



Premier & Cabinet
Division of Local Government

Strengthening councils and communities

*Building a new framework for
measuring performance in Local Government*

Discussion Paper



November 2013

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Attachment A: Council survey	

Have your say . . .

The Division of Local Government wants to hear what you think on the issues raised and questions posed throughout this document.

Send your feedback by:

Friday 24 January 2014

Email:

LGPF@dlg.nsw.gov.au

Mail:

Local Government Performance Framework
Division of Local Government
Locked Bag 3015
Nowra, NSW 2541

Council survey:

Councils are also requested to complete one copy of the attached survey, preferably online.

An email is being sent to all General Managers with the link to the online survey,

Key questions

- *What do councils and their communities need to know to determine if they are performing well and achieving their goals?*
- *How well does your council currently measure performance and how useful is your council's current performance measurement system?*

Strengthening councils and communities

Why measure performance?

Gathering information about council performance is important for our communities, our councils and the NSW Government. Councils need information about performance for three reasons:

- To determine how well the council is going - Is the council sustainable? Is the workforce productive and happy? Is the council achieving the required results?
- To compare a council's performance with other councils - Is the council as efficient as others? Should a different approach be taken in certain areas? Do services represent good value for money?
- To determine if the council is making a difference in the community - Are the outcomes in the Community Strategic Plan being achieved? Do people feel safer? Is the condition of the environment improving? Has the local economy improved?



Communities need feedback about council performance so they can be confident that their council is doing a good job, both in their own area and compared to other councils in the State.

The State Government needs information about council performance to help inform its regional plans and policies and to meet its obligation to monitor and support the Local Government sector.

Is the current system working?

There have been some concerns among councils and others that the current measurement systems are too focused on compliance and operational issues, rather than how the council is performing overall.

Community members find it difficult to get a clear picture of how their council is going and many councils have expressed concerns that the current Comparatives publication “doesn't compare apples with apples”.

The Auditor General expressed some strong concerns about the way that councils are currently monitored and measured in a recent report, as has the Independent Local Government Review Panel¹.

Many councils have developed their own systems to determine how well they are delivering their Integrated Planning and Reporting goals. These systems are all different and do not operate at the same levels or with the same priorities, so it is difficult to compare across councils. They also include different measures to the current State-wide comparative reporting, so councils have to collect and report on multiple sets of information.

What could we replace it with?

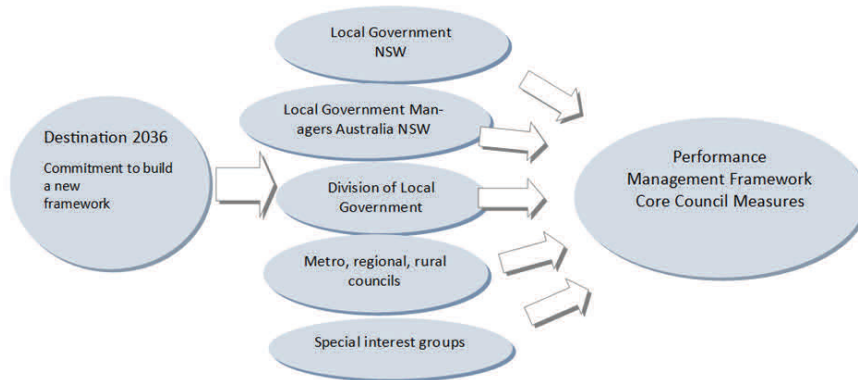
Improving performance measurement was a key focus of the Destination 2036 gathering of NSW councils in 2011. One of the actions to arise from the gathering was a call to develop a new framework. It is proposed that the new framework will have two key components:

1. A consistent, core set of measures that are relevant to the wider community, are easily collected and applicable across all councils (short-term goal)
2. A means of linking council performance to community outcomes on a state-wide basis (longer-term goal).

1. See the 2012 NSW Auditor-General's Report, *Monitoring Local Government* and the Independent Local Government Review Panel's 2013 paper, *Future Directions for NSW Local Government*.

