

# Factsheet for Stream 1: 2024 Services & Financial Indicator Review Technical Working Group

This document outlines the scope of the technical working group tasked with reviewing the LGPRF service and financial indicators and measures.

## Background

Established in 2014, the primary objective of the LGPRF is to provide comprehensive performance information that meets the needs of several audiences. In meeting this objective:

- councils will have information to support strategic decision-making and continuous improvement
- communities will have information about council performance and productivity
- regulators will have information to monitor compliance with relevant reporting requirements
- state and federal governments will be better informed to make decisions that ensure an effective, efficient and sustainable system of local government.

In creating measures for the indicators, guiding principles (see **Attachment A**) were adopted to ensure the suitability and relevancy of the measures.

In November 2023, the LGPR Steering Committee endorsed a review of the service and financial indicators and measures within the framework with the focus on seeking improvements and enhancements.

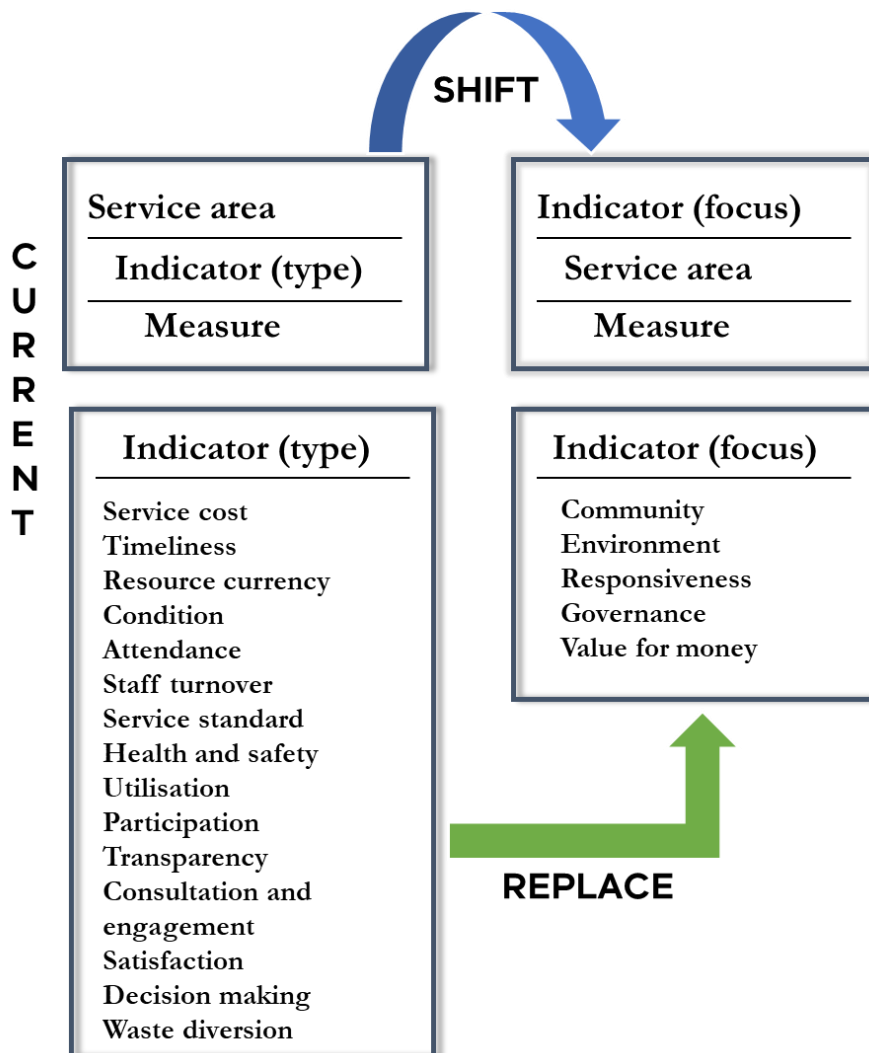
Any recommended changes to the framework will take effect no sooner than July 1, 2026.

