



# **Draft Local Government Performance Reporting Framework & Indicators**

## **Working Paper**

**May 2013**



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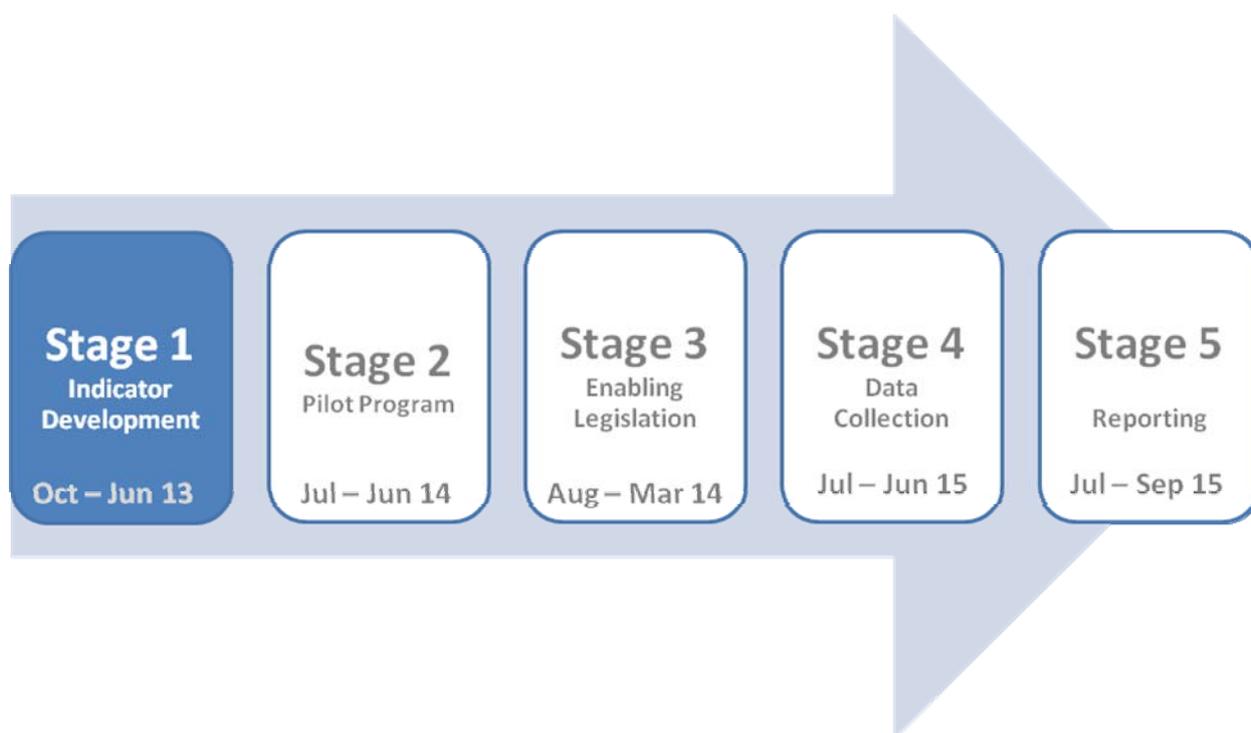
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## 1. Purpose of this paper

This working paper is intended to be used as a basis for providing feedback on the draft Local Government Performance Reporting Framework (LGPRF) and more specifically the draft indicators. It sets out the overall objective of the LGPRF, guiding principles and frameworks for the development of indicators and outlines draft indicators. It builds on the key features discussed in the *Directions Paper* released by Local Government Victoria in December 2012 and should be read in conjunction with that paper<sup>1</sup>.

Stage 1 of the project is nearing completion. Local Government Victoria has worked collaboratively with a broad range of technical and advisory groups involving over 70 local government, academic and subject matter experts to develop a draft performance reporting framework and indicator set.

Local Government Victoria is undertaking an active program of engagement over May and June 2013 to continue to refine the draft framework and indicators so that it is a robust and useful framework for assessing local government performance. Refinement and validation of the draft framework and indicators will continue into the pilot program phase commencing in July 2013.



<sup>1</sup> The Directions Paper can be found online at: <http://www.dpcd.vic.gov.au/localgovernment/projects-and-programs/performance-reporting>

## How you can contribute

A number of opportunities are provided for interested stakeholders to contribute to the refinement of the LGPRF. A series of regional workshops are being convened during May 2013 targeted at local government officers, managers and coordinators with relevant expertise and/or responsibility for organisational performance reporting.

The objective of the workshops is to:

- obtain feedback on the draft framework and indicators;
- build understanding of the LGPRF and how it will affect councils; and
- promote involvement in the pilot program.

Full details of the regional workshops can be found on Local Government Victoria's website at [www.dpcd.vic.gov.au/localgovernment/performance-reporting](http://www.dpcd.vic.gov.au/localgovernment/performance-reporting)

A community workshop will also be held in Melbourne on Tuesday 28 May from 2.00pm to 4.00pm. This workshop is open to members of the community who have an interest in the LGPRF.

Local Government Victoria will also be meeting with local government CEOs, Councillors, Mayors and Special Interest Groups via existing regional network meetings over the coming months.

**Comments on this paper are welcome until Friday 14 June 2013 and can be emailed to [performance@dpcd.vic.gov.au](mailto:performance@dpcd.vic.gov.au)**

## 2. Objective and guiding principles

### 2.1 Objective of assessing performance

The primary objective of the LGPRF is to provide comprehensive performance information that meets the needs of stakeholders. This is an ambitious objective that seeks to balance the needs and expectations of a number of 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; and
- State and Commonwealth Governments will be better informed to make decisions that ensure an effective, efficient and sustainable system of local government.

To provide a comprehensive picture of council performance, indicators have been developed across three thematic areas: service performance, financial performance and sustainability. An objective for assessing performance against each thematic area has been established to inform the development of performance indicators. These are outlined below.

**Table 1: LGPRF indicator sets and objectives**

<i>Service performance</i>	To provide relevant information about the effectiveness and efficiency of local government services.
<i>Financial performance</i>	To provide relevant information about the effectiveness of financial management in local government.
<i>Sustainability</i>	To provide relevant information about whether local governments have the capacity to deliver services, absorb changes and shocks and make decisions in the best interests of the community over the long term.

### 2.2 Guiding principles of LGPRF

Guiding principles have been established in consultation with the technical working groups to assist in the development and selection of indicators to measure local government performance. Principles relating to the reporting of performance information will be considered separately.

#### ***Indicators should be ‘SMART’***

The construction of specific indicators should seek to adhere to the SMART principles, that is, indicators 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;
- **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.

### ***Indicators should build a balanced picture of performance***

A range of performance indicators should be developed to cover different aspects of performance. A single indicator is typically not able to provide a balanced picture of performance; therefore a suite of indicators, measuring different aspects of performance should be pursued.

### ***Indicators should be understandable to a broad audience***

Performance indicators 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. A balance should be struck between performance indicators being understandable to the community, useful to councils to support continuous improvement and instructive to other levels of government. Performance indicators must also measure what they claim to measure. Proxy indicators should be clearly identified as such.

