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Impacts of performance management on transport planning organizations: Evidence from England

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ABSTRACT
How can public sector organizations that are dependent on public funding, but expected to perform more like the best performing private sector organizations, adapt, modify and adjust themselves to meet the demands of key stakeholders and thereby maintain and increase levels of funding? This paper reviews the experience of local government in England where just such a transformation has been brought forward in the last decade. Since 2001, Local Transport Authorities have been required to develop a five year transport strategy with a series of key performance indicators and to set targets to be achieved. Over the past five years the levels of funding awarded to these authorities has been varied according to factors including the quality of the plan, the robustness of the analysis underpinning projections, the delivery of planned schemes and the achievement of the targets set.

The paper presents the findings of two research projects conducted over the period 2003 to 2008 in collaboration with 20 local transport authorities. It describes the nature of the planning system which has brought about the organisational change. It then provides, on the basis of the research, a series of advantages and disadvantages which the new system has generated before presenting some of the solutions which have been developed to reduce the downsides. Some conclusions about the role of performance management and rewards and organisational targets are drawn both for the managing and participating agencies.

1. INTRODUCTION

Performance management has been growing in sophistication and as a means to improving the performance and responsiveness of public service agencies in many countries (*1*). Performance management in the transport sector is relatively new but has found several applications, particularly in the fields of asset management and network management (*2, 3*). Implementing comprehensive performance management processes across the full range of activities of state or city wide planning bodies however remains much more of a challenge where multiple objectives exist, sometimes in conflict. Bremmer et al. suggest that performance management is here to stay and that State DoTs will "continue to face external pressures that ultimately drive changes in performance management practices and approaches" (*4*, p183). Indeed, the field seems to have moved in the last decade from a position of trying to define what performance management is, through implementing some initial processes to understanding what works and why. Developing this understanding is identified as a research priority (*4*, *5*).

This paper reviews the experience of local government in England where there has been a substantial transformation in performance management in transport planning over the past decade. Since 2001, Local Transport Authorities have been required to develop a five year transport strategy (Local Transport Plan – LTP) with a series of key performance indicators and to set targets to be achieved. Over the past five years the levels of funding awarded to these authorities has been varied according to factors including the quality of the strategy and plan, the robustness of the analysis underpinning projections, the delivery of planned schemes and the achievement of the targets set. Section 2 presents the system of planning and performance rewards prevalent in England. Section 3 briefly introduces the main research methods used in the studies upon which the subsequent synthesis is based. The remainder of the paper reviews the impacts this has had on planning practice and on delivery as this is where any potential lesson drawing interest lies. Section 4 presents the main advantages of the system and Section 5 the principal disadvantages. Section 6 suggests ways in which the disadvantages of the English system might be overcome before some conclusions are drawn in Section 7.

2. The Study Context

The Transport Act 2000 requires local transport authorities in England[1] to produce and maintain a five year Local Transport Plan. In 2001 the first round of five year plans were submitted which were intended to make the integrated transport vision a reality (*10*). The Plans covered all modes of transport and set out both policies and desired expenditure. Major schemes (those costing over $10m) were identified separately within the documents and remain subject to a separate approvals process. The LTPs replaced a previous package-based approach which set out a three year rolling programme but only provided annual financial settlements. In the new system, authorities were required to set targets for their key transport priorities and monitor and report on progress towards these targets. One of the key challenges of this first period of LTPs was for the authorities to re-skill to deliver a substantially larger capital programme (estimated to be 145% higher) than had been the case under the previous system (*9*).

Over the period of the first round of LTPs, the process moved from one of monitoring expenditure to one which focussed on achievement of targets. Funding rewards and penalties were increasingly applied according to performance against plan. This caused some

[1] Excluding London which has a directly elected Mayor and a different system of accountability

consternation within the local authorities as the process by which this would occur had not been clearly defined at the outset and those that had been more ambitious felt they were unfairly penalised (*11*).

