BENCHMARKING OF SOCIAL SECURITY SERVICES

CENTRELINK'S PERFORMANCE MANAGEMENT FRAMEWORK

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Centrelink has an extensive range of tools to monitor and assess its performance. This paper describes the key high level performance monitoring and reporting tools used within Centrelink, including:

- the Balanced Scorecard

- the Corporate Comparative Reporting Framework (CCRF)

- the Centrelink Capability Index (CCI), and

- the Workforce Reporting Tool.

CENTRELINK IN PROFILE

Centrelink is a government service delivery agency responsible to the Minister for Human Services, within the Finance and Administration portfolio. It delivers income support payments and other services for a large number of government agencies. Some of the key statistics about its operations are:

- 6.4 million customers

- Administer 140 different products

- Deliver services for 25 government agencies

- Distribute over $55 billion in income support payments

- Over 27,000 staff

- 430 customer service outlets

- Over 1,000 service delivery points

- Receive over 23 million calls per year through the largest Call Centre network in Australia

- Our I&T supports 14 million customer records per day

- Process over 12 million customer transactions per day

PERFORMANCE MANAGEMENT FRAMEWORK

Centrelink's Performance Management Framework started with the development of the Balanced Scorecard, which was made available to all staff to assist them in understanding the corporate direction. Following this there were additional operational performance monitoring frameworks developed to support the BSC and provide the appropriate internal focus on improved performance. Therefore, the operational performance monitoring frameworks are aligned to the organisations future directions.

Additional to the Balanced Scorecard the operational performance monitoring frameworks were the Corporate Comparative Reporting Framework (CCRF), which monitors organisational efficiency, and the Centrelink Capability Index (CCI), which monitors people performance.

The following diagram outlines the performance management framework.
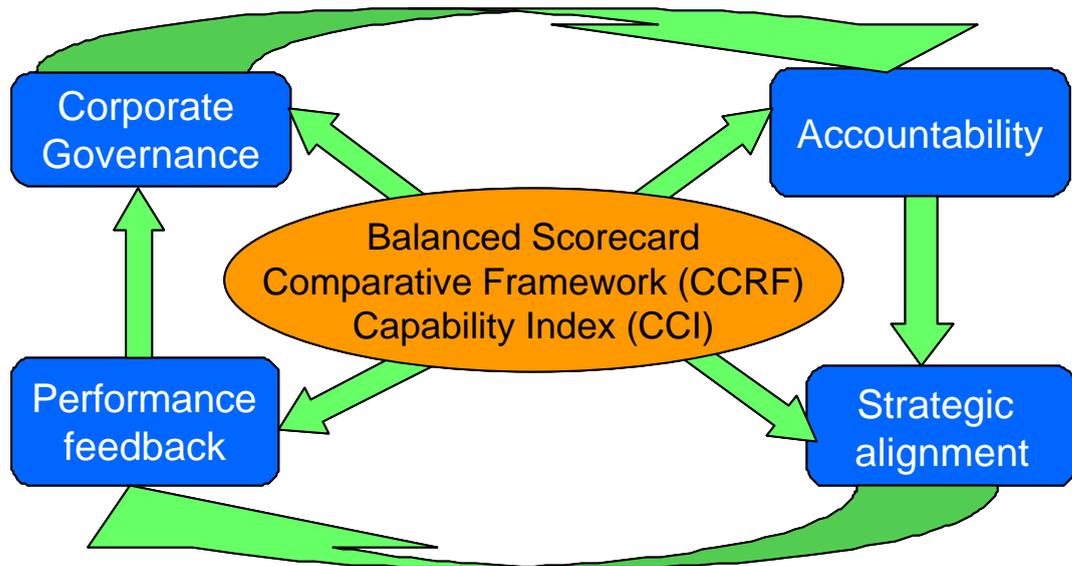
BALANCED SCORECARD

Harvard Business School academic Robert Kaplan and businessman David Norton devised the Balanced Scorecard approach to strategic performance management in 1992. At the time, the gauge of an organisation's success was primarily linked to its financial performance. Kaplan and Norton, however, viewed that a financial measure alone was inadequate for guiding and evaluating modern day firms where value was increasingly being created through investment in customers, suppliers, employees, business processes, technology and innovation.