### ***Indicators should align with other reporting requirements***

Use of acceptable (albeit imperfect) performance indicators that are already in use in other reporting arrangements should be pursued where appropriate. Adopting existing indicators can ensure consistency with other, relevant reports where this adds value, lowers the cost of data collection and avoids delays in reporting. Performance indicators should also be developed with national standards and reporting regimes in mind to allow for inter-jurisdictional analysis as the framework develops.

### ***Indicators should be comparable across councils and consistent over time***

Each indicator must be clearly defined with counting rules and measurement standards established to facilitate a valid measure of performance and aid reasonable comparisons. Indicators should also allow for consistent comparisons of performance over time. This requires that performance indicators be well designed and robust from the outset and remain broadly stable over time.

### ***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.

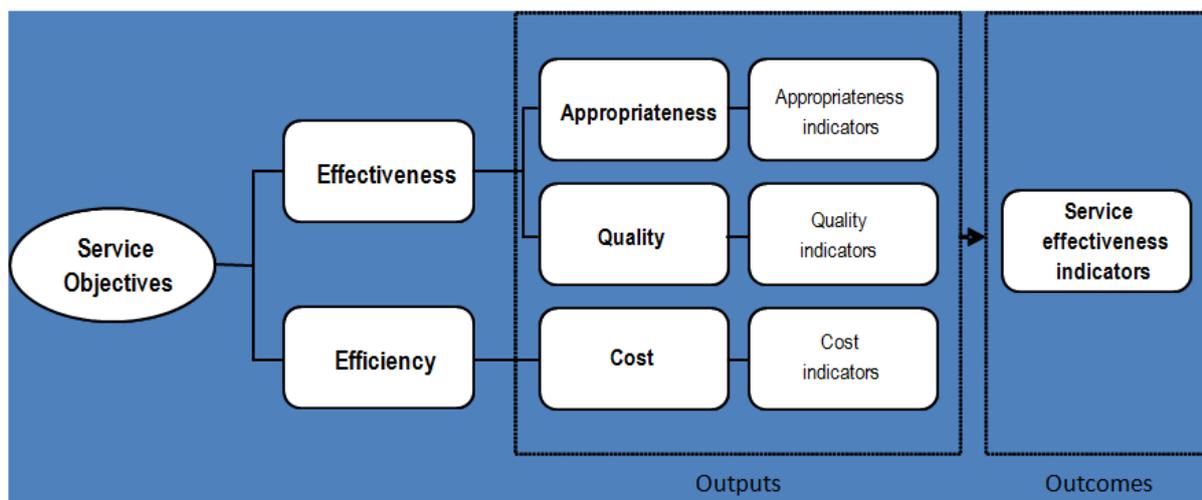
### 3. Service performance

A Service Performance Technical Working Group (Services Working Group) was established by Local Government Victoria to advise on the development of a set of draft service performance indicators for local government in accordance with the guiding principles and conceptual model developed for this purpose. Members were appointed via a targeted expression of interest process to the LGPro Corporate Planners Network and LGPro Corporate Services Special Interest Group. To ensure a diversity of views, appointments took into account geographical representation as well as individual experience and expertise.

#### 3.1 Service Performance Indicator Framework

One of the early tasks of the Services Working Group was to agree on a Service Performance Indicator Framework (the Service Framework). The Service Framework outlined in Figure 1 has been adapted from the Productivity Commission's *Report on Government Services* and reflects the service process through which local governments transform inputs into outputs and outcomes in order to achieve desired service objectives.

Figure 1. Services Framework



The Service Framework takes the objective of each service and measures it in terms of effectiveness and efficiency being the two overarching dimensions of performance. The effectiveness indicators measure how well the outcomes of a service achieve the stated objectives of that service and the efficiency indicators measure how well resources (inputs) are used to produce outputs.

The overarching dimension of effectiveness is measured according to *appropriateness* and *quality* output indicators and the overarching dimension of efficiency is measured by *cost*. The Service Framework includes outcome indicators of *service effectiveness* that measure how well the outcomes of the service have achieved the stated objective. Dimensions are further defined in Table 2 below.

**Table 2: Dimensions of the Service Performance Indicator Framework**

Dimension	Dimension definition	Example indicators/measures
<b>Appropriateness</b> Output indicators that measure how well services meet users' needs	<b>Access:</b> how easily clients can obtain the service in terms of both <i>timeliness</i> and <i>affordability</i>	Participation rate - Proportion of eligible users using the service Waiting time
	<b>Equity:</b> how well the service <i>meets the requirements of all groups</i>	Equity of access - Participation rates of special needs groups
	<b>Service levels:</b> whether users are being <i>over or under serviced</i>	Activity (output) level - Standardised volume of outputs
<b>Quality</b>	Output indicators that measure the extent to which a service is delivered <i>in accordance with defined standards</i>	Conformance of service to specification or standard - Service level audit outcome or output monitoring - Proportion of services or outputs that meet service standard
<b>Cost</b>	Output indicators that measure how efficiently services use their resources (inputs) to produce outputs	Average cost per unit (unit cost) - Total inputs/total outputs - Total direct cost of providing service / Total number of units of service delivered
<b>Service Effectiveness</b>	Outcome indicators that measure how well the outcomes of the service have achieved the stated objective	Community satisfaction - Proportion of service users satisfied with the service delivered

### 3.2 Selection of services

Common local government services have been identified for inclusion in the LGPRF with an emphasis on selecting a small group of services that all councils provide. A comprehensive range of service areas were initially considered and progressively refined to a total of 14 common local government services. The following factors were considered for inclusion of service areas in the draft framework:

- commonality of services across all councils;
- councils have primary control and/or statutory responsibility for delivery of selected services;
- resource intensiveness (that is, overall significance within the range of services provided by councils);
- the services should be viewed as important to the community; and
- where possible, there should be consistency and alignment with other jurisdictions to allow for inter-jurisdictional comparisons.

Services included in the draft framework are not designed to be a judgement on what council activities are most important. Insights gained from developing indicators will be progressively applied to additional services over time. Councils can also voluntarily develop indicators for further service areas.

### **3.3 Selection of indicators**

An extensive range of sources were reviewed to identify suitable indicators for inclusion in the LGPRF services indicator set. Key steps taken include:

- Review of the service indicators developed by the Essential Service Commission;
- Analysis of indicators supplied by Service Working Group members;
- Validation of shortlisted indicators in consultation with relevant state departments and agencies; and
- Validation of shortlisted indicators in consultation with relevant subject-matter experts within local government.

A total of 76 service indicators and measures have been shortlisted for inclusion in the LGPRF. Draft definitions, objectives, indicators and measures for service performance are outlined at Appendix A.

