



Performance Reporting Framework – *will you be firing on all cylinders?*

Local Government Finance Professionals Conference

28 February 2013



OVERVIEW

What is the framework?

How will we deliver the framework?

Where are we up to in the project?

What have we learnt so far?

Questions



WHAT IS THE FRAMEWORK?



The framework

Context

- VAGO after a 2008 and follow up audit report in 2012 concluded that performance reporting by local government remains inadequate
- The Minister for Local Government agreed that effective performance reporting by councils is essential for ensuring accountability to local residents and ratepayers
- The Minister has committed to developing a compulsory performance reporting framework for local government.



The framework

Objectives

- **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 that complies with relevant reporting requirements
- **State and commonwealth** governments will have information that informs capacity building and decisions that ensure an efficient, effective and sustainable system of local government



The framework

Features

- Based on a conceptual model
- Builds a comprehensive picture of performance
- Minimises the reporting burden
- Allows for meaningful comparisons of performance
- Accompanied by implementation support and guidance
- Enabled through legislation
- Aligned to audit requirements



HOW WILL WE DELIVER THE FRAMEWORK?



Project phases and timing

1. Development and consultation

2012-2013

- Issue framework Directions Paper
- Develop reporting framework and indicator set
- Undertake consultation on the draft framework and indicators sets

2. Enablement

2013-2014

- Set in place a voluntary implementation period
- Implement streamlined reporting to offset the new requirement
- Implement the legislative requirements to enable the system

