

# Local Government Performance Reporting Framework

Strategic Directions Paper 2018-21

LOCAL INFRASTRUCTURE / LOCAL GOVERNMENT VICTORIA



Environment,  
Land, Water  
and Planning

## **Acknowledgements**

We acknowledge and respect Victorian Traditional Owners as the original custodians of Victoria's land and waters, their unique ability to care for Country and deep spiritual connection to it. We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

We are committed to genuinely partner, and meaningfully engage, with Victoria's Traditional Owners and Aboriginal communities to support the protection of Country, the maintenance of spiritual and cultural practices and their broader aspirations in the 21st century and beyond.

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Version	Changes	Publication date
V1.1	Original document	30 January 2019
V1.2	Amendment to Appendix B, indicator E1 'Changes to definition'	31 January 2019

# 1. Introduction

After two years of development and consultation, the Local Government Performance Reporting Framework (LGPRF) was implemented for the 2014/15 reporting year. The current framework evolved from previous Victorian local government performance reporting systems, including the 'Side-By-Side' report of the early 1990s to the Standard Statements of the mid 2000s, with improvements based on contemporary reporting practices adopted where possible.

This strategic directions paper outlines the next stage of development for the LGPRF, as part of a process of continuous improvement in public sector reporting, with an intention of moving towards an integrated performance reporting system that provides best value to local governments and the Victorian community.

## 1.1 A platform for local government performance

The framework creates a platform for the transformation of data from multiple sources into key service and financial indicators. These indicators are presented as assessments of Councils' performance and productivity, (see Diagram 1.1) to a varied audience.

The overall objectives of the LGPRF established in 2012 were:

- 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; and
- State and Commonwealth Governments will have information that informs capacity building and investment decisions.<sup>1</sup>

The key enabler of the framework has been the Know Your Council (KYC) website, which offers sector wide reporting across consistent indicator sets along with simple benchmark comparisons built on three years of reported data.

Acknowledging the achievements of the last three years, the LGPRF has built a solid foundation embedding this performance reporting into the local government sector.

## 1.2 Long term vision

In its role as the owner and core body responsible for the strategy and administration of the LGPRF, Local Government Victoria (LGV) has worked alongside its partners to develop a vision focussed on addressing current and future needs.

The vision is of a local government performance reporting system and framework with low effort inputs and high value outputs. A system where reliable performance data is easily integrated from multiple sources to create a more complete picture of a councils' performance. A tool which provides an assessment of performance across a varied collection of service and financial indicators, including results against targets set by councils themselves.

From councils' perspective, an inherent concern with LGPRF is where the effort required to input the data outweighs the value of the output. The shared vision between LGV and councils is a solution with easily accessible data and minimal effort to produce or maintain. A core driver in this vision is decreasing workload on councils and increasing useability of the reporting tools available under KYC.

It is envisioned that this integrated performance reporting solution will create improved transparency through greater access to better performance data and improved performance, via tools to inform decision making and public transparency.

## 1.3 Stages of development

Maintaining commitment to the original objectives of the LGPRF, two aims will focus the development of the LGPRF over the next 3 years. These are:

- To further develop integration between LGPRF with the legislated planning, budgeting and reporting cycle of local governments.
- To progress KYC as the authoritative source of performance and public satisfaction information on the local government sector.

These aims will be achieved through a series of strategic actions, focussing on improvements, reforms and enhancements with the goal of moving toward an integrated performance reporting system for Victorian local governments.

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1. See Directions Paper 2012

In pursuing these strategic aims, the following principles will be adhered to:

- *Maintain the stability of the existing indicator set to ensure fidelity with past years*
- *Focus on continuous improvement to the administrative arrangements of the LGPRF and KYC website to reduce reporting burden for councils*
- *Utilise technology to reduce costs and make use of existing data sources*
- *A recognition of LGPRF as a public information service for local governments.*

