



A Local Government Reporting Framework for the 21st Century

A response to the Local Government
Performance Monitoring Framework
Issues Paper, 2009

Prepared by Sue West and Di Cox McCaughey Centre,
University of Melbourne
with input from registered members of Community
Indicators Victoria

November 2009

Introduction

This paper is in response to the Essential Services Commission *Issues Paper* on the development of a performance monitoring framework for Victorian local governments. It has been prepared by University researchers in consultation with local government and non government users¹ of Community Indicators Victoria (CIV). The central argument of our response is that community indicators, as measures of outcome effectiveness, are a critical component of a performance framework for local governments in the 21st century. Outcome measures provide vital strategic information on whether the ends, to which local governments are working, are in fact being achieved.

Community indicators have a focus on broad community outcomes and reflect the diversity of factors that are required to sustain robust communities. They provide information about the conditions of well-being for children, adults, families or communities and can relate to a broad range of social, economic, environmental, cultural and governance issues that are important to local communities and citizens (Community Indicators Victoria 2006).

Community wellbeing indicators increase the understanding of local governments and their communities about how communities are faring— a requirement under the Victorian Local Government Act (1989). They assist councils to establish shared long term visions with communities to which councils and other agencies align their strategic and therefore their operational objectives.

The exclusion of community indicators from a reporting regime will mean that communities, local governments and other levels of government have no way of knowing whether a local government is addressing the real and sometimes very wicked issues facing communities.

Ultimately this could mean that "high performing Councils" - according to this model - are delivering services very well, but completely ignoring the needs of their communities.

¹ The boxed text represents the contributions of CIV users.

The former Australian Statistician, Dennis Trewin, together with Scrivens and Hall (2009), suggest that it is important to see the development of a measurement framework as more than a technical process but rather one that can support communities and government to establish shared goals and to measure their progress towards them.

Local governments in the 21st century

Local governments have a leadership role in facilitating the common good within a particular locality. Knowing what the common good is requires working with the community, meaning the people who live and work in a place especially the disadvantaged, as well as various other levels of government, the private sector and non government and civil society agencies. A highly functioning local government in the 21st century is one that is well networked with these diverse actors and interests to achieve clearly articulated goals and to get the best outcomes for the people who live and work in the local government area.

Service delivery is simply one way in which Councils can choose to deliver public good; there are many others.

Local governments need to be adaptive and able to respond to rapidly changing contexts. This requires access to a range of indicators that:

- Are responsive,
- Access community wellbeing, quality of life, environmental sustainability etc,
- Can tell them what is changing and provide early warning signals, and
- Help local government and communities to know what is working and what isn't.

Local governments can use a range of sources of information and knowledge to get rapid feedback about both the complex systems they are operating in and to adapt their means of interventions in that system. They use indicators to simplify complexity but they can also translate system feedback into narratives for a range of audiences particularly citizens. 21st century organisations have to be dynamic, always learning and adapting to feedback received from their environments.

The performance framework articulated in the Essential Services Commission *Issues Paper* offers a linear model: a 20th century model that doesn't reflect the way that local governments are expected operate in today's complex environment.

The Victorian Local Government Act (1989) provides a clear legislative framework for the inclusion of outcome measures in any performance framework designed for local governments. The Act is clear that councils need to be focused on outcomes. It states "The primary objective of a council is to endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions." Indeed, the Act requires councils to "facilitate the overall quality of life of people in the community." (sect 3C 1 and 2c)

To do this local governments are required to engage in a strategic planning and reporting process which must include—

- (a) the strategic objectives of the Council;
- (b) strategies for achieving the objectives for at least the next 4 years;
- (c) strategic indicators for monitoring the achievement of the objectives. (sect 125)

Whilst Horrocks and Horrocks (2009) interpret narrowly the notion of strategic indicators to encompass activity measures and customer satisfaction (p.5), the Victorian Auditor-General's Office (VAGO) (2008) make it clear that local government performance measures include both 'technical efficiency', including measures of inputs, process and outputs, and 'outcome effectiveness' which includes outcome measures. They argue, "The output/ outcomes model lends itself readily to measures for time, cost, quantity and quality of services provision... Outcomes are harder to measure... this is not a reason to ignore outcomes or not attempt to define measures for outcomes" (2008 p.3)

The tool used to deliver improvement - whether services, programs, capital projects, advocacy, grant funding etc - is far less relevant than the outcome, or real difference, experienced by the community. The recent Vichealth "Streets Ahead" program operating in a number of Councils including is a good example of this intervention. The value of this program could not be captured through measurement simply of service performance, however the real community outcomes are significant.

It is clear from the Local Government Act and from VAGO that a high performing local government will be able to report on how it is achieving high level ends such as improving the quality of life or increasing community safety or other such goals as determined by the local community as well as how technically efficient it is in achieving these valued outcomes.

‘... using population level statistics encourages joined up/place based responses’.