How will we build a new system?

The new performance measurement system will be built as a partnership between Local and State Government. Work has already begun on the project, with a reference group created to inform this discussion paper. This is a big piece of work and will require a number of development phases over time.



Key objective

This first step in the performance measurement journey is to develop a set of core measures of council performance to build a picture of the financial and governance health of the council and how it delivers functions and services using readily obtainable data.

Once this is in place, future phases of work will need to occur that may include refining the framework and filling data gaps, developing appropriate community indicators and outcome measures and reducing the overall data collection and reporting burden on councils—ideally to go from the hundreds of measures that councils currently collect and report to the State Government on to under 100 core measures.

Underpinning principles

The new framework will be based on a set of key principles (shown at right). These principles reflect councils' feedback on what they want from a performance measurement system, community needs and the NSW Government's requirements. The Principles also draw on best practice approaches from other states, such as the Victorian Government's *Local Government Performance Reporting Framework*³ and the *Report on Local Government Services' performance indicator framework*⁴.

3. *Local Government Performance Reporting Framework and Indicators Working Paper*.

4. See Australian Productivity Commission (2010) *Review of the Report on Government Services' performance indicator framework*

Principles

- The Framework and measures should:*
- ✓ *Build a meaningful, balanced picture of council performance*
 - ✓ *Be understandable and accessible to the broader community*
 - ✓ *Be comparable across like councils and over time*
 - ✓ *Encourage continuous improvement rather than just compliance*
 - ✓ *Drive positive behaviours, not create perverse incentives*
 - ✓ *Be 'SMART'; that is: Specific, Measurable, Aligned to the project objectives, Relevant and Time-specific*
 - ✓ *Be supported by benchmarks and targets, where achievable*
 - ✓ *Evolve as better measures are identified and collected*
 - ✓ *Align with Integrated Planning and Reporting*
 - ✓ *Minimise the resource and reporting burden on councils*
 - ✓ *Be enabled through legislation and supported through guidance and resources*

What do you think?

- *Does the approach make sense to you?*
- *Do these principles capture what is important to you in performance measurement?*
- *Should anything else be included?*

Who will use the new framework?

The initial work will focus on developing a relatively small set of core measures of council performance that are of importance to local communities. While the measures will also be important to the NSW Government and councils, these latter stakeholder groups are likely to use the measures as a subset of more detailed information on council performance, as shown below.

⇒ **Local communities – increase understanding of council performance**

Community members are interested in their council's overall performance. They want to know how effective and efficient their council is over time and in comparison to other councils. They also need information to be able to hold their council to account and to understand whether it is sustainable in the long term. These needs could best be served by creating a small set of core measures.