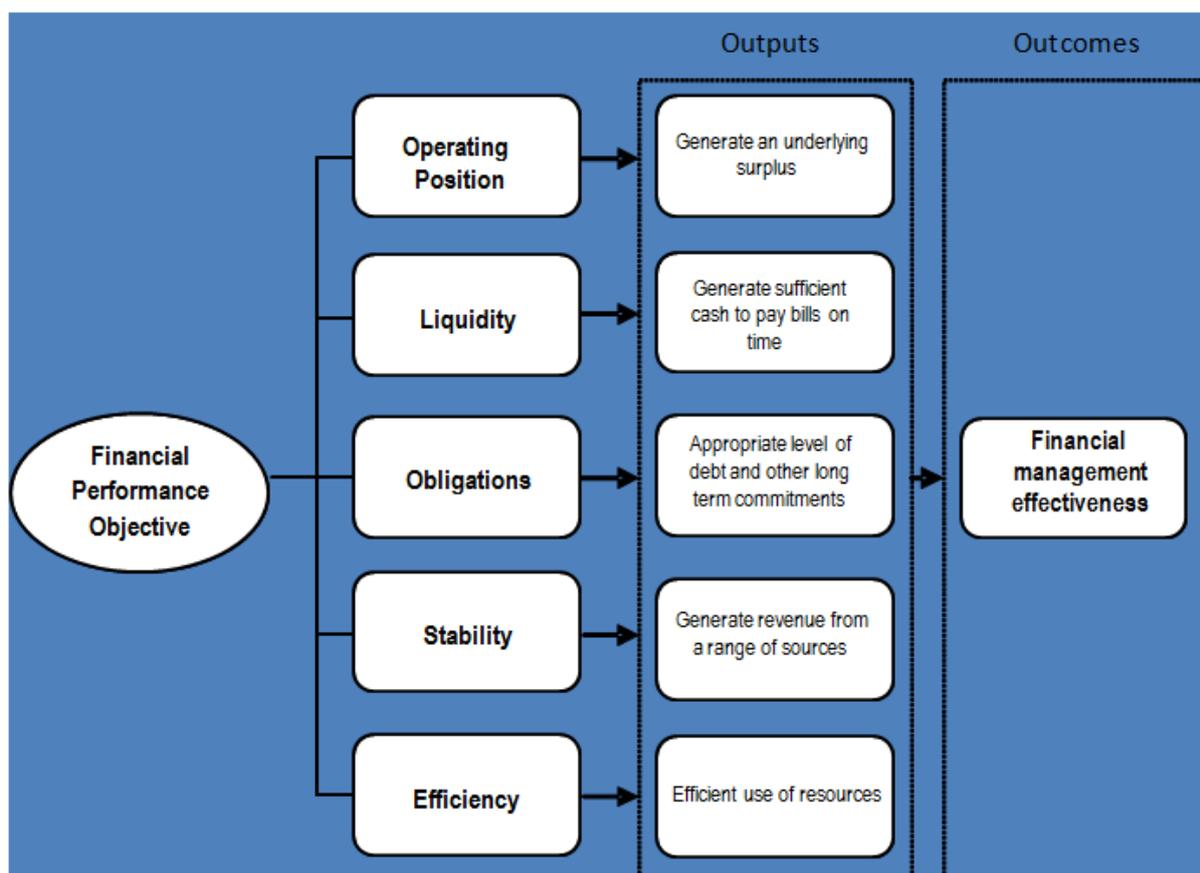
## 4. Financial performance

A Financial Performance Technical Working Group (Finance Working Group) was established by Local Government Victoria to advise on the development of a set of draft financial performance indicators for local government in accordance with the guiding principles and conceptual model developed for this purpose. Members were appointed via a targeted expression of interest process to members of Local Government Finance Professionals. To ensure a diversity of views, appointments took into account geographical representation as well as individual experience and expertise.

### 4.1 Financial Performance Indicator Framework

The Financial Performance Indicator Framework (the Financial Performance Framework) outlined in Figure 2 was agreed by the Finance Working Group to be an appropriate framework for measuring financial management effectiveness in local government. It establishes the objective of the indicator set and measures performance through a range of output and outcome indicators.

Figure 2. Financial Performance Framework



The Financial Performance Framework takes the key objective of effective financial management and assesses this in the context of five overarching dimensions – operating position, liquidity, obligations, stability and efficiency. Each dimension is measured with *lag* indicators, described as outputs. When taken together, these output indicators provide an overall picture of financial management effectiveness. Each dimension is defined in table 3 below.

**Table 3: Dimensions of the Financial Performance Framework**

<b>Dimension</b>	<b>Definition</b>
<b>Operating position</b>	Measures whether a council is able to generate an underlying surplus
<b>Liquidity</b>	Measures whether a council is able to generate sufficient cash to pay bills on time
<b>Obligations</b>	Measures whether the level of debt and other long term commitments is appropriate
<b>Stability</b>	Measures whether a council is able to generate revenue from a range of sources
<b>Efficiency</b>	Measures whether a council is using resources efficiently

## **4.2 Selection of indicators**

A comprehensive review of existing financial reporting frameworks and indicators was undertaken in order to shortlist potential financial performance indicators for inclusion in the LGPRF. Indicators were trialled by the Finance Working Group using data from audited council financial statements and budgets.

As a result of this process, 12 draft measures across 5 dimensions of financial performance have been identified for inclusion in the LGPRF. The draft indicators, measures and definitions are set out at Appendix B.

## 5. Sustainability

A Sustainability Working Group was established by Local Government Victoria to advise on the development of a set of draft sustainability indicators for local government. A broad spectrum of practitioners, observers, academics and subject matter experts were appointed to the Sustainability Working Group.

Given the considerable existing knowledge base and literature in regards to local government sustainability, a literature review and discussion paper was produced by Local Government Victoria to inform the work of the Sustainability Working Group

### 5.1 Defining “Sustainability”

To ensure a consistent understanding of what sustainability means in the context of the LGPRF, it was necessary to define the term sustainability within the local government context. The Sustainability Working Group agreed on the definition outlined in Box 2.

#### Box 1. Definition of *Sustainability*

*Sustainability is about having the capacity to deliver services, absorb changes and shocks and make decisions in the best interests of the community over the long term.*