"The second round of LTPs runs from 2006/07 to 2010/11. For this each authority has been given an initial funding allocation for integrated transport measures for the period calculated using a formula allocation mechanism. The formula was developed based on four agreed priorities (congestion, accessibility, air quality and safety) and adapted on a needs basis (described in DfT, 2005)." (*12*, *13*). Clearer guidance has also been given on what indicators authorities need to include and set targets for (Table 1), although they are encouraged to add further local indicators up to a maximum of 40.

TABLE 1 Mandatory Performance Indicators

Accessibility target (e.g. % people with access to a hospital within 40 minutes)	Principal road condition*
Change in area wide road traffic mileage	Unclassified road condition*
Cycling trips	Total killed and seriously injured casualties (KSI)*
Bus punctuality indicator*	Child KSI casualties *
Changes in peak period traffic flows to urban centres^*	Total slight casualties*
Congestion^ (measured along 3 key corridors)	Public transport patronage*
An air quality target^	Bus satisfaction*
	Footway condition*

Key ^only a requirement for certain authorities
*Indicators where national thresholds for stretching/ satisfactory performance were set.

Adapted from (*6*)

Currently around 80 LTPs are submitted by individual authorities or groups of authorities. The total budget for capital investment in integrated transport and road and bridge maintenance for 2008/09 for England is approximately $2.5bn. The smallest authority will receive approx $2.6m whilst the largest will receive approx $74m with 15 authorities received over $50m. Within this, the proportion of funding allocated to new spend on integrated transport schemes varies from 8% to 73% with the largest grant being $42m. This integrated transport grant element of this preliminary allocation can then be adjusted by ±25% according, initially, to the following criteria:

1. **Quality of planning** - This assessment examined the LTPs "for evidence that the local transport programme and LTP targets are based on sound strategy and careful analysis, show a joined-up approach, and are coherent across transport modes." (*14*, part 5)
2. **Impact of LTP targets -** This assessment "would attempt to identify the authorities whose plans would deliver the best progress towards the priorities identified ... It will

also consider the level of challenge and ambition of the new LTP, with reference to LTPs from other authorities. This will be a partly qualitative and partly quantitative assessment." (*14*)

3. **Deliverability** – This assessment considers "the realism and deliverability of the new LTP, in the light of the emerging evidence about the capacity of the authorities concerned to deliver improvements through their first LTP" (*14*).

Over time, the emphasis of the assessment will shift towards achievement against the targets. Whilst initially the Department for Transport insisted that no additional funding would be made available, and therefore where some authorities gain others must lose, the reality has seen some additional funding made available. Table 2 shows how a combination of the draft LTP assessments and the final annual progress reports for the first round of LTPs affected the funding allocations of a sample of authorities in the financial year 2006/2007.

Of the 83 authorities with settlements, 39 received a reward and 44 a penalty. Overall, an additional £9.11m (~$14m) was awarded on top of the original estimated £565m (~0.8$bn) funding allocation. The largest reward awarded across all the authorities was £2.3m (~$3.4m) and the largest penalty was £2.2m (~$3.3m). The scoring system can be seen to be quite coarse at this stage with only the best provisional plans getting a 12.5% reward although this was further refined in the final LTP assessment. The annual progress report scores indicate that there is a significant step function employed with for example a score of 83% attracting a +5% reward whilst a score of 82% receives a 5% penalty.