# Scope

## Structural change to the framework

To maintain relevancy and suitability, Local Government Victoria (LGV) will undertake work on re-focussing the framework to meet future needs. Over the next three years, LGV will realign the framework from a structure of Service area as the primary classification to Indicator Focus (or intent) as the primary classification. This will simplify the 15 indicator types into 5 indicator focus areas. (See Figure 1)

**Figure 1 - Shifting the framework to an outcome focus**



This change will result in indicators with a similar focus (such as value for money) being grouped together rather than grouped based on the service delivery area. This simplification of the framework will improve public understanding of why the measures are important by providing a clearer context. It will also improve the demonstration of how the broad outcomes are being achieved.

This will also necessitate a redistribution of the current service measures to the new aligned indicator focus. (See Figure 2)

**Figure 2 – Existing measures to new framework structure**

<b>Building an active, healthy and engaged community</b>	<p>Measuring the community's use or demand for the service.</p> <p>AF6 - Number of visits to aquatic facilities per head of population          LB6 - (Library) Loans per head of population          LB7 - Library membership          LB8 - Library visits per head of population          MC2 - Infant enrolments in the MCH service</p>	<p>MC4 - Participation in the MCH service          MC5 - Participation in the MCH service by Aboriginal children          MC6 - Participation in 4-week Key Age and Stage visit          R5 - Community satisfaction with sealed local roads</p>
<b>Creating a safe and healthy environment</b>	<p>Measuring council's performance in creating a livable environment.</p> <p>AF2 - Health inspections of aquatic facilities          FS2 - Required food safety assessments undertaken          FS5 - Food safety samples          R2 - Sealed local roads maintained to condition standards</p>	<p>AM2 - Animals reclaimed          AM5 - Animals rehomed          WC5 - Kerbside collection waste diverted from landfill</p>
<b>Providing responsive services</b>	<p>Measuring the timeliness of council services.</p> <p>SP1 - Time taken to decide planning applications          SP2 - Planning applications decided within required timeframes          AM1 - Time taken to action animal management requests          FS1 - Time taken to action food complaints</p>	<p>FS4 - Percentage of critical and major non-compliance outcome notifications followed up by council          R1 - Sealed local road requests per 100km of sealed local roads          WC2 - Kerbside collection bins missed per 10,000 household</p>
<b>Demonstrating good governance &amp; decision-making</b>	<p>Measures whether council acts in an accountable and transparent way.</p> <p>G1 - Council decisions made at meetings closed to the public          G2 - Community satisfaction with council consultation and engagement          G3 - Councillor attendance</p>	<p>G5 - Community satisfaction with council decisions          SP4 - Council planning decisions upheld at VCAT          AM7 - Animal management prosecutions</p>
<b>Ensuring value for money services</b>	<p>Measures whether council is providing cost effective services.</p> <p>AF7 - Cost of aquatic facilities per visit          AM6 - Cost of animal management services per population          FS3 - Cost of food safety services per premises          G4 - Cost of elected representation          LB2 - Proportion of library resources than 5 years old          LB5 - Cost of library services per population</p>	<p>MC3 - Cost of the MCH Service          SP3 - Cost of statutory planning service          R3 - Cost of sealed local road reconstruction          R4 - Cost of sealed local road resealing          WC3 - Cost of kerbside garbage bin collection service per bin          WC4 - Cost of kerbside recyclables collection service per bin</p>

Similarly, the financial indicators will undergo a refocus, reducing the indicator categories from six to two. The new categorisation will focus on financial planning (planning for the financial future) and financial management (managing the council's current financial status).

<b>Planning for the future (planning)</b>	<b>Managing now (management)</b>
Non-current liabilities as a percentage of own source revenue	Average rate per property assessment
Loans and borrowings as a percentage of rates	Expenses per property assessment
Loans and borrowings repayments as a percentage of rates	Current assets as a percentage of current liabilities
Asset renewal and upgrade as a percentage of depreciation	Adjusted underlying surplus (deficit) as a percentage of underlying revenue
Expenses per head of population	Rates as a percentage of adjusted underlying revenue
Infrastructure per head of population	Rates as a percentage of property values
Population density per length of road	
Own source revenue per head of population	

Recurrent grants per head of population Relative Socio-Economic Disadvantage Index Unrestricted cash as a percentage of current liabilities	
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## Key tasks and discussion

The LGPR Steering Committee is seeking advice and recommendations from councils and peak bodies on the following key points:

- With the framework refocussed on the five service performance groupings and two financial performance groupings, do the current measures demonstrate the intended outcomes?
- Similarly, with the new focus, are there other measures that would better demonstrate the intended outcomes?