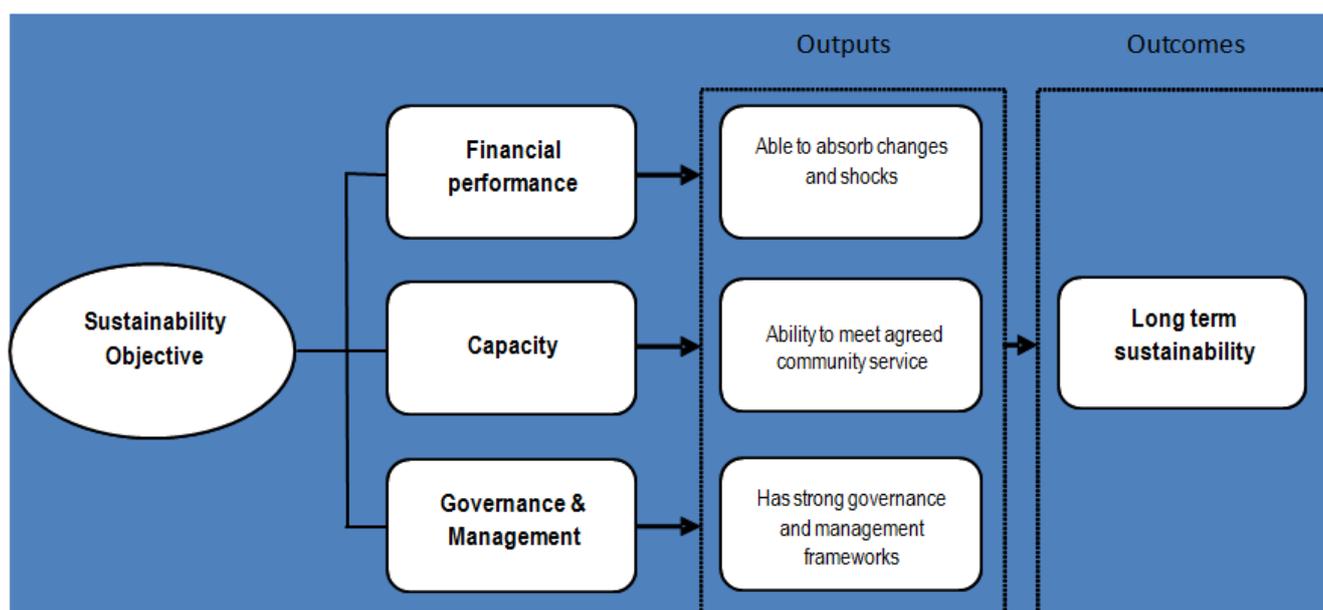
*This includes:*

- *Meeting the agreed service needs of the community*
- *Absorbing foreseeable changes and unexpected shocks without having to make disruptive revenue or expenditure adjustments*
- *Having strong governance and management frameworks in place covering community engagement, planning, monitoring, reporting and decision making.*

### 5.2 Sustainability Indicator Framework

The Sustainability Indicator Framework outlined in Figure 3 was agreed by the Sustainability Working Group to be an appropriate framework for measuring long term sustainability in local government. The Sustainability Indicator Framework establishes the objective of the indicator set and measures it through a range of output and outcome indicators.

**Figure 3. Sustainability Indicator Framework**



The Sustainability Indicator Framework takes the objective of sustainability and assesses this in the context of three dimensions – financial performance, capacity and governance and management. Each of these dimensions is measured in terms of *lead* indicators described as *outputs*. When taken together, these outputs enable a judgement about long term sustainability to be made. Each dimension is defined in Table 4 below.

**Table 4. Dimensions of the Sustainability Framework**

Dimension	Definition
<b>Financial performance</b>	The council must be able to absorb foreseeable changes and unexpected shocks without having to make disruptive revenue or expenditure adjustments
<b>Capacity</b>	The council must be able to meet the agreed service needs of the community.
<b>Governance and management</b>	The council must have strong governance and management frameworks in place covering community engagement, planning, monitoring, reporting and decision making.

### 5.3 Selection of indicators

A comprehensive review of existing measures of financial performance, capacity and governance and management was undertaken in order to shortlist potential sustainability indicators for inclusion in the LGPRF.

From this analysis, it was evident quantitative measures of financial performance and capacity are well established. For governance and management, a qualitative self-assessment checklist was determined to be the most practical approach given the inherent difficulties in determining output and outcome measures for this area. Where established, accepted standards and guidelines will be used to guide the self-assessment process.

12 quantitative measures across the dimensions of financial performance and capacity have been identified for inclusion in the LGPRF, along with 26 qualitative measures across the dimension of governance and management. Draft indicators, measures and definitions across the three dimensions are set out at Appendix C.

## **6. What else needs to be done?**

### **6.1 Indicator specifications**

The development of standard indicator definitions, numerators, denominators, computations and counting rules will be key inputs to next stage of the process. 'Specifications' will be developed for each indicator to ensure a consistent interpretation of indicators - an essential element of comparative reporting.

### **6.2 Identification of data collection sources**

Identification of existing reporting that can be leveraged into the LGPRF is already well progressed. Further consultation with data owners needs to occur throughout the pilot period to understand existing reporting arrangements.

### **6.3 Reporting format**

The LGPRF will form part of the Performance Statement and be subject to audit by the Victorian Auditor-General's Office. The form and content of the Performance Statement will be developed in the next stage of the project. The current Performance Statement will be used as a template for developing a standard reporting format and will include an opportunity for councils to provide contextual information and commentary on variances in results.

### **6.4 Pilot program**

All councils are encouraged to use the performance reporting framework in the pilot period, commencing in July 2013. Local Government Victoria will work more intensively with a representative group of councils throughout this period to examine council information management systems, capacity to report against the framework and to understand data collection and implementation issues. Expressions of interest for participation in the pilot program will be sought in early June 2013.

### **6.5 Reducing the reporting burden**

Work in relation to the streamlining and reduction in reporting burden to offset the work required to implement the LGPRF is ongoing. Over the past 12 months, Local Government Victoria has been leading a whole-of-government exercise to identify existing local government reporting requirements, with view to streamlining and removing unnecessary reporting burdens.

Through this process, about 100 existing reporting requirements have been identified. Over a third of these reporting requirements have been identified by Departments for streamlining or removal. The Government intends to make an announcement in the coming months in relation to the extent of this reduction in reporting burden.

### **6.6 Enabling legislation**

The LGPRF will be mandatory from 1 July 2014. Legislation to enable the LGPRF and modernise and simplify the overall regime of planning and reporting within the *Local Government Act 1989* and *Local Government (Finance and Reporting) Regulations 2004* will be brought before Parliament in early 2014.

## APPENDIX A Service performance indicators

The draft service performance indicators should be read in conjunction with Table 2. Sometimes the terms used in performance measurement have different meanings for different people. In general, the LGPRF uses a standard terminology to provide consistency in interpretation. The following list contains standard definitions of common terms used in LGPRF service performance framework:

**Definition** – a description of the service, the intended service recipient and what is included in the service for the purposes of the LGPRF

**Objective** – the desired outcome from the provision of the service

**Indicator** – the concept to be measured

**Measure** – *how* the concept is to be measured

# 1. Governance

## Definition

Provision of good governance to the community including processes for making and implementing decisions with reference to community engagement, policy frameworks and practice and in compliance with relevant legislation.

## Objective

To make and implement decisions in the best interests of the community.

## Relevant Legislation

Local Government Act 1989

## External Reporting

Community Satisfaction Survey – Local Government Victoria (LGV)

Local Government Investigations and Compliance Inspectorate (LGI)

Dimension	Indicator	Measure	Data Source	Comments
<b>Appropriateness</b>	Transparency	1. Number of confidential council meeting items classified under s89(2)(h) "Any other matter" of the Local Government Act 1989 / Total number of council meeting agenda items	Council	
		2. Number of notices of motions / Total number of ordinary council meetings	Council	
	Engagement	3. Number of submissions received under s223 / Number of s223 submission opportunities	Council	
<b>Quality</b>	Attendance	4. Councillors attendance at council meetings and special committees / Total eligible council and special committee meetings	Council	
	Decision Making	5. Number of council resolutions "for noting" / Total number of council agenda items	Council	
<b>Cost</b>	Service cost	6. Direct cost of governance / Total municipal population	Council	
<b>Service Effectiveness</b>	Compliance	7. Number of LGI full investigations that lead to a prosecution	LGI	New community satisfaction survey measure to be established for council decision making
		8. Number of applications for councillor conduct panels	LGV	
		9. Number of probity auditor appointments	LGV	
		10. Number of councillor suspensions/forced leave of absences	LGV	
		11. Community satisfaction with community engagement	LGV	
		12. Community satisfaction with council decision making	LGV	

## 2. Statutory Planning

### Definition

Provision of land-use and development assessment services to applicants and the community including advice, determination of applications.