TABLE 2 Performance Assessments and Funding Adjustments 2006/07 allocations

Authority	Draft LTP2 Score	Plan Adjustment	APR Score %	APR Adjustment	Total Adjustment	Formula Integrated Transport Funding £m	Reward £m
Nottingham City	Level 1	+12.5	94	+12.5	+25	6.85	+1.71
Derby City	Level 1	+12.5	91	+12.5	+25	0.52	+0.13
Cornwall County	Level 1	+12.5	89	+12.5	+25	8.53	+2.13
Cambridgeshire County	Level 1	+12.5	84	+5	+17.5	7.37	+1.29
East Riding of York	Level 1	+12.5	83	+5	+17.5	2.81	+0.49
Norfolk County	Level 1	+12.5	82	+5	+17.5	9.42	+1.65
Surrey County	Level 2	0	93	+12.5	12.5	10.65	+1.33
Lancashire County	Level 2	0	91	+12.5	+12.5	11.45	+1.43
Stockton on Tees	Level 2	0	89	+12.5	12.5	1.90	+0.24
Suffolk County	Level 1	+12.5	81	-5	7.5	7.05	+0.53
Buckinghamshire County	Level 1	+12.5	76	-5	7.5	4.59	+0.34
City of York	Level 1	+12.5	72	-5	7.5	4.17	+0.31
Devon	Level 2	0	86	+5	5	7.64	+0.38
Essex County	Level 2	0	83	+5	5	12.69	+0.64
Durham County	Level 2	0	82	+5	5	5.40	+0.27
Torbay Council	Level 2	0	81	-5	-5	1.48	-0.08
South Yorkshire	Level 2	0	75	-5	-5	23.2	-1.12
Brighton and Hove City	Level 2	0	70	-5	-5	4.16	-0.21
Luton Borough	Level 2	0	66	-12.5	-12.5	2.88	-0.36
Milton Keynes	Level 2	0	65	-12.5	-12.5	1.80	-0.23
North East Lincolnshire	Level 2	0	62	-12.5	-12.5	2.50	-0.31

Whilst the absolute funding adjustments seem small, in the questionnaire 75% of authorities stated that if they did not receive their full allocation of funding (100% formula) they would not be able to achieve their targets in 2010/11 with the remainder of the authorities being neutral. This shows that funding adjustments are important to the authorities.

Discussions with the UK Department for Transport and document review suggest that "the goal of central government in developing this system appears to be a desire to maximise the effective outcomes of its local transport plan spending. That is to say, it wishes to reward those authorities that appear to deliver results most cost effectively. In so doing, it also has aspirations to raise the quality of planning and, through some form of competition, increase the net outcomes of its spending" (*12*).

3. Research Methods

The research in this paper draws on two research projects conducted between 2003 and 2008 involving local, regional and national transport planning practitioners and a variety of desk top reviews.

The first project (referred to throughout the paper as Project 1) was a two-year project (2005-2007) designed to examine the likely impacts of performance rewards in the transport sector. It used a combination of desk-top review, game theoretic modelling, interviews, a questionnaire of all LTP authorities, workshops and an experimental economics laboratory study of the likely impacts of different incentive regimes. In the desk-top review stage, the official LTP planning process was analysed in detail including how the success and failure of authorities would be assessed (Section 2) and to consider how the process could be modelled theoretically.

Interviews were conducted with a total of 30 local authority officers, consultants and politicians in 5 authorities. This provided a rich data set on target setting and also allowed us to design a more targeted national survey which we sent to all 85 local transport planning authorities. 32 authorities responded to the questionnaire (a 39% response rate which is high for these types of survey).

The theoretical effectiveness of the LTP performance rewards system was assessed using a game theory modelling approach based around a rent-seeking contest where the likelihood of winning a reward was related to the effort put in by that authority relative to the effort put in by other authorities with some degree of randomness applied to the process. A further laboratory validation of the results was conducted using a simulated city and groups of students competing in an LTP type game. Full results from the project are available elsewhere (*6*, *7*). Where this paper draws on results from this project it is indicated in the text along with an indication of which methods underpinned the results.

The second project was a four-year study (2004-2008) into the use and application of indicator sets throughout the local, sub-regional and regional transport planning decision-making process in the UK. The central approach adopted was one of partnered enquiry which involved working with local and regional government employees that have an involvement in (either through development, measurement, use or impact on) indicators. 25 interviews were conducted as part of the research (see *8* for further details). This study is referred to as Project 2 from this point in the paper and an indication is provided as to whether the results which are reported here relate to literature review or interview analysis.