It is understandable that some local governments have, in the past, been reticent to report against outcomes, particularly if performance measurement is framed as ‘league tables’ or ‘star ratings’ rather than system feedback for continuous learning about what works (Barca 2009). Outcomes are underpinned by clear value statements (what is good land use planning, what is a quality life?) and they are rarely achieved through the work of one organisation or government department. In areas of high need outcomes for community safety, for example, may be hard to achieve or take a long time. However these are not good reasons for excluding outcomes in a performance framework. Outcome measures have to be included in the framework to uphold the integrity of the Local Government Act. Only by developing indicators around results will we learn whether what we are doing is achieving the intended goal (Friedman 2005).

‘There is a broad recognition that the development of cross-cutting, high quality, shared, accessible information about how a society is doing is crucial to ensure that decision-making is simultaneously responsive and responsible at all levels. This is a key issue for democracy. Research has demonstrated that the more an electorate is able to hold its policy makers accountable through evidence of their performance, the greater the incentive for policy makers to make better policy.’ (Trewin, 2009 p 3)

In addition, the technological and statistical advances being made internationally and in Australia in terms of quality of life measurement frameworks and the accessibility of local area data now make it much more possible for local governments to know whether they are heading in the direction their community values. (See for example Cummins (2009) Layard (2009) Santa Cruz Community Assessment Report 2008)

Proposed next steps

We recommend that the Essential Service Commission review international literature and practice for examples of reporting and monitoring regimes inclusive of community outcome indicators.

In particular we note the important and seemingly parallel work of the OECD *Global Project on Measuring the Progress of Societies*. The *Global Project* is a source of information about how governments nationally, regionally and locally are grappling with the inclusion of community outcomes reporting in government framework (see http://www.oecd.org/pages/0,3417,en_40033426_40033828_1_1_1_1_1,00.html).

Many local governments in Victoria are already adopting this approach, for example, the Shire of Yarra Ranges. The following image represents how they have aligned their performance measures with strategic level indicators and community level indicators.



Image 1. Taken from the Yarra Ranges Council Plan 2009 – 2013, pg 10.

Further details on this model are available at

http://www.yarraranges.vic.gov.au/Page/Page.asp?Page_Id=1469&h=1&p=1

International examples worthy of further investigation include:

- San Mateo County, California;
- Montgomery County, Maryland;
- Hull, United Kingdom, and
- State of Connecticut in the USA.

Additionally, the Community Indicators Victoria (CIV) team offer expertise in community outcomes measurement and the CIV website is a useful source of data on local community wellbeing.

Conclusion

There is some truth to the age old adage among statisticians that 'what gets measured matters' or, as it has been reframed by managers 'what gets measured is done'. This means that the questions of what gets measured and who decides what gets measured are of vital importance. A framework inclusive of community outcomes measurement and reporting will go some way to ensure that the focus of local government activity remains on improving community wellbeing and at the same time providing important information for continuous learning and improvement. Finally, the inclusion of community outcome measures will support local governments to be more accountable to their communities.

References

Barca, Fabrizio, Director General, Ministry of Economy and Finance, Italy 2009 'From Policies to Numbers and Back: the case of Economic Union cohesion policy'
3rd OECD World Forum on "Statistics, Knowledge and Policy"
Session on "New Measures, New Policies"
Busan, October 27-30, 2009 <http://www.oecd.org/dataoecd/34/60/44112457.pdf>

Cummins, Robert A. (2009) 'Measuring population happiness to inform public policy.'
3rd OECD World Forum on "Statistics, Knowledge and Policy"
Session on "New Measures, New Policies"
Busan, October 27-30, 2009 <http://www.oecd.org/dataoecd/56/48/44118661.pdf>

Friedman, M (2005) *Trying Hard Is Not Good Enough: How to produce measurable improvements for customers and communities*. Trafford Publishing

Victorian Local Government Act (1989)

Victorian Local Government (Best Value Principles) Act (1999)

Victorian Local Government (Democratic Reform) Act (2003)

Layard, Richard 2009, 'Why subjective well-being should be the measure of progress

3rd OECD World Forum on "Statistics, Knowledge and Policy"
Session on "New Measures, New Policies"
Busan, October 27-30, 2009 <http://www.oecd.org/dataoecd/56/27/44118702.pdf>

Horrocks and Horrocks (2009) 'Measuring Up: linking planning and performance'
Local Government Victoria, April

Santa Cruz Community Assessment Report <http://www.santacruzcountycap.org/>

Trewin, D (2009) Preface to Trewin, D Scrivens, K and Hall, J (2009) 'Measuring the Progress of Societies: An introduction and practical guide.' Working document prepared for presentation to the *3rd OECD World Forum on "Statistics, Knowledge and Policy" Busan, October 27-30, 2009*

Trewin, D Scrivens, K and Hall, J (2009) 'Measuring the Progress of Societies: An introduction and practical guide.' Working document prepared for presentation to the *3rd OECD World Forum on "Statistics, Knowledge and Policy" Busan, October 27-30, 2009*

Victorian Auditor-General's Office, 2008 Local Government Performance Reporting: Turning Principles into Practice, June