### Objective

To make planning application decisions which are consistent with the local planning scheme.

### Relevant Legislation

Planning and Environment Act 1987

### External Reporting

Planning Permit Activity Reporting System – Office of Planning Performance (OPP)

Victorian Civil and Administrative Tribunal (VCAT)

Dimension	Indicator	Measure	Data Source	Comments
<b>Appropriateness</b>	Timeliness	13. Median net days to make a planning decision	OPP	Users include applicants and other parties
<b>Quality</b>	Service standard	14. Number of planning decisions completed within sixty days/ Total number of planning decisions made	OPP	
<b>Cost</b>	Service cost	15. Direct cost of service / Total planning applications decided	Council	Direct cost does not include management or corporate overheads
<b>Service Effectiveness</b>	Compliance	16. Number of VCAT decisions in favour of council / Total number of VCAT referrals	VCAT	

## 3. Economic Development

### Definition

Provision of support and advice to businesses and industry including lobbying, partnership opportunities, networking and training programs.

### Objective

To stimulate local economic activity.

### Relevant Legislation

### External Reporting

Australian Business Register - Australian Taxation Office (ATO)

Dimension	Indicator	Measure	Data Source	Comments
<b>Appropriateness</b>	Participation	17. Number of active businesses / Total number of businesses	Council	Active businesses are those participating in at least one Council business development program
<b>Quality</b>	Service standard	18. Number of business development events held / Total number of planned business development events	Council	
<b>Cost</b>	Service cost	19. Direct cost / Total number of active businesses	Council	Direct cost includes staff resources and support programs. It excludes management and corporate overheads
<b>Service Effectiveness</b>	Business activity	20. Number of new businesses / Total number of businesses	ATO	

## 4. Roads

### Definition

Provision of a network of sealed local roads<sup>2</sup> under the control of the municipal council to all road users.

### Objective

To provide a well maintained and renewed local road network that is safe and efficient.

### Relevant Legislation

Road Management Act 2004

### External Reporting

Local Government Infrastructure survey – Local Government Victoria (LGV)

Community Satisfaction Survey – Local Government Victoria (LGV)

Council annual returns – Victoria Grants Commission (VGC)

Transport Accident Commission (TAC)

Dimension	Indicator	Measure	Data Source	Comments
<b>Appropriateness</b>	Service level	21. Number of kilometres of local roads renewed / Total kilometres of local roads	Council	
		22. Number of kilometres of local roads maintained / Total kilometres of local roads	Council	
<b>Quality</b>	Condition	23. Number of kilometres of local roads with a Pavement Condition Index $\geq$ 4 / Total kilometres of local roads	LGV	Pavement Condition Index methodology to be confirmed
<b>Cost</b>	Cost of renewal/maintenance	24. Renewal expenditure on local roads / Total kilometres of local roads renewed	LGV, Council	
		25. Maintenance expenditure on local roads / Total kilometres of local roads maintained	LGV, Council	
<b>Service Effectiveness</b>	Satisfaction	26. Community satisfaction with local roads	LGV	Footpaths to be removed from LGV Satisfaction Survey
	Safety	27. Number of serious injuries/deaths on local roads / Total kilometres of local roads	TAC	

<sup>2</sup> Roads = pavement, substructure and earthworks

## 5. Libraries

### Definition

Provision of print and digital based resources to the community in a variety of formats including collection services, e-services, research tools and interactive learning programs.

### Objective

To provide free, accessible and well utilised print and digital based resources.

### Relevant Legislation

Local Government Act 1989

### External Reporting

Standards and Guidelines for Australian Public Libraries – Australian Library Information Association (ALIA)  
Annual Survey of Public Libraries – Public Libraries Victoria Network (PLVN)

Dimension	Indicator	Measure	Data Source	Comments
<b>Appropriateness</b>	Participation	28. Number of active library members / Total eligible municipal population	ALIA	Eligible members are those over 5 years of age
<b>Quality</b>	Resource standard	29. Number of collection items published in last 5 years / Total number of collection items	ALIA / PLVN	
<b>Cost</b>	Service cost	30. Direct operating cost / Total number of active library members 31. Expenditure on library materials / Total municipal population	ALIA / PLVN ALIA / PLVN	Direct cost does not include library materials, management or corporate overheads
<b>Service Effectiveness</b>	Satisfaction Utilisation	32. User satisfaction with library service 33. Number of library visits / Total number of active library members	ALIA PLVN	

## 6. Waste collection

### Definition

*Provision of kerbside and disposal waste collection services to the community.*

### Objective

*To minimise the amount of waste diverted to landfill.*

### Relevant Legislation

*National Environment Protection (Used Packaging Materials) Measure (the NEPM)*

### External Reporting

*Local Government Annual Survey – Sustainability Victoria (SV)*

Dimension	Indicator	Measure	Data Source	Comments
<b>Appropriateness</b>	Service level	34. Additional bin requests / Total number of collection households	Council	
<b>Quality</b>	Service standard	35. Number of bins missed / Total number of bin lifts	Council	
<b>Cost</b>	Service cost	36. Direct cost of garbage service / Total number of garbage bin lifts	SV	Direct cost does not include management corporate overheads or revenue
		37. Direct cost of recyclables service / Total number of recyclables bin lifts	SV	
<b>Service Effectiveness</b>	Waste diversion	38. Weight of all waste types (excluding garbage) collected / Total weight of all waste types and methods of collection	SV	

## 7. Pools

### Definition

Provision of indoor and outdoor pools to the community and visitors for water safety, sport and recreation.

### Objective

To provide safe, accessible and well utilised facilities.

### Relevant Legislation

Public Health and Wellbeing Act 2008

Public Health and Wellbeing Regulations 2009

### External Reporting

Community Satisfaction Survey – Local Government Victoria (LGV)

Dimension	Indicator	Measure	Data Source	Comments
<b>Appropriateness</b>	Participation	39. Number of visits to facilities / Total municipal population	Council	
<b>Quality</b>	Safety	40. Days lost due to water quality / Total available days of operation	Council	
		41. Number of water safety incidents / Total number of visits to the facility	Council	
<b>Cost</b>	Service cost	42. Net operating cost of service / Total visits	Council	Net operating cost includes user income but does not include management or corporate overheads
<b>Service Effectiveness</b>	Satisfaction	43. Community satisfaction with pools	LGV	Community Satisfaction survey to be amended to include specific question on pools

## 8. Sports grounds

### Definition

Provision outdoor sports grounds including, playing surfaces, on-ground infrastructure to local sporting groups and casual users for structured activities.

### Objective

To provide accessible and well utilised facilities.

### Relevant Legislation

### External Reporting

Dimension	Indicator	Measure	Data Source	Comments
<b>Appropriateness</b>	Participation	44. Total municipal population / Total number (or sqm) of sports grounds	Council	
<b>Quality</b>	Condition	45. Number of sports grounds rated equal to or greater than the agreed standard/ Total number (or sqm) of sports grounds		Condition standard to be established
<b>Cost</b>	Service cost	46. Net operating cost of service / Total number (or sqm) of sports grounds	Council	Net operating cost includes user income but does not include management or corporate overheads
<b>Service Effectiveness</b>	Utilisation	47. Number of structured activities / Total number (or sqm) of sports grounds	Council	

## 9. Street sweeping

### Definition

Provision of street sweeping services to the community including removal of litter and debris from local roads.