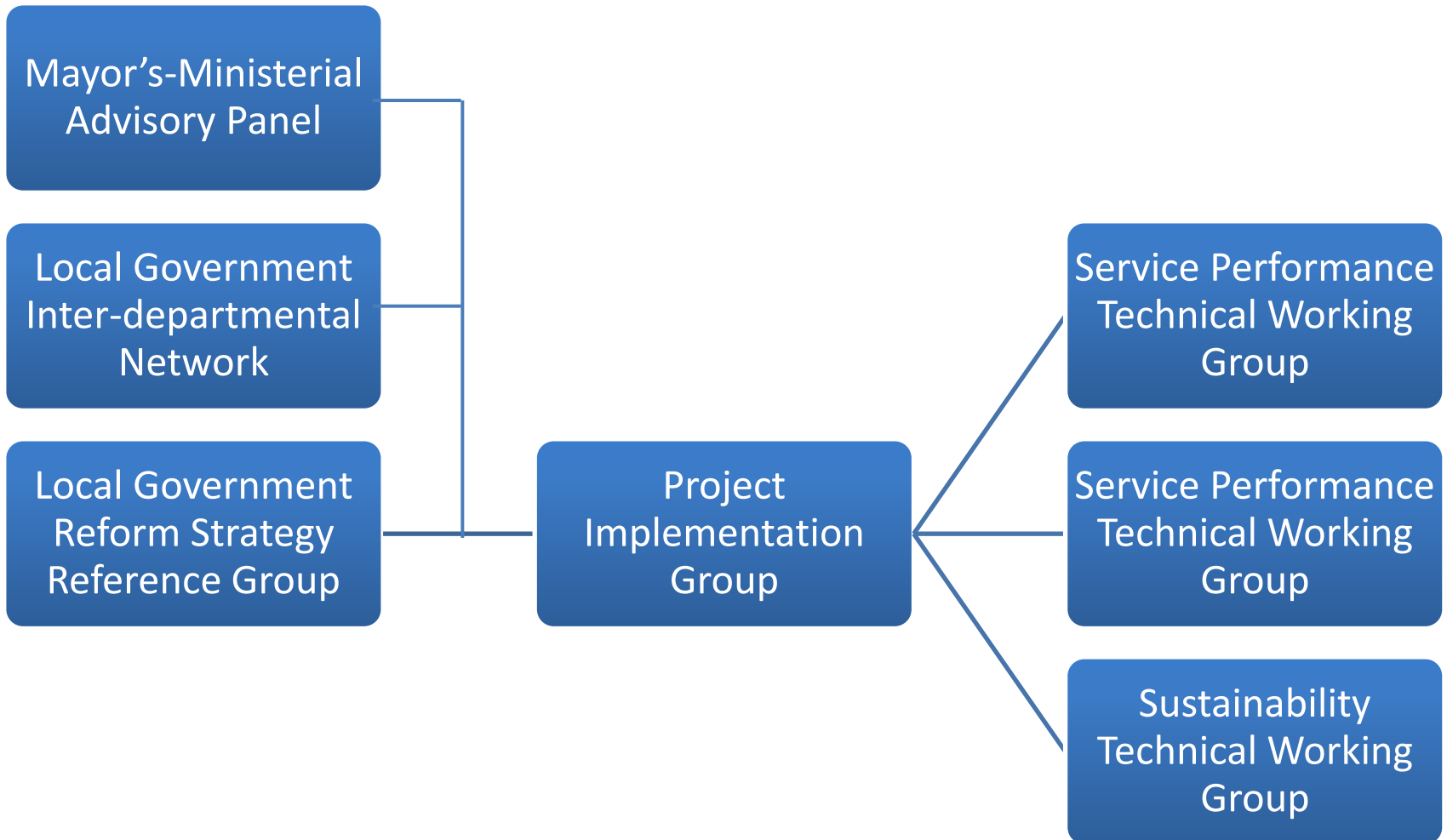
3. Implementation

2014-2015

- Commence mandatory performance reporting framework
- Roll out implementation support program
- Issue local government performance report



Project governance





Technical working groups

1. Service Performance

- **Scope**
 - Measure the effectiveness and efficiency of services delivered
- **Members**
 - LGPro Special Interest Groups
- **Informed by**
 - ESC service indicators
 - Report on Government Services

2. Financial Performance

- **Scope**
 - Measure the effectiveness of financial management
- **Members**
 - FinPro members
- **Informed by**
 - Financial ratios required by the *Local Government Act 1989*
 - Model Budget indicators *ICAA Local Government Taskforce*

3. Sustainability

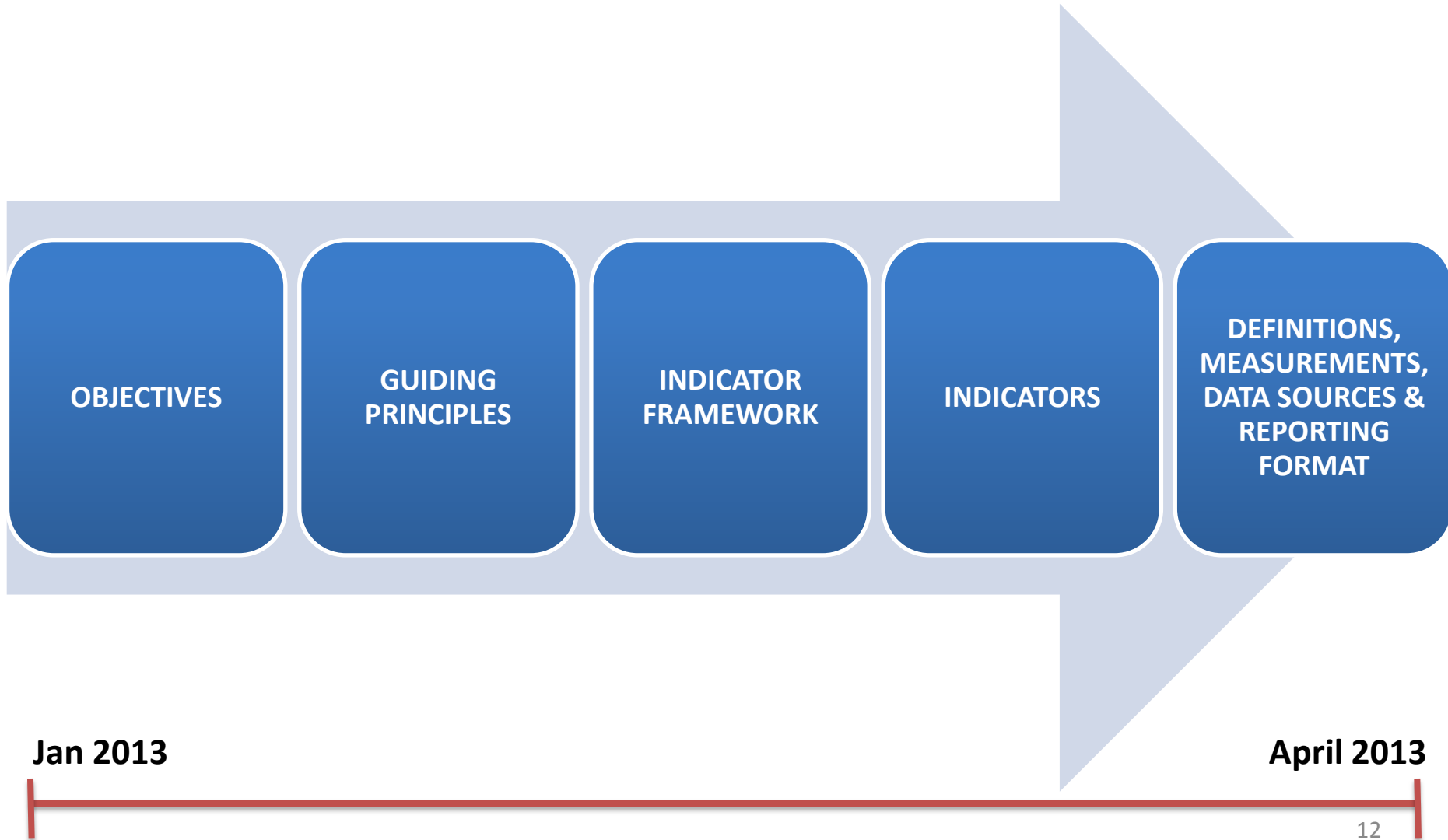
- **Scope**
 - Measure the capacity to meet current and future obligations as they fall due
- **Members**
 - Academic, consultant and local government subject matter experts
- **Informed by**
 - Sustainability indicators *VAGO*