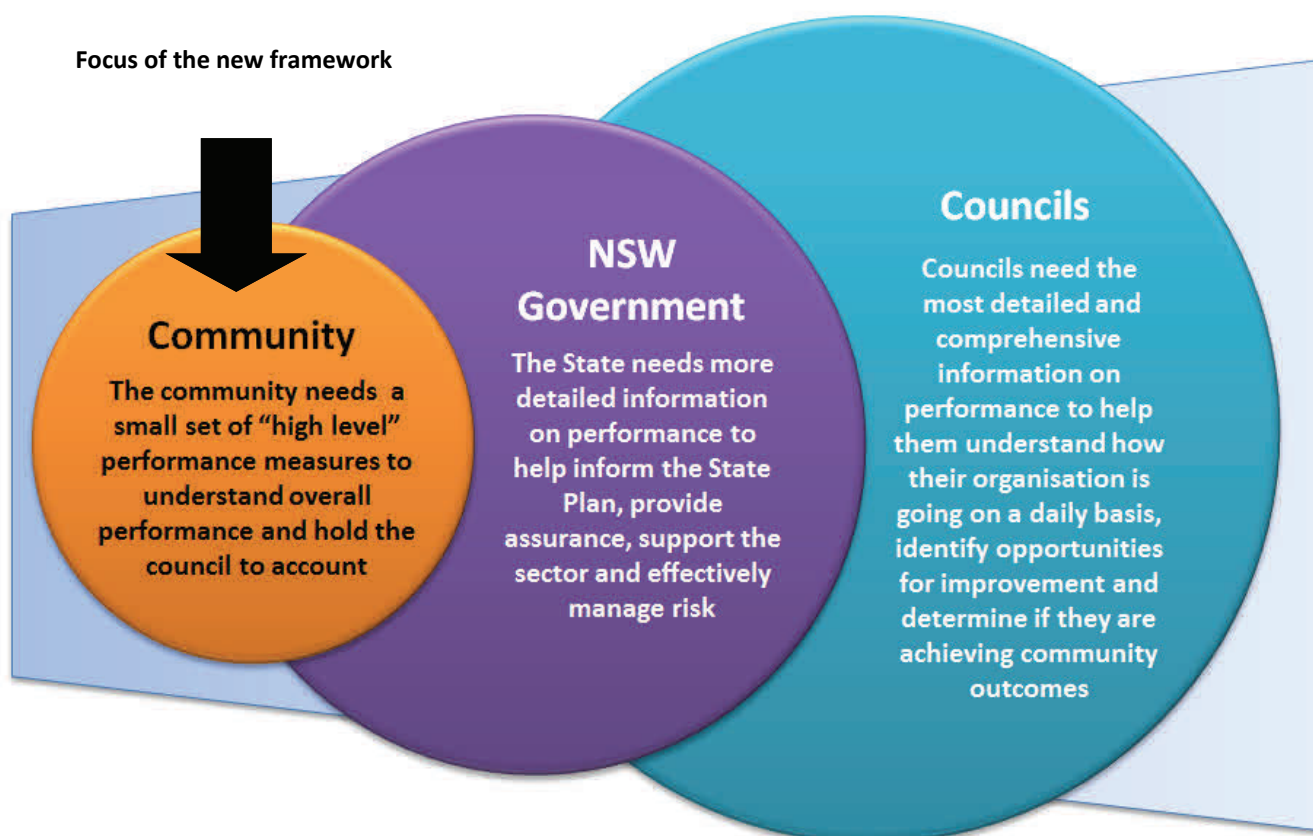
⇒ **NSW Government – provide assurance about council performance**

The NSW Government is interested in the core measures to inform the State Plan, but may also want measures that track sustainability of the sector as a whole and provide assurance that the sector and/or individual councils are performing at a satisfactory level. The Government also wants information that flags any risks and provides a basis for support or intervention, as appropriate.

⇒ **Local Government – drive continuous improvement in performance**

Local councils require the most comprehensive and detailed set of information. They are interested in both of the above sets of measures, plus a larger and more detailed set of measures to understand how well the council is achieving its delivery program and contributing to community outcomes. They also require a higher level of detail to track and improve performance over time.

Whilst communities, the NSW Government and local government all have an interest in measuring performance, it is ultimately up to councils to manage performance.