A further important source of insight was a Department for Transport commissioned review of the first round of the Local Transport Plan process conducted by a consortium of consultants and academics to which the author contributed on several occasions (*9*). The research approach adopted in this study was to work in-depth with around 20 local authorities

over a period of three years reviewing documents, conducting secondary analysis of data and interviewing key individuals at various points in time. This project is referred to as "the Atkins study" and, whilst much of the reporting in this paper is of the authors of that report's synthesis, further details are provided where possible.

Whilst the combination of potentially disparate research methods may not satisfy academic purists, it is a necessary synthesis in the author's view to unpick the discourse from the underlying incentives and the observable outcomes.

4. ADVANTAGES OF THE SYSTEM

The research studies described in Section 3 have found the system of performance management and rewards to have a series of positive impacts and these are reviewed below. These are not placed in any order of importance.

4.1 It has made authorities think about what their goals are, what information they need and who they need to work with

The Atkins review found, through desk-top review that "the first Local Transport Plans involved more technical analysis to inform strategies and programmes than had previously been the case." (*11*, 6-29). However, the interviews conducted in the Akins review suggest that there was very little guidance about what indicators to set targets for and how many to set. Allied to this was a lack of experience in setting targets which led to a very mixed approach. The first round of LTPs was therefore characterised by unmanageably large sets of indicators, some of which were not even reported on because the data was not actually collected anywhere within the organisation. The review in Project 1 showed that the second round of LTPs was much more tightly defined with a set of national indicators and guidance on a recommended maximum of 40 indicators in total.

The Merseyside Local Transport Plan partnership in the North West of England provides a good example of the improvements in this process. Merseyside is a large metropolitan area comprising 5 district councils and one overarching public transport co-ordinating body. In the first round of LTPs almost 100 indicators were proposed but there was a lack of clarity about who was responsible for collecting some bits of the information, particularly where those 'responsible' were outside the core transport plan team. The large number of indicators contained a mixture of outcomes which the organisation wanted to achieve (e.g. road safety improvements) and policy inputs or measures (e.g. number of city centre parking spaces), each apparently treated equally. In the second round of LTPs the partnership adopted the outcome focused approach recommended by the Department for Transport (see also *15*) and concentrated on a much more clearly specified set of indicators (41 in total of which 17 are mandatory national indicators and 24 locally selected measures). Very clear statements of who has responsibility for data collection and how this will be reported have been developed as shown in Figure 1.

Merseyside also adopted a causal chain analysis approach recommended through Project 2 (*16*) to audit the indicators it proposed and to examine the connectivity between all of the information it collects and this approach is being recommended for consideration by all UK local authorities in future planning exercises. Interviews, as part of Project 2, found that the Merseyside LTP team saw several advantages in developing a clear map of what is being monitored and why. First, it helped the LTP team to be clear about why it was recommending monitoring certain indicators and this, in turn, helped justify these choices to the DfT. Second, the linkages between indicators would help the team to understand why indicators were moving in particular directions over time and what the knock on effects might be.

Finally, the map proved a simple and helpful concept to use for discussing the monitoring plan with politicians, colleagues outside the core LTP process who may have monitoring responsibilities and external stakeholders (*8*, *16*).