WHERE ARE WE UP TO IN THE PROJECT?



Framework development process





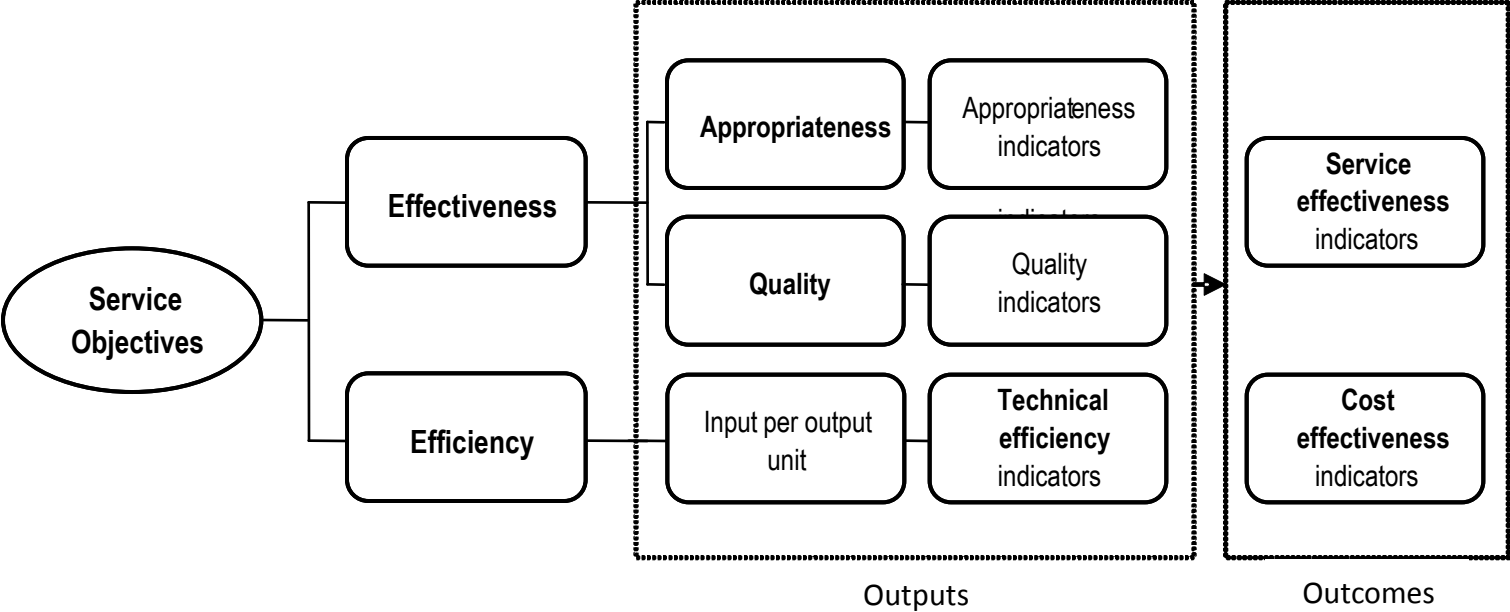
Service performance

Actions

- Agreed objective
Efficiency and effectiveness of service provision
- Agreed guiding principles
SMART etc
- Agreed the indicator framework