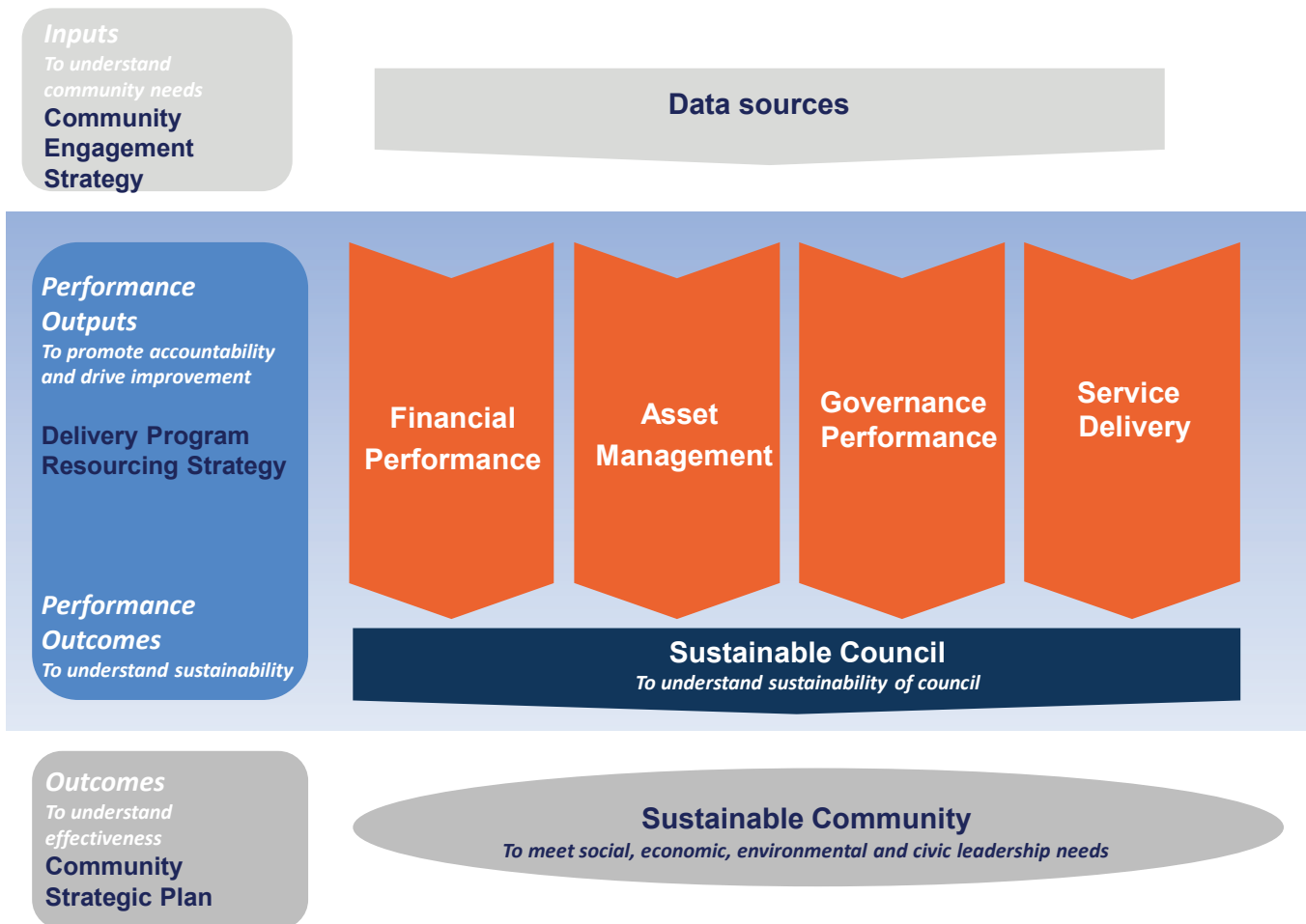
How will the framework be structured?

The new framework is designed to connect with the existing Integrated Planning and Reporting requirements for councils. It will provide the measures councils, the community and the NSW Government needs to gauge the overall health of councils, how they are managing their resources and delivering services that achieve community outcomes. The framework will include core measures in four key areas:

1. Financial performance
2. Asset management
3. Governance
4. Service delivery

The diagram below shows how the framework will be structured and how it connects with the Integrated Planning and Reporting framework.

This link is important because, ultimately, the performance measures should indicate how sustainable a council is and how well it contributes to a sustainable community, taking into account social, environmental, economic and civic leadership needs.



The four key areas



Financial Performance

Financial sustainability is a major issue for NSW councils. Financial measures show a council's ability to meet the needs of a local community now and into the future. It is proposed that this set of measures be largely informed by those developed by Treasury Corporation, with adjustments identified as necessary through consultation.