FIGURE 1: Monitoring Statement Example: Extracts from Merseyside Local Transport Plan 2

Indicator: LTP2 Change in Area Wide Road Traffic
Organisations Involved: Mott Macdonald, Liverpool CC, Wirral MBC, Sefton MBC, St. Helen MBC, Knowsley's MBC
Definition: **Objective:**…there is an opportunity to set a limit to the acceptable level of traffic growth in the LTP2 period, in the context of the balance required between essential movement of people and goods, and the negative effects of congestion and environmental and social degradation **Definition:** The indicator measures total vehicle kilometres travelled on all local authority managed roads. All types of motor vehicle traffic are counted. Trunk road and motorway traffic are not included. **Baseline Year:** 2004 calendar year
Measurement and Reporting: **Data Collection:** This indicator will be reported by using data from the DfT's National Road Traffic Survey. The NRTS is a comprehensive national programme of traffic counts developed and extended over many years… **Aggregation:** Name and contact number of person responsible for aggregating data **Review:** Name and contact number of person responsible for reviewing the data **Reporting:** Name and contact number of person responsible for reporting the data within the LTP process
Indicator Owner: LTP Co-ordination group
Version Control: Version Number 1.0, Date

Original Source: http://www.letstravelwise.org/ Appendix 16[1] of Local Transport Plan 2

4.2 It has made authorities push themselves in some areas of policy more than they would have done

Project 1 showed both through the game theoretic assessment and the laboratory trials that a system which is designed such that authorities feel they have a equal chance of winning a performance reward will encourage them to compete and set more ambitious targets. This in turn should bring about greater absolute levels of outcomes (e.g. greater congestion savings). However, due to the more ambitious nature of the targets this does not necessarily mean that more targets will be met (*6*). The findings also suggested that where every authority sees itself as having equal chances of winning then one prize rather than many prizes will incentivise more effort from the participating authorities. Where there is concern that some authorities have more chance of winning there is a case for rewards to be offered to more authorities. The UK system is therefore a slightly odd mix as on one level it has set national benchmarks and suggestions for some targets (suggesting a level playing field) but has introduced multiple rewards. It is the author's view that this is an inevitable feature of the

politics of rewarding authorities and a winner takes all situation is unlikely, particularly where this is not clearly announced from the start.

Within these more general findings there is an indicator by indicator strategy found in Project 1 in the large scale questionnaire, interviews and laboratory elements of the study which is worth reviewing. As part of the questionnaire exercise authorities were asked to rate their likelihood of achieving each of the targets they set on a 0 to 100% scale. The results of this assessment for a sub-set of indicators common to all authorities are shown in Table 3. Three columns of results are shown: the first is an overall average % likelihood of meeting the target; the second is the average % likelihood of achievement from those authorities which adopted the least ambitious (satisfactory) targets as defined by the Department for Transport; and the final is the same but for those authorities setting the most ambitious (stretching) targets.

Table 3: Average reported likelihood of meeting targets (source: *17*)

	Average % chance of meeting target		
Indicator	**All Targets**	**Satisfactory Targets**	**Stretching Targets**
Killed and Seriously Injured	79.2	80.4	78.2
Child KSI	75.8	76.2	74.6
Slight accident rate	76.3	73.9	78.4
Bus Satisfaction	72.6	71.9	77.5
Bus Patronage	72.2	63.0	76.8
Bus Punctuality	70.2	68.3	71.7
Unclassified Road Condition	74.1	72.3	79.3
Footway condition	74.1	69.3	80.0

The results are interesting in two respects. First, whilst the percentage likelihood of achievement ranged from 0 to 100(!) the average likelihood of achieving a target set was between 70% and 80% which gives some form of estimate of how risky planners are prepared to be. The process is clearly making local authority officials work slightly outside their comfort zone. Secondly, with the exception of safety targets (where big reductions have already been achieved and further reductions are more challenging) authorities are more certain of achieving the more ambitious targets they set. This can be interpreted to be a sign that authorities know what they are good at and are more ambitious in those areas. This is supported by our interview data:

> *"…we for example have gone for the minimum in some areas where we really feel that that represents a challenge in itself err where we feel that we are well able to hit the minimum we have gone for something more ambitious.* "
>
> Head of Local Transport Plan

> *"its target by target and its done on a subjective but informed view on what is achievable"*
>
> Head of Local Transport Plan

It is also further supported by the laboratory experiment where the students were capable of quickly identifying which indicators were easier to make a difference to and they developed their strategies accordingly.