Any new measures will be required to comply with the guidelines as per Appendix A.

Governance indicators and measures will be excluded from this discussion, with a separate dedicated working group tasked with reviewing the governance measures (see Stream 2).

## Finalisation

Upon completing the exercise, the technical working group is required to reach a consensus on any suggested changes, which will subsequently be presented to the Steering Committee for deliberation and decision.

The Steering Committee will then approve any amendments to the regulations and forward these endorsements to the Minister for Local Government, who holds the ultimate authority to decide on any regulatory modifications.

# Participation

## Eligibility Requirements

### For councils

To qualify for participation, you must be an employee of council and hold a senior manager to executive-level position within the organisation. As the council representative, you will be tasked with speaking on behalf of the organisation within the working group and managing internal discussions as necessary.

A thorough understanding of the current reporting requirements is crucial.

Additionally, you will be required to leverage your existing internal network, particularly across service areas and the finance team in your council. Your

responsibilities include coordinating with subject matter experts within your organisation and articulating their perspectives to the working group.

Council may only nominate one participant per council.

### **For peak bodies**

To be eligible to participate, you must have the support of your Local Government Performance Reporting Steering Committee representative.

The peak body may only nominate one participant per peak body.

## Commitment

### **Workshops**

Workshops will be scheduled to occur between February to April 2024. Participants should be available for a maximum total of 6 – 8 hours for workshops during this period.

Workshops will be held online.

### **Additional work**

In addition to attendance at workshops, you may be asked to review discussion papers and conduct internal discussions with subject matter experts to gain a broader understanding of the impacts of any proposed changes.

## Registration

To register for Stream 1, please complete the LGPRF 2024 [Technical Working Group Registration form](#) and select Stream 1.

## Submission

Within the scope as mentioned, the Technical Working Group are accepted submissions for changes to existing measures or the creation of new measures. These submissions will be assessed by the Technical Working Group during the workshops.

To lodge a submission, please complete the [submission form](#).

# APPENDIX A – Guiding principles for LGPRF measures

## The criteria for measures is:

### 1. Measures should be 'SMART'

The construction of specific measures should seek to adhere to the SMART principles, that is, measures should be:

- **specific** to the service, activity and/or dimension of performance being measured;
- based on **measurable** factors that can be observed, documented and verified (either by audits or other mechanisms);
- **aligned** with objectives of the sector and council;
- **relevant** to the service, activity and/or dimension of performance being measured; and
- **time-bound** with an appropriate and clear timeframe specified for measuring performance.

### 2. Measures should build a balanced picture of performance

Measures should complement each other to provide a balanced picture of performance. A range of performance measures should be developed to encompass various facets of performance. Relying on a solitary indicator usually fails to offer a comprehensive view of performance; therefore a suite of measures, presenting different aspects of performance should be pursued.

### 3. Measures should be understandable to a broad audience

Performance measures must be understandable to a broad audience. They should be clear and unambiguous so that stakeholders can draw meaningful conclusions about the performance of councils. There should be a harmonious balance, making these measures comprehensible to the community, valuable for councils to drive continuous improvement, and informative for other levels of government. It is imperative that performance measures accurately gauge what they purport to measure, with the identification of proxy measures clearly outlined when applicable.

### 4. Measures should align with other reporting requirements

Preference should be given to performance measures that are already in use in other reporting arrangements where possible. Adopting existing measures can ensure consistency with other reporting frameworks, lowers the cost of data collection and avoids delays in reporting. Performance measures should also be developed with national standards and reporting regimes in mind to allow for inter-jurisdictional analysis.

### 5. Measures should be comparable across councils and consistent over time

Each measure must be clearly defined with formulas, key terms and measurement standards established to facilitate a valid measure of performance and aid reasonable comparisons. Measures should also allow for consistent comparisons of performance over time. This requires that performance Measures be well designed and robust from the outset and remain broadly stable over time. Measures should be relevant to all councils and not geographically biased.

6. *The benefit of collecting information should outweigh the collection costs*

The costs associated with collecting information needs to be balanced against the benefits of collecting that information.