### Objective

To provide clean local roads while minimising environmental and flooding risks.

### Relevant Legislation

### External Reporting

Dimension	Indicator	Measure	Data Source	Comments
<b>Appropriateness</b>	Service level	48. Number of street cleaning requests / Total number of local road households	Council	
<b>Quality</b>	Service standard	49. Number of kilometres of local roads swept according to agreed frequency / Total kilometres of local roads	Council	
<b>Cost</b>	Service cost	50. Direct cost of service / Total kilometres of local roads swept (or sqm)	Council	Direct cost does not include management or corporate overheads
<b>Service Effectiveness</b>	Flooding risk	51. Number of local road pits requiring reactive cleaning / Total number of local road pits	Council	

## 10. Animal management

### Definition

Provision of animal welfare and responsible pet<sup>3</sup> ownership services to the community including monitoring, registration, enforcement and education.

### Objective

To protect the health and safety of animals humans and the environment.

### Relevant Legislation

Domestic Animals Act 1994

Infringement (Reporting and Prescribed Details and Forms) Regulations 2006

Prevention of Cruelty to Animals Act 1986

### External Reporting

Infringement Reporting – Department of Justice (DoJ)

Domestic Animal Management Plan – Department of Environment and Primary Industries (DEPI)

Magistrate Court prosecutions - Department of Justice (DoJ)

Dimension	Indicator	Measure	Data Source	Comments
<b>Appropriateness</b>	Service level	52. Number of nuisance animal reports / Total number of registered pets	Council	
<b>Quality</b>	Service standard	53. Number of registrations / Total number of households	Council	
<b>Cost</b>	Service cost	54. Direct cost of service / Total number of registered pets	Council	Direct cost does not include management or corporate overheads
<b>Service Effectiveness</b>	Health and safety	55. Number of nuisance animals prosecutions proven / Total number of registered pets	DoJ	

<sup>3</sup> i.e. cats and dogs

## 11. Food safety

### Definition

Provision of food safety services to the community including registrations, education, monitoring, inspections and compliance.

### Objective

To protect the health and safety of consumers.

### Relevant Legislation

Food Act 1984

Infringement (Reporting and Prescribed Details and Forms) Regulations 2006

### External Reporting

Infringement Reporting – Department of Justice (DoJ)

Food Act Annual Report – Department of Health (DoH)

Dimension	Indicator	Measure	Data Source	Comments
<b>Appropriateness</b>	Service level	56. Number of Food Act orders issued for compliance / Total number of registered premises	Council	
<b>Quality</b>	Service standard	57. Number of registered food premises that receive a compliance assessment annually / Total number of registered premises that require an annual safety assessment	Council	
		58. Number of registered food premises that receive statutory food sampling annually / Total number of registered premises gazetted for food sampling	Council	
<b>Cost</b>	Service cost	59. Direct cost of service / Total number of registered premises	Council	Direct cost does not include management or corporate overheads
<b>Service Effectiveness</b>	Health and safety	60. Number of food borne disease outbreaks / Total number of registered businesses	DoH	

## 12. Home and community care (HACC)

### Definition

Provision of support to frail older people, those with disabilities living at home and their carers whose capacity for independent living is at risk including needs assessment and provision of home care, personal care, respite care, home maintenance, meals and transport services.

### Objective

To support people to live independently and safely in their own community and home environment.

### Relevant Legislation

Home and Community Care Act (Commonwealth) 1985

### External Reporting

HACC minimum data set – Department of Health (DoH)

Dimension	Indicator	Measure	Data Source	Comments
<b>Appropriateness</b>	Participation	61. Number of people receiving HACC service / Target population for HACC services	DoH	
		62. Number of eligible service recipients on waiting list / Total number of current service recipients	Council	
<b>Quality</b>	Service standard	63. Rating of good or higher against the National Service Standards Instrument	DoH	Collected as part of 3 yearly audit
<b>Cost</b>	Service cost	64. Direct cost of domestic assistance service / Total number of hours of domestic assistance service provided	DoH	Domestic assistance includes home care, personal care and respite care.  Direct cost does not include management or corporate overheads
<b>Service Effectiveness</b>	Satisfaction	65. User satisfaction with HACC service	DoH	Collected as part of 3 yearly audit

## 13. Maternal and child health (M&CH)

### Definition

Provision of universal access to health services for children from birth to school age (3.5 years) and their families including early detection, referral, monitoring and recording child health and development, and providing information and advice

### Objective

To promote healthy outcomes for children and their families.

### Relevant Legislation

The Child Wellbeing and Safety Act 2005

### External Reporting

M&CH services annual report – Department of Education and Early Childhood Development (DEECD)  
Victorian Child and Adolescent Monitoring System (VCAMS) – Department of Education and Early Childhood Development (DEECD)

Dimension	Indicator	Measure	Data Source	Comments
<b>Appropriateness</b>	Participation	66. Number of infants receiving M&CH service home consultation / Total eligible infants	DEECD	VCAMS indicator 30.3
		67. Number of children attending the 3.5 year ages and stages visit / Total eligible children	DEECD	VCAMS indicator 30.5
<b>Quality</b>	Service standard	68. Number of infants enrolled at M&CH service / Total eligible infants	DEECD	VCAMS indicator 30.4
<b>Cost</b>	Service cost	69. Direct cost of service / Total number of hours of service delivered	Council	Direct cost does not include management or corporate overheads
<b>Service Effectiveness</b>	Satisfaction	70. User satisfaction with M&CH service	Council	

## 14. Immunisation

### Definition

Provision of vaccinations against preventable diseases to eligible infants, children and adolescents.

### Objective

To minimise the incidence of vaccine preventable disease.

### Relevant Legislation

Public Health and Wellbeing Act 2008

### External Reporting

Australian Childhood Immunisation Register (ACIR) – Department of Human Services (Commonwealth) (DHS)

Victorian Child and Adolescent Monitoring System (VCAMS) – Department of Education and Early Childhood Development (DEECD)

Schools Immunisation Program – Department of Health (DoH)

Notifiable Infectious Disease Surveillance System - Department of Health (DoH)

Dimension	Indicator	Measure	Data Source	Comments
<b>Appropriateness</b>	Participation	71. Number of eligible children who are fully vaccinated / Total number of eligible children	DHS	VCAMS indicator 3.1a – counts both council and GP administered vaccines  'Eligible' refers to children registered with Medicare
		72. Number of secondary school consent cards returned / Total eligible secondary school children	DoH	
<b>Quality</b>	Program delivery	73. Number of children (12-15, 24-27 60-63 months) fully vaccinated / Total eligible children	DoH	Council administered vaccines only
		74. Number of eligible children in Years 7 and 10 who are fully vaccinated / Total eligible children		VCAMS indicator 3.1b
<b>Cost</b>	Service cost	75. Direct cost of service / Total number of vaccinations administered	Council	Direct cost does not include management or corporate overheads
<b>Service Effectiveness</b>	Notification of disease	76. Rate of notification of vaccine preventable diseases	DoH	VCAMS indicator 3.2