4.3 Quality of planning is being assessed, it has improved

Although difficult to quantify, the fact that the Department for Transport is assessing the quality of the planning process and the effectiveness of expenditure plans has focussed the approaches of most local authorities towards a process of improvement.

Areas where we heard firsthand (interviews in Project 1) how authorities were improving their planning included taking a more active interest in processes such as benchmarking with peer authorities, regular team performance meetings, better stakeholder consultation to negotiate targets (e.g. with private sector bus companies). An example is shown in Figure 3 from a well ranked authority. Authorities were able to talk freely about the targets which they found easier to set and why (e.g. good baseline data, trend data and knowledge of intervention-outcome relationships) versus ones which were more difficult (no history of measuring, uncertain policy effectiveness).

The Atkins review concluded that "Authorities performing most strongly also appear to be those where effective consultation and partnership working has been developed, there is strong support at corporate level for the LTP in the context of delivering wider priorities, and where effective programme and performance management processes are in place focused on the delivery of agreed and realistic targets" (*9*, ix).

4.4 It has raised transport within the corporate psyche

All English Local Authorities are subject to an annual assessment by central government across all of their service delivery areas. Transport is included in this system but counts for less than 5% of the marks awarded and therefore has typically featured well below other policy areas such as education and social care in corporate priority setting. However, the advent of reward funding and league tables (such as Table 2) for transport has served to bolster the importance of transport within local government. The Atkins review concluded that "The corporate profile of transport has been raised amongst local authority members and chief officers." (Ibid., pi) and this is exemplified by a quote from one of the interviews (Project 1) which shows how the performance rewards can influence decision-makers:

> "*…it is much easier for us to demonstrate [that an investment is worthwhile] to our elected members if we are asking to spend money in a particular direction what the rewards are for doing that to convince them that it is worthwhile making the investment in order to achieve the outcome which we couldn't do without this.* "
>
> Head of Local Transport Plan (brackets added)

FIGURE 3 Performance Management Case Study Buckinghamshire County Council

Buckinghamshire County Council has set up a performance management and monitoring system known as **TRAN***stat* which brings together:

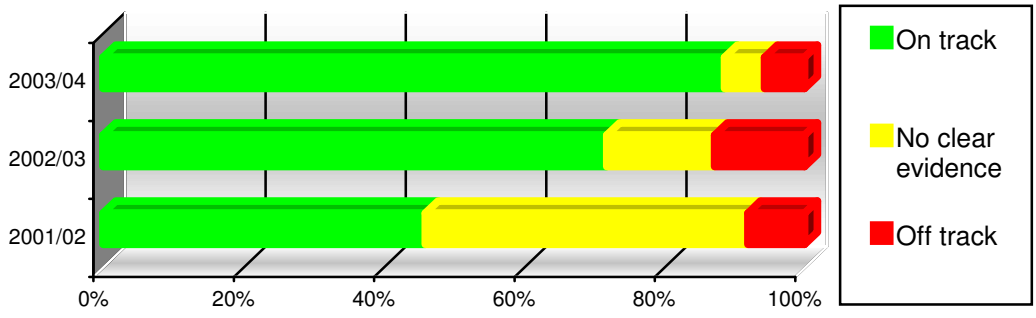
- Operational Management,
- Financial Management and
- Performance Monitoring (*18*)

TRAN*stat* operates as a co-ordination and collating system for all transport related indicators for use by service delivery teams. A qualitative performance assessment is provided using a traffic light system (green for "on track", amber for "no clear evidence" and red for "off track").

It is the application of the system rather than the system itself which allows Buckinghamshire to deliver better results. Each service delivery team is responsible for determining their own key performance metrics and targets (steered as appropriate by national requirements). Targets are renegotiated annually as part of the budget setting process.