The Balanced Scorecard approach provides a strategic reporting framework around four perspectives - financial, customer, internal business processes and learning and growth. This framework allows an organisation to coherently measure and report on how it is performing in meeting its strategic goals and vision.

The Balanced Scorecard was introduced in Centrelink in December 1997. The scorecard is framed around five strategic goals of the organisation:

- **Accountability to Government and client agencies:** To contribute to achieving Government policy objectives through consistent high quality services and being responsive to the needs of client agencies and Government.

- **Business and Community:** To work closely with the business and community sectors to achieve positive outcomes for Australians.

- **Customer:** To provide access to high quality services recognising the diverse needs, preferences and expectations of our customers, consistent with Government policy.

- **Developing and supporting our people to achieve business outcomes:** To meet the challenges or current and future business by supporting our people with knowledge, skills, tools and opportunities.

- **Efficiency and effectiveness of our operations and processes:** To ensure our internal processes support efficient and effective services and provide value for money.

Within each of the goals there are 5 strategies targeting particular priorities. The top-level goals and the strategies each have one or two performance indicators, which in some cases are formed by an index of a range of measures as a subset. In all there are almost 300 active measures within the Scorecard. Targets are developed on the basis of existing data and, where possible, in relation to industry measures, for example, in the targets for customer and staff satisfaction. While there is a high volume of measures, they cascade down program lines to a point where individual managers would be accountable for a smaller proportion of these measures.

A range of more operational performance monitoring tools that support internal performance comparison and sharing of best practice including the Corporate Comparative Reporting Framework and the Centrelink Capability Index underpins the Scorecard. Further details on these tools are provided below.

The Centrelink Balanced Scorecard:

- assists us in corporate governance;
- focuses performance against our goals by linking them to explicit objectives and measures;
- identifies key performance attributes that we must succeed in to reach our goals;
- allows monitoring of ongoing performance through a range of key measures, against which our achievements can be recognised and our weaknesses identified, to give opportunities to improve performance; and
- communicates our performance across the whole organisation to support ongoing planning

Use of the strategic goal framework meets the challenge of focussing the whole organisation on what needs to be achieved, while at the same time giving attention to a range of stakeholders (the government, client departments, business and the community, customers and staff).

Continual review and refinement of the Scorecard is key to its ongoing relevance and ensuring that it keeps pace with changing organisational needs.

The Balanced Scorecard is available to all staff through Centrelink's intranet. The results are updated monthly and in many cases can be drilled down to individual office level to allow local managers to assess their performance. In addition, written reports are provided monthly to Centrelink's Board, and the annual results against the top line measures are published in the Annual Report.

CLIENT AGENCY KEY PERFORMANCE INDICATORS

Centrelink delivers services on behalf of some 25-client agencies, largely on a purchase-provider basis. For most agencies, a range of key performance indicators have been developed through a Business Partnership Agreement, which are reported to the agencies on an agreed timeframe. Most of these indicators are related to timeliness measures (typically the proportion of claims for a specific payment processed within a given timeframes), call centre measures such as speed of answer and duration of call for specific types of calls, and accuracy measures. For the key agencies, these measures are then rolled up to form a single measure for the Accountability goal.

BUSINESS ASSURANCE – TIMLINESS AND ACCURACY

Centrelink has established a Business Assurance Framework designed to address the barriers to achieving performance and improving the integrity of Centrelink's performance data, particularly relating to making decisions about customer entitlements to social security payments.

The framework:

- established a common set of standards for assessing the quality of individual decisions (correctness);

- applied these common standards to all quality control and quality assurance processes; and

- implemented an agreed methodology for assuring the integrity of performance data. This methodology addresses not only the risks to correct decision-making, but also the broader risks to the accuracy of the outlays.