The four key areas



Asset Management

Sustainable asset management is based on community conversations about balancing need with available funds to make the best use of public resources. The recent infrastructure audit identified key areas requiring close monitoring and substantial work to move councils from merely fixing their infrastructure backlog to sustainably managing infrastructure. It is proposed that this set of performance measures will be closely aligned with the audit recommendations and incorporate both physical assets, such as roads, and natural assets, such as public land.



Governance

Sustainable councils are underpinned by strong governance frameworks. In a broad sense this could include ensuring appropriate leadership, community engagement, decision making, separation of powers and corporate governance matters such as workforce management. Councils regard these issues as important but there is currently a significant gap in the set of performance measures that relate to them. It will require work to fully define what is meant by 'governance' and to identify appropriate measures.



Service Delivery

As for asset management, sustainable service delivery is based on discussions with the community about agreed levels of service. While many service delivery efficiency indicators may be sourced from existing data collections, there is a significant data gap in service effectiveness measures which will need to be addressed, possibly in part through State-wide community satisfaction surveys, (discussed later in the document). The breadth and diversity of local Government services pose a particular challenge in this regard.

While there are many possible ways to divide and categorise sets of performance measures, these key areas are the proposed starting point within the NSW local Government environment. Importantly, they should be seen as tools to develop a balanced set of council performance measures, rather than as endpoints in themselves.

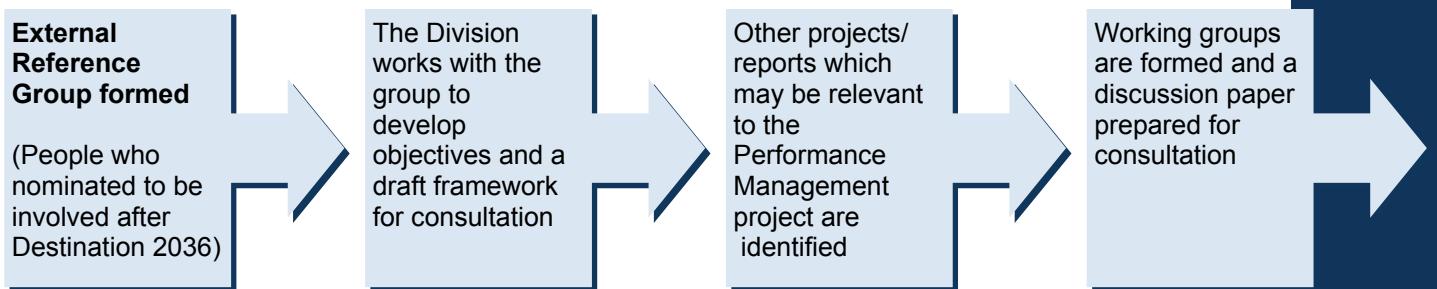
What do you think?



- *Do the four key areas capture the range of performance measurement information required?*
- *What high level measures of council performance - relevant to all councils in NSW - should we include?*
- *How do you see the new framework connecting with the Integrated Planning and Reporting framework?*

Making it happen

What have we done so far?