TRAN*stat* facilitates monthly performance review meetings chaired by the Head of Transportation (examining performance and budget outturns) through individual teams. Importantly, this also involves working with partner organisations. The meetings facilitate discussion, allow the sharing of successes and best practice and allow frequent management action to be taken in relation to resource allocation, changing priorities and fine-tuning budgets to maximise delivery against targets. Buckinghamshire County Council believes that the system "develops healthy competition between teams" and is also used to celebrate success (*18*)

Buckinghamshire County Council attribute the raising in the number of LTP indicators "on track" from **41%** in 2001/2 to **91%** in 2003/4 to the introduction of **TRAN***stat*.



Local Transport Plan Performance Indicators "on/off track"

(Source: *18*)

4.5 Practitioners largely support the system

The Atkins review found that over 80% of local authority officers support the continuation of the LTP process although some streamlining of the assessment and reporting process was requested (and indeed, the annual reporting process has reduced in frequency).

5. DISADVANTAGES TO THE SYSTEM

Through the transition from LTP1 to LTP2 a number of important lessons have been learnt and a number of improvements made. In this respect, the commissioning of the Atkins report on the evaluation of outcomes and process from LTP1 was clearly important to central government and this type of learning process is strongly recommended. However, a series of problems remain with the system which may limit its effectiveness and the most important of these are discussed below.

5.1 The improvements in performance management have not been universal

Only 24% of local authorities scored 'excellent' for their LTP2 assessment of robustness and quality of target setting and monitoring (*11*, p6-28). This reflects a number of important factors. First, there is still limited experience in setting targets amongst local authority officers and we observed first-hand evidence of weaknesses in understanding the models which underpin some of the targets set (Interviews, Project 1). Training programmes need to adapt to provide the skills to develop and manage a complex performance management system. The author suggests that these problems are particularly likely to exist in smaller authorities where the burdens of developing a plan, consulting on it and annually reporting are huge relative to the size of the planning staff available (the smaller authorities might have only two or three planning officers). Given the relatively small size of the performance rewards/penalties that these authorities stand to receive it may be better to develop a much lighter touch approach for this type of authority.

5.2 There is an imbalance of national and local objectives

Although the 17 mandatory indicators have recently been reduced to 10 (*19*) there is still a feeling amongst authorities that there is an imbalance in power between central and local government. Initially it was indicated that a 60% weighting would be given to the achievement of central government targets and 40% to local targets. It is suggested by practitioners that this national:local tension leads authorities to invest in projects which they otherwise would not do in order to pursue additional funding and that this therefore distorts strategy delivery.

Interviews and discussions (from both Projects 1 and 2) highlight examples where this is the case. For example, one metropolitan area is seeking to regenerate a large part of its urban core and does not see congestion reduction as a priority although it is forced to set a target for this. However, the aggregate evidence suggests the problem may not be critical. For example, "91% of authorities were 'on track' to meet at least 50% of their local targets, compared with the 60% 'on track' to meet the same proportion of their core [national] targets" (*11*, p3-9). Looking again at the list of nationally mandatory indicators in Table 1 it is difficult to see more than 4 or 5 indicators which would not also be considered locally important. For example, for how many authorities would road safety, road surface conditions and bus user satisfaction not be important?

5.3 Performance improvements adopted may be not necessarily be those that are most needed

Section 4.2 above highlighted that authorities were good at identifying what they performed well in and were more prepared to set ambitious targets in these areas. This may be a perverse behaviour to encourage as *it may be* in those policy areas which the authorities are least certain about and performing least well in where efforts should be focussed. As yet, there is comparatively little evidence on the cost-effectiveness of achieving policy improvements in different parts of the UK with the exception of road safety so it is difficult to say how distorting this might be.