## APPENDIX B Financial performance indicators

### 1. Operating position

#### Definition

*Measures whether a council is able to generate an underlying surplus*

Indicator	Definition	Measure	Data Source	Comments
<b>1. Operating result</b>	Measures whether revenues exceed expenses.	Underlying result / Underlying revenue	Financial statements	<p>Underlying revenue and expenditure do <u>not</u> include:</p> <ul style="list-style-type: none"> <li>• non-cash contributions</li> <li>• non-recurrent grants (including capital grants)</li> <li>• capital contributions (from other sources)</li> <li>• other large items and/or adjustments that are not in the ordinary course of business (e.g. unfunded super, grants commission timing, asset write-off/ recognition)</li> </ul> <p>Expected band for this measure is 0% - 5%</p>

### 2. Liquidity

#### Definition

*Measures whether a council is able to generate sufficient cash to pay bills on time*

Indicator	Definition	Measure	Data Source	Comments
<b>2. Working capital</b>	Measures the ability to pay existing liabilities in the next 12 months	Current assets / Current liabilities	Financial statements	<p>No adjustment is to be made to current liabilities for long service leave (LSL) expected to be paid in the next 12 months</p> <p>Expected band for this measure is 120% - 200%</p>
<b>3. Unrestricted cash</b>	Measures the proportion of current liabilities that can be	Unrestricted cash / Current liabilities	Financial statements	<p>Unrestricted cash does <u>not</u> include:</p> <ul style="list-style-type: none"> <li>• Cash and financial assets that is not discretionary (e.g. conditional grants, statutory reserves)</li> </ul>

paid from unrestricted cash

- Cash on hand that will be used to fund carry forward capital works in the following year
- No adjustment to be made for change to treatment of LSL current portion

Expected band for this measure is 50% - 100%

### 3. Obligations

#### Definition

*Measures whether the level of debt and other long term commitments is appropriate*

Indicator	Definition	Measure	Data Source	Comments
<b>4. Indebtedness</b>	Measures the proportion of rates that is required to underwrite existing debt	Interest-bearing loans and borrowings / Total rates	Financial statements	Rates includes all municipal rates and charges such as municipal charges, garbage charges etc  Expected band for this measure: 20% - 60%
<b>5. Debt repayments</b>	Measures the capacity to service current debt	Interest and principal repayments on interest-bearing loans and borrowings / Total rates	Financial statements	The measure includes both interest and principal payments  Rates includes all municipal rates and charges such as municipal charges, garbage charges etc  Expected band for this measure is 0% - 5%
<b>6. Long term obligations</b>	Measures the proportion of own sourced revenue that is required to meet non-current liabilities	Non-current liabilities / Own sourced revenue	Financial statements	Own-source revenue is total revenue <u>excluding</u> : <ul style="list-style-type: none"> <li>• Revenue which is not under the control of council (e.g. government grants, non-cash contributions)</li> </ul> No adjustment is to be made to current liabilities for LSL expected to be paid in the next 12 months  Expected band for this measure is 10% - 40%
<b>7. Asset renewal</b>	Measures the ability to meet asset renewal demand	Actual (or budget) asset renewal expenditure / Planned asset renewal expenditure (Depreciation	Financial statements	Asset renewal does <u>not</u> include

is a proxy)

Asset management plans

- Upgraded or new assets

Planned asset renewal is expenditure set out in the relevant Asset management Plan for that year. Depreciation can be used as the denominator in the absence of Asset Management Plans

Expected band for this measure is 90% - 110%

## 4. Stability

### Definition

*Measures whether a council is able to generate revenue from a range of sources*

Indicator	Definition	Measure	Data Source	Comments
<b>8. Rates concentration</b>	Measures the concentration of revenue sources and reliance on rates	Rates / Total underlying revenue	Financial statements	<p>Rates includes all municipal rates and charges such as municipal charges, garbage charges etc</p> <p>Underlying revenue does <u>not</u> include:</p> <ul style="list-style-type: none"> <li>• Non-cash contributions</li> <li>• non-recurrent grants (including capital grants)</li> <li>• Capital contributions (from other sources)</li> <li>• Other large revenue items and/or adjustments that are not in the ordinary course of business (e.g. grants commission timing, asset recognition)</li> </ul> <p>Expected band for this measure: 50% - 80%</p>
<b>9. Rating effort</b>	Measures the amount of rates raised per \$ of property valuation	Rates / Total Capital Improved Value (CIV)	<p>Financial statements</p> <p>Annual budget (following year)</p>	<p>Rates includes all municipal rates and charges such as municipal charges, garbage charges etc</p> <p>Capital Improved Value (CIV) is measured at the end of the year and includes all valuation adjustments e.g. supplementary valuations.</p>
<b>10. Rates level</b>	Measures the average residential rate per assessment	Residential rates / Total residential assessments	Financial statements	Rates includes all municipal rates and charges such as municipal charges, garbage charges etc

Annual budget (following year) Residential assessments is the number of assessments at the end of the year and includes all property adjustments e.g. supplementary valuations from new or deleted assessments

## 5. Efficiency

### Definition

*Measures whether a council is using resources efficiently*

Indicator	Definition	Measure	Data Source	Comments
<b>11. Expenditure efficiency</b>	Measures the efficient use of council resources per assessment	Underlying expenditure / Total assessments	Financial statements	<p>Underlying expenditure does <u>not</u> include:</p> <ul style="list-style-type: none"> <li>other large items and/or adjustments that are not in the ordinary course of business (e.g. unfunded super, asset write-off)</li> </ul>
<b>12. Rate collection</b>	Measures the council's ability to collect rates	Outstanding rates and charges / Total rates	Financial statements	<p>Outstanding rates and charges does not include:</p> <ul style="list-style-type: none"> <li>Provision for doubtful debts</li> </ul> <p>Rates includes all municipal rates and charges such as municipal charges, garbage charges etc.</p> <p>Expected band for this measure: 95% - 100%</p>

## APPENDIX C Sustainability indicators

### 1. Financial performance

#### Definition

*The council must be able to absorb foreseeable changes and unexpected shocks without having to make disruptive revenue or expenditure adjustments*

#### OPERATING POSITION

Indicator	Definition	Measure	Data Source	Comments
<b>1. Operating result</b>	Measures whether revenues exceed expenses	Underlying result / Underlying revenue	Financial statements  Strategic resource plan	Underlying revenue and expenditure do not include: <ul style="list-style-type: none"> <li>• non-cash contributions</li> <li>• non-recurrent grants (including capital grants)</li> <li>• capital contributions (from other sources)</li> <li>• other large items and/or adjustments that are not in the ordinary course of business (e.g. unfunded super, grants commission timing, asset write-off/ recognition)</li> </ul> Expected band for this measure is 0% - 5%

#### LIQUIDITY

<b>2. Working capital</b>	Measures the ability to pay existing liabilities in the next 12 months	Current assets / Current liabilities	Financial statements  Strategic resource plan	No adjustment is to be made to current liabilities for LSL expected to be paid in the next 12 months  Expected band for this measure is 120% - 200%
<b>3. Unrestricted cash</b>	Measures the proportion of current liabilities that can be paid from unrestricted cash	Unrestricted cash / Current liabilities	Financial statements  Strategic resource plan	Unrestricted cash does not include: <ul style="list-style-type: none"> <li>• Cash and financial assets that is not discretionary (e.g. conditional grants, statutory reserves)</li> <li>• Cash on hand that will be used to fund carry forward capital works in the following year</li> </ul> No adjustment to be made for change to treatment of LSL current portion Expected band for this measure is 50% - 100%

