

PERFORMANCE BUDGETING IN LOCAL GOVERNMENTS

RESEARCH TOPIC The implementation of performance informed budgets as new instruments of strategic control, steering, accountability and learning, presents itself as one of the rational- and result-oriented reforms distracted from NPM and Post-NPM inspired management ideas. In order to capture the meaning of this reform for European local governments, the extent in which performance information is incorporated in local government budgets is analyzed in Belgium (Flemish region), The Netherlands, Poland, Germany, Italy, Lithuania, Ireland, The Czech Republic and Slovakia.

SCIENTIFIC CONCLUSION **Three types of performance budgeting pop up, ranging from ‘embryonic performance budgeting’, over ‘target performance budgeting’ to ‘performance budgeting for results’**

In case of embryonic performance budgeting local governments present a preliminary link between financial and non-financial information. This performance information is foremost on future outputs and activities and progress is not monitored by performance indicators. In case of target performance budgeting, the link between financial and non-financial performance information is much more developed since all expenditures are now covered with future performance objectives. Although local governments try to monitor the identified ambitions by a set of performance indicators, they fail to present past-related performance information. In case of performance budgeting for results, an inclusive effect and output related performance budgeting is put in place. Both qualitative and corresponding quantitative data are included, both on future- and past-related performance information. In order to achieve the third type of performance budgeting, case data suggests that a growth path needs to be followed.

POLICY ADVICE **Dare to ensure transparency in your budget by presenting performance information in a way that future and past effects and/or results are linked to activities and (financial) inputs.**

Make sure that both external policy ambitions and internal management objectives are covered when you link future and past performance information in terms of effects and outputs to activities and financial or other resources. For sure, the exercise will be most challenging when dealing with external policy effects. Unlike the relatively easy exercise of definition, measurement and monitoring of internal management objectives, outputs and results, measuring the intended and achieved external policy effects of local government policy is highly complex given that municipalities are only one of the many actors operating in the local sphere. Still, measuring imperfect data supplemented with healthy and critical assessment skills provide local governments with more intel, accountability, control and learning opportunities than no budgetary linked data at all.