5.4 Performance penalties discourage integration across policy areas

The assessment system encourages the adoption of indicators which are clearly understood and are measurable (this was a strong feature in practitioner discussion in Projects 1 and 2). These are important parts of the selection of a robust indicator (*20*). Transport Planners have become adept at monitoring casualties, traffic flows, speeds and more recently issues such as air quality. There is a good understanding of the relationship between transport investments and likely outcomes (e.g. pricing, frequency or quality of service changes). Transport is however increasingly being recognised as an essential link in many other aspects of policy which complicates what to measure. For example, regular physical activity is an important component of reducing childhood obesity but whilst we can measure the percentage of walk trips to school do we know how this affects obesity levels? There are often many other contributory factors which can be more important or work counter to the gains made by transport improvements. Similarly, investment in public realm improvements and street lighting can help improve perceived personal security but this is just one of many factors.

Whilst at a strategy level there are much greater levels of interaction between transport professionals and those in education, health and planning there is very little evidence of cross-sectoral monitoring of outcomes within the LTPs which have been reviewed in this research (Project 2 (8)). This seems likely to result, in part, from the uncertainty felt by transport planners in what to monitor in these new policy areas as shown in Figure 4. The responses in Figure 4 are from a questionnaire administered in liaison with Project 2 with 17 authorities (22) and it clearly shows a greater emphasis and confidence in traditional transport indicators and a more mixed picture on issues such as local economy, health and climate change – measures which will be critical to improving the sustainability of our transport systems.

As noted above, authorities are not required to set targets in these areas and seem reluctant to do so, particularly as if they do and fail to demonstrate progress then they may be penalised.

FIGURE 4: UK practitioner satisfaction with ability to monitor indicators (Source: *21*)

7. CONCLUSIONS

This paper has described the development and implementation of the English Local Transport Plan system which has galvanised a substantial shift in the way in which transport planning is conducted, mirroring in many ways the types of performance management adopted by private sector organisations. The system was developed by the central government which is responsible for funding allocations. The objectives were to improving the quality of planning and achieving better outcomes for the money invested.

The research underpinning this paper suggests that the inclusion of performance rewards should galvanise local authorities to stretch themselves to achieve more, over and above that which they would do solely with a requirement to performance manage their activities. That said, it is too early to see the practical results of the scheme to more formally validate this conclusion. Having provided that caveat it is therefore somewhat disappointing from a learning perspective that broader moves to cut central government burdens on local authorities will sweep away the performance system described for the next round of LTPs from 2011.

It is possible to conclude with some certainty that the presence of an outcome oriented performance management system with relatively small performance rewards as described has led to authorities refocusing their activities around the outcomes they most need to achieve

but also feel most capable to deliver on. The apparent existence of no additional funding could potentially have stifled co-operation between authorities on issues such as benchmarking. Far from it, the consistency of the LTP system has instead galvanised efforts to share best practice. In England, the government funded the development of the Local Transport Planning network which contains information about performance across all authorities and provides a web-based community of practice for the local transport plan process (http://www.ltpnetwork.gov.uk/). Other informal benchmarking groups also seem to continue although proposed target levels was very much kept secret prior to plan submission.

So, whilst the evidence suggests that the English experiences to date have some clearly identifiable benefits they have also generated some important learning with some key downsides identified. The practitioners strongly feel that the system was over specified and this created small distortions in the system with some national priorities not mapping well to some areas. It was also too demanding for some authorities, particularly those with few staff and apparently little to gain or lose – although some of these did well!

One critical aspect to learn from is that this is an iterative process. The DfT quite quickly established a system which required authorities to set targets, which, for most policy areas was completely new. A lack of time series data, a lack of forecasting tools and a lack of expertise and experience led to many failures and recasting of targets. This is politically uncomfortable and could have been avoided had much greater thought been given to advice, guidance and training for the staff tasked with this new approach.

A final important observation is that performance management for local transport authorities (and State DoTs) works best using indicators which are controllable, in this case largely responsive to transport interventions and spending decisions. There is evidence that a desire to focus on what we know can be achieved has relegated policy priorities which require joint working and integration across different policy areas. It is important to continue to bear in mind the adage that it is not just what we can count that counts.

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