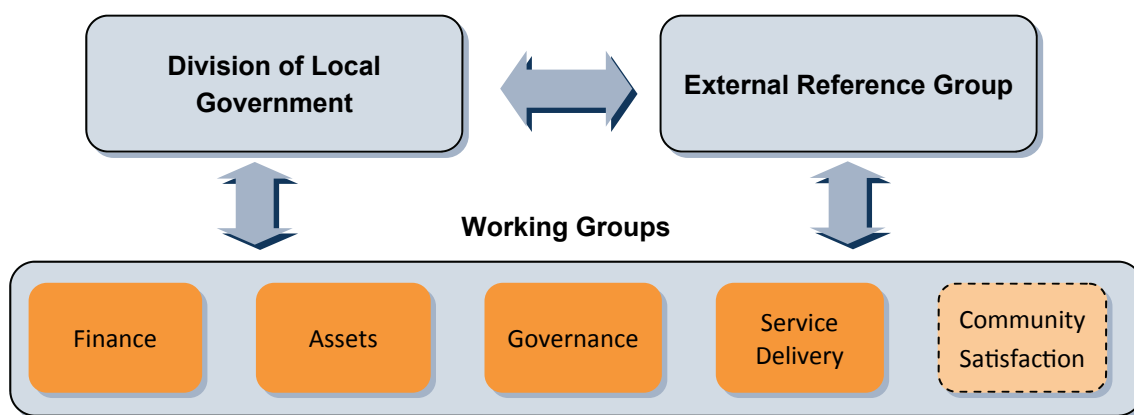


Since Destination 2036, a number of significant projects have been completed, which help to inform the new Performance Measurement Framework. This will be considered during the development phase of State One, including:

- NSW Treasury Corporation (TCorp) assessment of NSW Councils' financial sustainability - *including indicators of councils' current financial position and financial sustainability outlook.*
- Infrastructure audit of all NSW councils - *including data about infrastructure backlog, management practices and future requirements.*
- Review of the Division's *Comparative Information on NSW Local Government* publication - *including 'Your Council' snapshots with TCorp and Infrastructure Audit data, councillor data as well as additional contextual information.*

The work of the Independent Review of Local Government and the Local Government Acts Taskforce also has important connections with the Performance Measurement project.

Working together



Collaboration is crucial in designing a framework that meets a range of stakeholder needs. The diagram above shows how the project will be managed.

External Reference Group

The original External Reference Group set up after Destination 2036 will continue to provide direction and expert advice to guide the project. This will include considering the feedback received through the discussion paper and acting as a 'sounding board' to consider and challenge the measures and other work developed by the working groups.

The Group includes representatives from councils, Local Government NSW, Local Government Managers Australia (NSW Branch) and others including the Centre for Local Government at the University of Technology, Sydney.

Working groups

The work is being divided among small working groups who will help to develop performance measures under the four key areas. The working groups will be chaired by senior staff from the Division. The groups will include representatives with relevant expertise from metropolitan, regional and rural councils and special interest groups.

The working groups will refine and work with draft conceptual models for each key area to ensure a balance of appropriate measures is identified. They will then develop sets of proposed measures under each key area that are consistent with the objectives, principles and features outlined in this paper. Some measures may already exist, such as the TCorp ratios, and may only need further refinement. The process will include a detailed review of existing measures collected by councils, State agencies and available from other sources (eg. ABS). The working groups will liaise with the broader sector and others in a variety of ways, including through feedback on this discussion paper, webinars and an online project management tool (Basecamp™). This way, the process will also identify data gaps and any redundancies in the data collected, with potential to streamline and reduce the burden on councils of collecting and reporting measures in the future.

A fifth working group is also being set up to review feedback from this discussion paper on developing possible State-wide Community Satisfaction Surveys.

Membership of these groups has largely been formed from participants who nominated to be involved in developing a performance measurement framework for councils after Destination 2036.