Service performance indicator framework





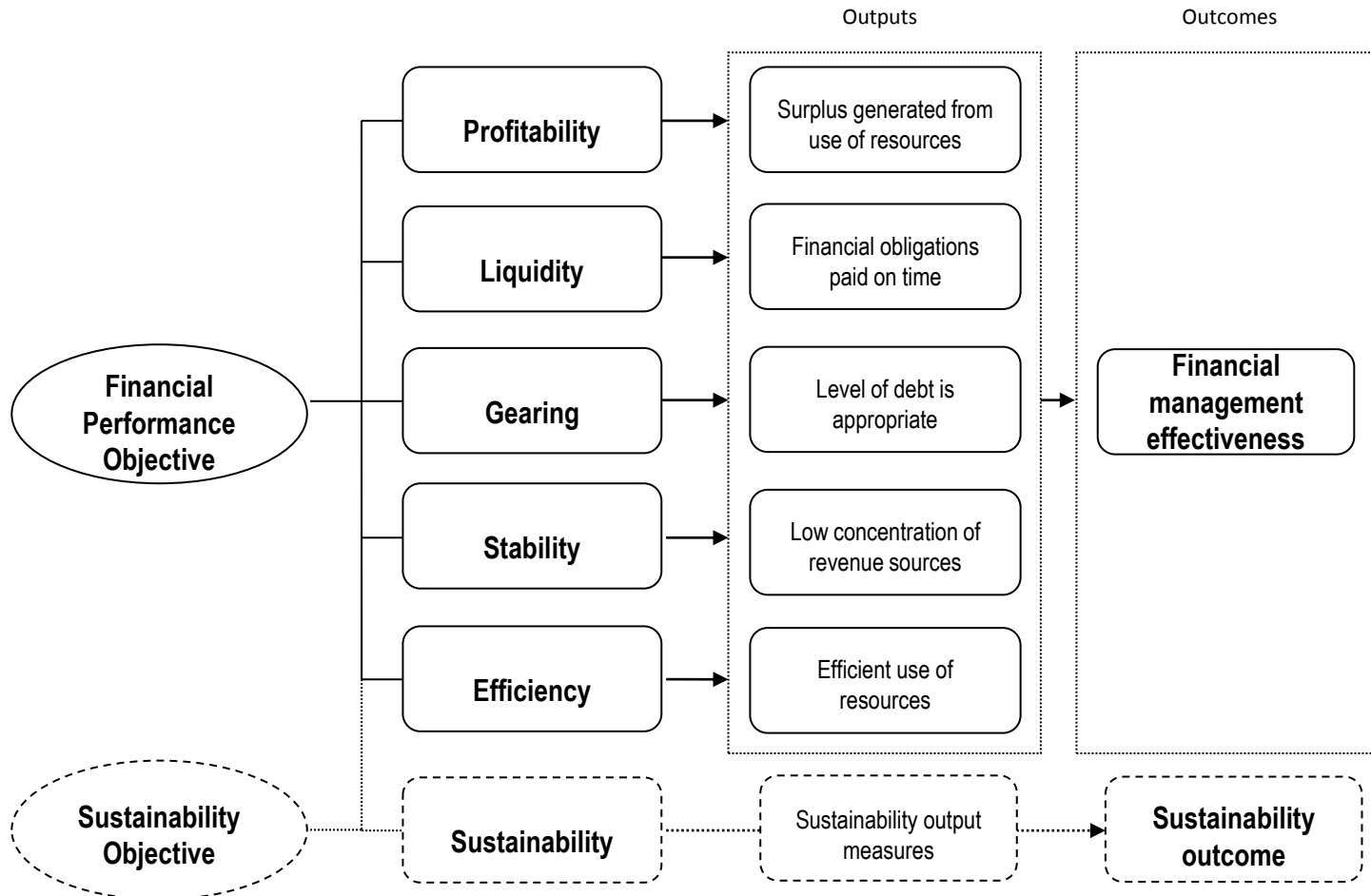
Financial performance

Actions

- Agreed objective
Effectiveness of financial management
- Agreed guiding principles
SMART etc
- Agreed the indicator framework