Timeliness measures are largely monitored through data from Centrelink's comprehensive mainframe computer systems, which are used to support and process all payments.

Accuracy is measured as part of the framework through Rolling Random Sample Surveys, which focus on assuring the correctness and accuracy of Centrelink payments and the integrity of payment outlays. The Random sample reviews are funded from the Department of Family and Community Services (FaCS), a Centrelink's client department, under a Budget initiative, and are independent of other program and compliance reviews conducted by Centrelink.

Random sample reviews are a point in time analysis of customer circumstances designed to establish whether the customer is being correctly paid in accordance with the Four Pillars of payment correctness under the Business Assurance Framework, viz:

- Right person
- Right program

- Right rate
- Right date

Legislative requirements for each payment under each of the four pillars have been mapped in the form of "core questions", and these have been agreed and endorsed by FaCS. The questions form the basis for the random sample reviews as well as the Quality Online (QOL) tool.

The random sample reviews involve a full review of all the customer's and, where applicable, their partner's, circumstances. They focus on the primary payment and also any Rent Assistance being paid.

Customers are randomly selected from the general customer population for each payment type, using a tested sampling methodology to ensure representativeness of the customers selected in relation to age, gender, location, time on payment, amount of payment received and whether they are partnered. Some categories of customers are excluded from being selected according to criteria agreed with FaCS.

Once customers are selected for a random review, they are contacted by letter advising them of the purpose of the review and the need to attend an interview and provide documentation in relation to their Centrelink payment. Interviews are usually conducted in the local Centrelink office, or at the customer's home if that is their preference. Where a customer cannot be contacted for a face-to-face interview a file review is undertaken. A standard interview questionnaire is used for each payment being reviewed.

Follow-up verification of customer circumstances is undertaken following the interview to check information in relation to employment, income, assets, medical status or other relevant circumstances affecting the customer's payment.

Customers are notified of the outcome of the review where it has resulted in a variation to, or cancellation of, their payment or where a debt has been determined. In these circumstances customers are then informed of their appeal rights.

Data gathered from each review is loaded onto the Integrated Review System (IRS) which records the details of any variations, cancellations or debts arising from the reviews. Other key data relating to proof of identity and other customer details are recorded on the appropriate payment systems. Supplementary information from the reviews relating to customer circumstances including debt information and reasons for incorrect payment are captured through the Random Review Results System (RRRS).

A designated officer within each Area conducts a quality assurance (QA) check on all Rolling Random Sample Surveys. Surveys that result in a variation, cancellation or

debt are forward to Risk & Business Assurance for an additional quality control (QC) check.

As the client department, FaCS also conducts an independent external validation process to assure the quality of the reviews once they have been through the Centrelink QC process. This external validation is an integral element of the Business Assurance Framework and provides an added level of assurance to the client department and government on the integrity of program outlays.

Centrelink and FaCS agree on a set of assumptions on the likelihood of Centrelink controls detecting payment incorrectness, and these assumptions are factored into the final calculation of the random sample review results undertaken by FaCS. These controls include factors such as data matching and program reviews.

CORPORATE COMPARATIVE REPORTING FRAMEWORK

The Corporate Comparative Reporting Framework (CCRF) primarily informs against Future Direction Goal E – Efficiency and effectiveness of our operations and processes. It was developed in response to recommendations made by Boston Consulting Group in 2002. The purpose of this report is to assist in the identification of better practice within the organisation through the reporting of specific indicators in a comparative framework. The CCRF looks a relative performance and not absolute performance and unlike the Balanced Scorecard it is not target based. High performing sites are identified through a multidimensional view.

The CCRF objectives are to:

- identify and report performance against operational outcomes aligned to the Centrelink strategic directions
- report performance against the measures that make up each outcome; and
- report all results in a comparative way via a multidimensional view to aid in the identification of better practice.

