reaching the benchmark performance level as arrived at by 'A' level reliability of measurement.

- e) ***Frequency of measurement:*** Frequency of measurement of the performance indicator refers to the frequency at which the performance level will be assessed and not the frequency at which the data elements will be measured. For each indicator, the minimum frequency at which the performance should be measured is mentioned. The same can then be reported at the same frequency or a lower frequency. The frequency at which performance is measured is very critical since:
- a. There should ideally be visible change or potential for changing performance level between two consecutive time periods. [For e.g. it may not be possible to change availability of treatment plant capacity in a few months; therefore it should be measured and reported on annual basis. However, hours of water supply may vary with season and can be improved during the year, therefore it should be reported at quarterly and annual frequency.]
 - b. If the time period is set too large, the performance measured cannot effectively feed back into making operational improvements.
 - c. If the time period is set too small, significant time will be lost in only measuring and reporting performance.
 - d. Performance cannot be reported at a frequency higher than at what it has been measured.

Performance should be reported more frequently within the organization, and at lower frequency to higher levels of government. For e.g. performance reports should be tabled to the Standing Committees and Municipal Councils at monthly or quarterly frequency. However, they may be reported at annual frequency to State and Central Governments.

- e. ***Jurisdiction of measurement:*** This refers to the geographic jurisdiction for which performance should be measured, and not the point of data collection. Typically, measuring urban service delivery performance at a sub-city level makes more sense for city level stakeholders, than only city-level performance indicators. For e.g. for an urban citizen or municipal councilor, it would be useful to know the performance of a particular service in that ward, especially in relation to other wards. Also measuring performance only at the city level, will disguise huge differences in service levels that exist between different localities in one city, a phenomenon common in most Indian cities.

Similarly, for stakeholders at the State and Central level, it is useful to have city-level performance indicators, as the same would be useful to compare and contrast cities. Such information will then be useful for formulation of State level and National strategies and policy responses.

Measuring performance at a lower level jurisdiction enables aggregation of the data to indicate performance at a larger jurisdiction. Thus, if ward level performance is known for all wards, ULB level performance can also be reported.

It may be noted that with respect to geographic jurisdictions for the performance indicators, the terms 'ULB' and 'city' have been used inter-changeably. This is since, in larger cities / urban agglomerations there are multiple ULBs within the city; while in smaller cities, the ULBs typically cover the entire urban boundaries. In many cities, certain services such as water supply, waste water management may be provided and / or managed by a parastatal utility for a larger urban jurisdiction, rather than the limits of the ULB/s. In such cases, the data and performance indicators may pertain to the jurisdictions of the parastatal utility. Therefore, the unit of ULB / city should be interpreted as appropriate to the given context.

.6 STRUCTURE OF THE HANDBOOK

Section II of the handbook provides details regarding each of selected SLBs. The list of indicators has been chosen after taking into account experiences in pilot initiatives in implementing SLBs across ULBs / utilities. Quality of available data, effort required in data collection and significance of the indicator has been considered in arriving at this set of indicators.

Section III of the handbook provides guidance on how the SLBs can be operationalised. Samples of performance reports of SLBs that ULBs / civic agencies can use to set and track their performance improvement are provided.