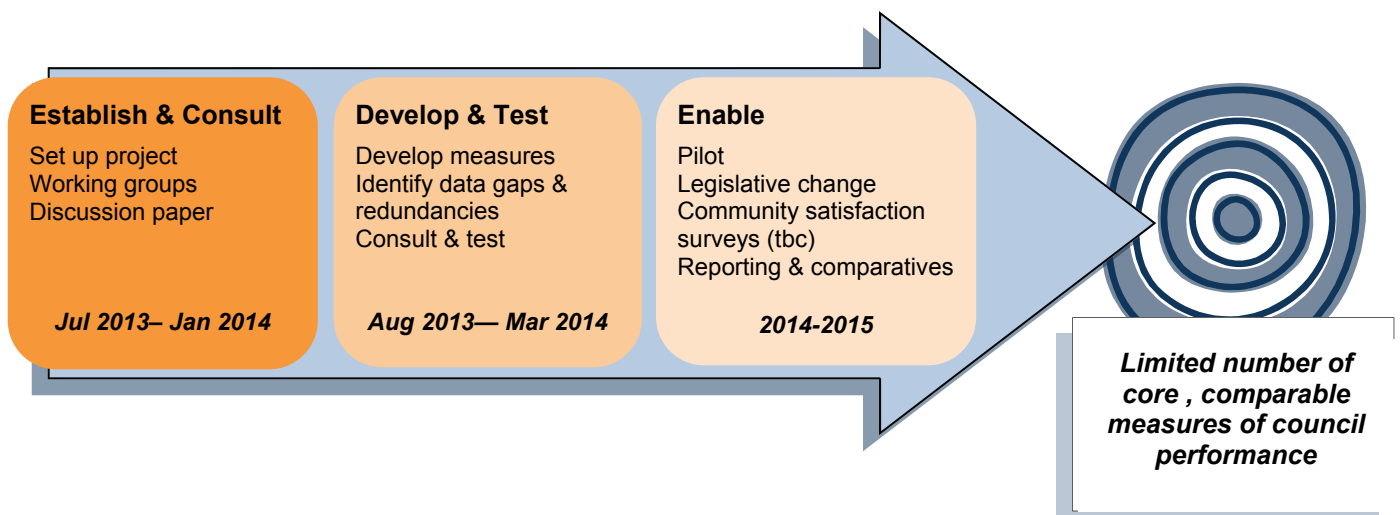
Achieving results

This phase of the Performance Measurement project - to identify a set of core performance measures for councils - will be delivered over a two-year period in three phases, from mid 2013-mid 2015.

The diagram below shows how the work will progress.

Input from councils and others is important in ensuring that the objectives, principles, Framework and performance measures developed are appropriate. See the Contents page for ways you can have input.

A further paper will be circulated in early 2014 to provide ongoing opportunity for comment on the new Framework and performance measures before they are finalised and implemented.



Should community satisfaction surveys be included?

Many councils undertake regular community satisfaction surveys to ask about things such as the importance of services and residents' satisfaction with the service they currently receive. This helps to build a picture of the council's effectiveness in delivering services and achieving outcomes under the Community Strategic Plan.

Some councils say that while these surveys are helpful, they are often costly and time consuming to run. Also, as they vary significantly across councils, they may not be used to compare performance with other similar councils.

In a number of other jurisdictions, such as Victoria, the State Government coordinates annual community satisfaction surveys on behalf of councils on a State-wide basis. Councils may opt to participate in the annual survey at a cost significantly less, in many cases half, than that of conducting the surveys on an individual basis.

The surveys include core questions about community satisfaction with council performance and strategic direction as well as satisfaction and importance of certain core services. This information is shared with the State Government to inform comparative reporting. Councils also have the option to ask additional tailored questions, at a cost negotiated by the council, the results of which are provided exclusively to the council. Further information about the Victorian Government Annual Community Satisfaction Survey is available at: www.dpcd.vic.gov.au/localgovernment/publications-and-research/data,-directories-and-surveys.

The Division of Local Government has done some initial research into the costs and benefits of conducting State-wide community satisfaction surveys and believes there are some significant opportunities for both councils and the State.

The Division is keen to hear feedback from councils on how useful or otherwise their local community satisfaction surveys have been in the past.

It is also seeking council views on ways to conduct surveys on a State-wide basis in the future, to save costs for councils and fill some significant performance measurement data gaps at the State-wide level.

The results will be considered by an additional working group to be set up specifically to consider this issue and options to progress it. The results of this work will be reported back to the sector in early 2014.

Attached to this paper is a short survey for each council to complete to provide feedback on the extent and usefulness of community satisfaction surveys conducted by individual councils, as well as council views on moving to a State-wide survey. It also asks some general questions about current council performance measurement systems.

***Tell us about your
community
satisfaction survey . . .***



An online version of this survey has been emailed to each council's General Manager for completion.

For further information

For additional information about the project please send an email to LGPF@dlg.nsw.gov.au or contact the Innovation Team at the Division on Tel: 02 4428 4100.

Have your say . . .

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