The framework, presented quarterly to support an Executive management meeting process, serves as Centrelink's internal corporate performance tool. It informs the measurement of current internal performance and aids the development of strategies for future performance. This is done through the provision of a multidimensional comparative view of internal performance linking Service Quality Outcomes, Cost Efficiency measures and HR Performance Drivers.

For example, if we look at one of the indicators, Service Quality, across two sites and they are both achieving the same result, we want to understand what differentiates these two sites in a better practice context. By including a cost measure we can more readily see that one is delivering the service at a different cost. This then provides the basis upon which performance can be further investigated and intervention strategies implemented.

CENTRELINK CAPABILITY INDEX

It is intended that the People measures within the Balanced Scorecard are informed by the CCI. The CCI is used to monitor against the Future Directions Goal D – *Developing and supporting our people to achieve business outcomes* to ensure our employees:

- have the required knowledge/skill to perform their job effectively;
- have the commitment to deliver a quality service or product; and
- will be available to deliver services or meet project timeframes.

The Capability Index was developed to allow Centrelink to monitor key employee indicators in the areas of skill, commitment and availability at the national level.

Within the Capability Index, the two areas of skill and commitment are viewed from the employee's perspective. The Index measures included in these two areas focus on what we do for employees (e.g. their opportunities for learning and development etc) and a number of measures use the staff poll results. It is at the team leader level that we can have maximum influence in building the level of skill and commitment required.

The area of availability is viewed from the manager's and HR practitioner's perspective. Once we have skilled and committed people, how do we best deploy them? How do we make the best use of their capability? The Index measures included here focus on staffing data and trends e.g. unplanned leave, separation rates etc.

LINKS BETWEEN OPERATIONAL PERFORMANCE MONITORING TOOLS **AND CENTRELINK'S BALANCED SCORECARD**

The Balanced Scorecard (BSC) monitors Centrelink's achievement against key performance indicators. Goal D (*Developing and Supporting our People to Achieve Business Outcomes*) contains the organisation's people-related strategies. A number of the People measures are reported in both the CCI and the BSC. The CCI data is reported quarterly and allows for analysis of the people-related results and trends. The BSC holds managers' accountable for their results against the targets which have been set. Centrelink is currently revising its strategic priorities and, therefore, both the Balanced Scorecard and CCI will be reviewed to ensure the people measures align with organisational goals.

WORKFORCE REPORTING TOOL

Additionally, the Workforce Reporting Tool was established to support Centrelink managers in understanding the complex linkages in people management and to gain easy access to useful and comparative HR information.

In partnership with HRM Consulting, Centrelink has implemented a sophisticated web-based HR reporting facility, which provides Centrelink managers with desktop access to their staffing data. The reporting tool facilitates greater consistency and accuracy in the HR data being reported across all Centrelink Areas. This is an

important consideration in a large, geographically dispersed organisation such as Centrelink.

The organisation is able to benchmark its people measures both internally and externally and use this information to assess business performance. Centrelink HR practitioners and managers can assess their staffing information against benchmarks and organisational targets to inform their decisions regarding appropriate people management strategies.

One of the key strengths of the new benchmarking site is that it presents data in meaningful way and supports this with explanatory information about how to interpret the data.

Moreover, staffing data can be viewed within a range of variables such as tenure, age and gender. The data can be displayed in both table and graph format and can readily be exported to a spreadsheet or report.

CONCLUSION

Centrelink has developed a range of sophisticated performance management tools to assist it in monitoring and assessing its performance. The Balanced Scorecard monitors performance across the full range of the organisation's activities. It is underpinned by a business assurance methodology and tools which focus on specific aspects of performance. These tools use comparative techniques to analyse and identify better practice in circumstances where external benchmarking is not feasible.

Centrelink's Scorecard and performance monitoring frameworks maintain our performance-focus and lead us on our continuous improvement pathway.