<b>OBLIGATIONS</b>				
<b>4. Indebtedness</b>	Measures the proportion of rates that is required to underwrite existing debt	Interest-bearing loans and borrowings / Total rates	Financial statements  Strategic resource plan	Rates includes all municipal rates and charges such as municipal charges, garbage charges etc  Expected band for this measure: 20% - 60%
<b>5. Debt repayments</b>	Measures the capacity to service current debt	Interest and principal repayments on interest-bearing loans and borrowings / Total rates	Financial statements  Strategic resource plan	The measure includes both interest and principal payments  Rates includes all municipal rates and charges such as municipal charges, garbage charges etc  Expected band for this measure is 0% - 5%
<b>6. Long term obligations</b>	Measures the proportion of own sourced revenue that is required to meet non-current liabilities	Non-current liabilities / Own sourced revenue	Financial statements  Strategic resource plan	Own-source revenue is total revenue excluding: Revenue which is not under the control of council (e.g. government grants, non-cash contributions)  No adjustment is to be made to current liabilities for LSL expected to be paid in the next 12 months  Expected band for this measure is 10% - 40%
<b>7. Asset renewal</b>	Measures the ability to meet asset renewal demand	Actual (or budget) asset renewal expenditure / Planned asset renewal expenditure (Depreciation is a proxy)	Financial statements  Strategic resource plan  Asset management plans	Asset renewal does not include: Upgraded or new assets  Planned asset renewal is expenditure set out in the relevant Asset management Plan for that year. Depreciation can be used as the denominator in the absence of Asset Management Plans  Expected band for this measure is 90% - 110%

## 2. Capacity

### Definition

*The council must be able to meet the agreed service needs of the community*

### REVENUE EFFORT

Indicator	Definition	Measure	Data Source	Comments
<b>8. Own source revenue</b>	Measures the amount of own source revenue raised from the community	Own source revenue / Total Capital Improved Value (CIV)	Financial statements Strategic resource plan  Annual budget (following year)	Own-source revenue does not include: Revenue which is not under the control of council (e.g. government grants, non-cash contributions)  Capital Improved Value (CIV) is used as a proxy for capacity to pay in the absence of easily obtainable information on community income and is measured at the end of the year and includes all valuation adjustments e.g. supplementary valuations.  CIV could also be shown as a per capita measure to show the revenue raising capacity of the community.
<b>9. Recurrent grants</b>	Measures the amount of recurrent grants sourced from government	Recurrent grants / Total municipal population	Financial statements  Strategic resource plan ABS	

### POPULATION

<b>10. Population size - services</b>	Measures population size as a driver of service costs	Underlying expenditure / Total municipal population	Financial statements  ABS	Underlying expenditure does <u>not</u> include: Large items and/or adjustments that are not in the ordinary course of business (e.g. unfunded super, asset write-offs)
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<b>11. Population size - infrastructure</b>	Measures population size as a driver of infrastructure costs	Infrastructure / Total municipal population	Financial statements  ABS	Infrastructure does <u>not</u> include: Land Plant and equipment
<b>12. Population density</b>	Measures population density as a driver of service costs	Population / Total kilometres of local roads	Road management Plan  ABS	The road network is used as the denominator to recognise remote councils which may have large tracts of uninhabited or un-serviced land

### 3. Governance and Management

#### Definition

The council must have strong governance and management frameworks in place covering community engagement, planning, monitoring, reporting and decision making

#### Note

The following list is a self-assessment checklist. Where established, accepted standards and guidelines will be used to guide the self-assessment process

Requirement	Definition
<b>COMMUNITY ENGAGEMENT</b>	
1. Community engagement policy	Policy adopted by Council outlining its commitment to engaging with the community on matters of public interest
2. Community engagement guidelines	Guidelines approved by management to assist officers in determining when and how to engage with the community
<b>PLANNING</b>	
3. Council Plan	Plan adopted by Council outlining the Council's objectives and strategies for at least the next 4 years
4. Strategic Resource Plan	Plan adopted by Council outlining the resources and funding required for at least the next 4 years
5. Annual Budget	Plan adopted by Council setting out the activities and initiatives to be undertaken over the next 12 months and the resources and funding required
6. Asset Management Plans	Plans adopted by Council that set out the asset maintenance and renewal needs for at least the next 10 years
7. Rating Strategy	Plan adopted by Council setting out the rating structure adopted by council to raise rates and charges including a justification taking into account the key rating principles
8. Risk Policy	Plan adopted by Council outlining its commitment and approach to minimising business risk
9. Fraud Policy	Plan adopted by Council outlining its commitment and approach to minimising the risk of fraud
10. Emergency Management Plan	Plan adopted by Council identifying the municipal resources and other resources available for use in the municipal district for emergency prevention, response and recovery
11. Business Continuity Plan	Plan approved by management setting out the actions that will be undertaken to ensure that key services continue to operate in the case of a disaster
12. Disaster Recovery Plan	Plan approved by management setting out the actions that will be undertaken to recover and restore and business capability (e.g. IT systems)
<b>MONITORING</b>	
13. Risk Management Framework	Plan approved by management outlining the organisation's approach to monitoring business risk
14. Audit Committee	Advisory committee of Council who's role is to focus on financial reporting, the entity's processes to manage business and financial risk and for compliance with significant applicable legal, ethical, and regulatory requirements
15. Internal Audit	Independent accounting professionals engaged by the Audit Committee to provide analyses and recommendations aimed

<b>16. Performance Reporting Framework</b>	<p>at improving the organization's governance, risk management and management controls</p> <p>A set of indicators approved by management measuring the services delivery and financial performance</p>
<b>17. REPORTING</b>	
<b>18. Council Plan reporting</b>	Six monthly report to Council of the strategic indicator results measuring achievement of its Council Plan objectives
<b>19. Financial reporting</b>	Three monthly report to Council comparing actual and budget financial results
<b>20. Risk reporting</b>	Six monthly report to Council of strategic business risks, their likelihood and consequence and risk minimisation strategies
<b>21. Performance reporting</b>	Six monthly report to Council of indicators measuring service delivery and financial performance
<b>22. Annual Report</b>	Twelve monthly report to the Community containing a report of operations and audited standard, financial and performance statement(s)
<b>DECISION MAKING</b>	
<b>23. Code of Conduct</b>	Policy adopted by Council setting out the conduct principles and the dispute resolution processes to be followed by all Councillors
<b>24. Delegations</b>	An instrument adopted by Council setting out the powers, duties and functions that have been delegated to members of staff
<b>25. Meeting Procedures</b>	A Local Law adopted by Council governing the conduct of meetings of Council and special committees
<b>26. Council Committees</b>	Special or advisory committees approved by Council consisting of Councillors, staff or other persons with either responsibilities for making decisions on behalf of Council (delegated) or providing advice (undelegated)