Financial performance indicator framework





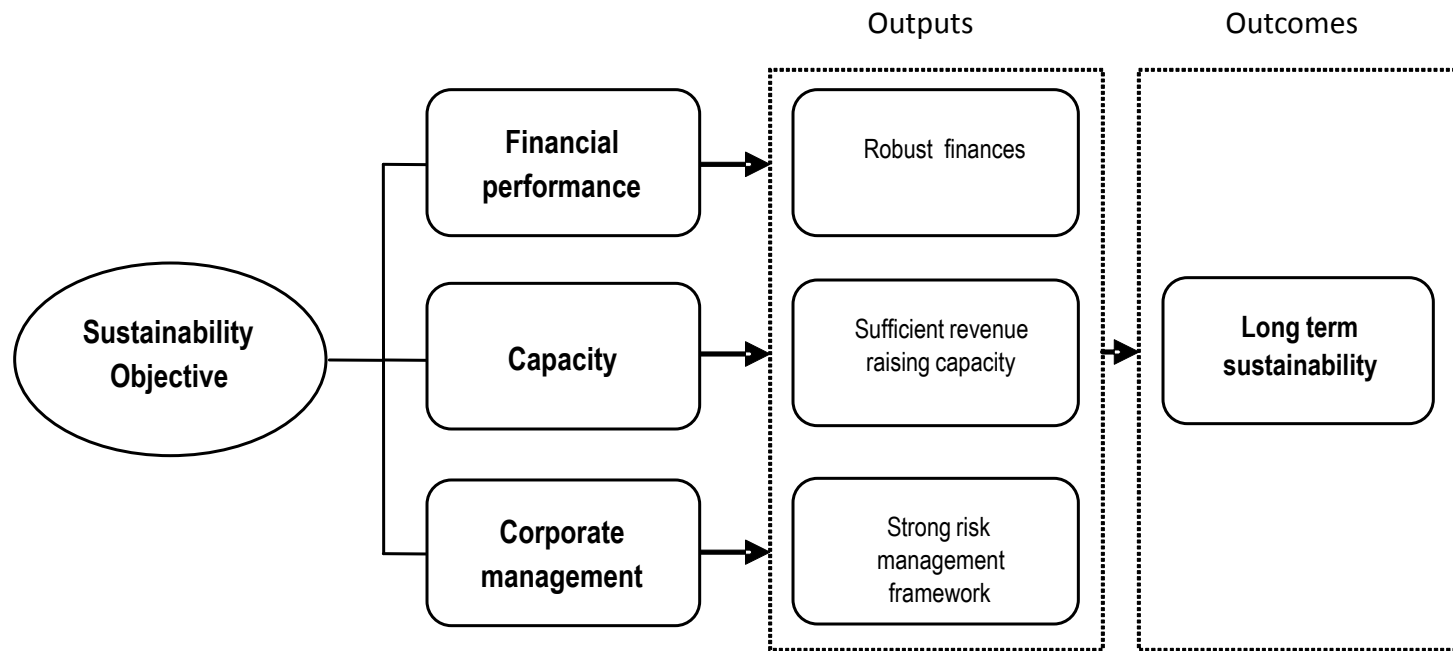
Sustainability

Actions

- Undertaken a literature review
- Developed a discussion paper
- Convened first roundtable discussion



Potential sustainability indicator framework





WHAT HAVE WE LEARNT SO FAR?



Essential Services Commission

Feedback

- They started like us – literature review, conceptual model, outputs/outcomes, efficiency/effectiveness
- They believed they could develop a state-wide performance monitoring framework
- They were warned that “local government is different”
- They ended up with a list of indicators that reported on what local government was DOING not WHY or HOW
- They solved the reporting problem empirically



Planning and accountability frameworks

	VIC	NSW	QLD	SA	WA
Community Plan	No	Yes 10yrs	Yes 10yrs	No	Yes 10yrs
Council/Corporate Plan	Yes 4yrs	Yes 4yrs	Yes 5yrs	Yes 4yrs	Yes 4yrs
Financial Plan	Yes 4yrs	Yes 10yrs	Yes 10yrs	Yes 10yrs	Yes 10yrs
Asset Management Plan	No	Yes 10yrs	Yes 10yrs	Yes 10yrs	Yes 10yrs
Workforce Plan	No	Yes 4yr	No	No	Yes 4yrs
Budget	Yes 1yr	Yes 1yr	Yes 1yr	Yes 1yr	Yes 1yr



How can you be involved?

Opportunities

- **Visit our website:**
www.dpcd.vic.gov.au/localgovernment/performance-reporting
- **Join the discussion forum:**
performance@dpcd.vic.gov.au
- **Contact the project team:**
mark.davies@dpcd.vic.gov.au
amelia.chapman@dpcd.vic.gov.au
michael.ulbrick@dpcd.vic.gov.au
- **Participate in the consultation process (May-Jun 2013)**
- **A5 flyer in your conference packs**



QUESTIONS?