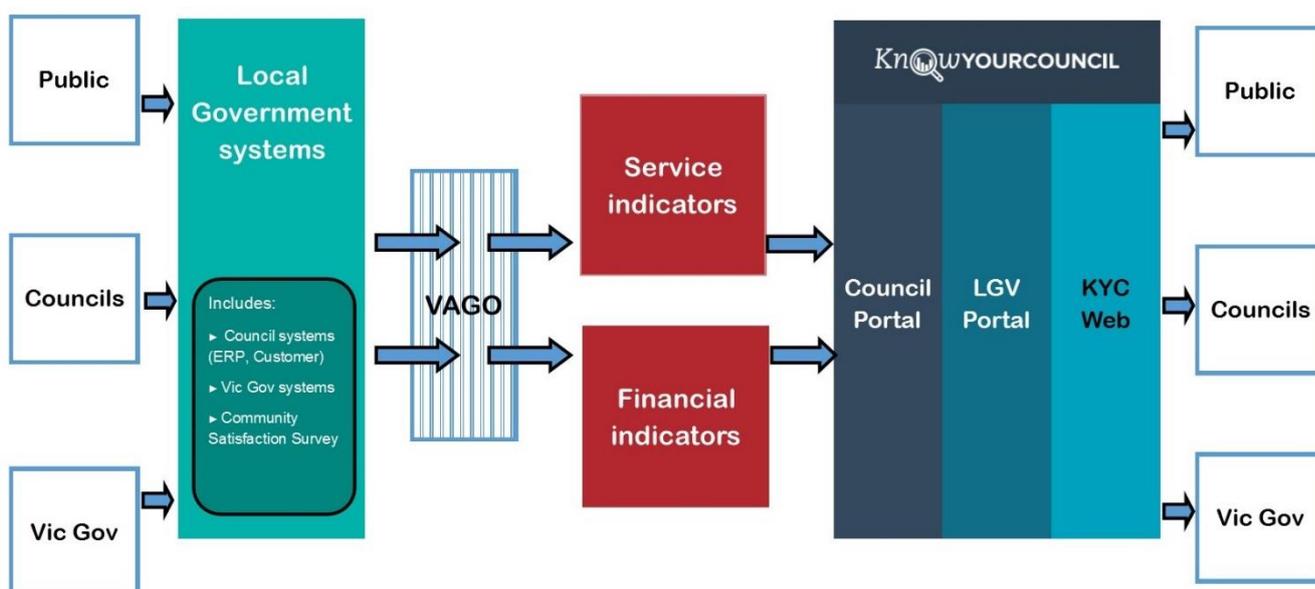
The stages over the next three years constitute:

- *short term, immediate and precise improvements in 2018/19 for implementation in the 2019/20 reporting year;*
- *medium term reforms that are in development or will commence in the 2019/20 financial year and;*
- *longer term directions for the LGPRF and KYC in 2020/21 and potentially beyond.*

The most significant reform towards an integrated performance reporting system is the inclusion of target setting against key performance indicators. The original LGPRF design was influenced by the federal Productivity Commission’s Report on Government Services (RoGS) which provides a Commonwealth-wide, consistent benchmarking tool. Benchmarking can assist the comparison of similar services across many otherwise disparate organisations.

Fundamentally the RoGS does not impose a requirement for target setting. It is a system that generates an output and outcomes report across Australia on a wide range of government services and social indicators, but does not integrate these with the *intentions* or planned outcomes (i.e. budgets, performance targets, policy aims) of the entities responsible for providing the services. The RoGS cannot therefore generate significant insight into the *performance* of individual public-sector organisations.

**Diagram 1.1 Data Transformation through Local Government Performance Reporting Framework Model**



This diagram demonstrates the current transformation of data from various sources through local government systems, through VAGO audits, the councils’ formulated responses to service and financial indicators and the posting of the data on the Know Your Council platform.

The strategic aims proposed in this paper begin the shift away from a RoGS-based model toward a Victorian local government performance reporting model appropriate to the needs of the sector and Victorian community.

This integrated performance reporting model will feature:

- a performance target setting and reporting mechanism;
- retention of a consistent sector-wide standardised indicator set to permit benchmarking and comparisons on KYC;
- Increased integration of the LGPRF with the local government annual budget (planning) and reporting cycle;
- Streamlined administration and system enhancements to reduce reporting burden;
- Enhancement of the Community Satisfaction Survey (CSS) as a tool under the LGPRF.

#### 1.4 A Victorian Government – local government partnership

This paper also seeks to reaffirm the partnership between LGV and the 79 local governments across Victoria. The successes of the framework are a direct result of the strong working relationships between the two levels of government.

LGV has collected recommendations and feedback from our Council partners through surveys, technical working groups and personal consultations. All recommendations have been considered and many form the basis of actions detailed in this document, including the refresh of indicators, KYC enhancements and process improvements.

#### 1.5 Rationale for these directions

The LGPRF cannot remain static. Continuous improvement is an expectation of the sector, government and stakeholders. The Victorian Auditor-General's Office and the Essential Services Commission – both stakeholders of the LGPRF – have expressed their views on desirable directions for reform, in particular performance target setting.<sup>2</sup>

Since its inception, data integrity has been paramount to the success of the framework. In

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2. The Victorian Auditor-General's Office have commenced a planned performance audit of the LGPRF at the time of writing.

addition, the stability of the indicator sets ensures a consistent reporting mechanism and provides a reliable tool to the local government sector. The changes and reforms proposed in this document seek to capitalise opportunities to improve the LGPRF while maintaining stability for long term reporting functions.

With these factors in mind, the direction for the LGPRF is towards an integrated performance reporting system with a target setting arrangement at the centre. The implementation of a target setting requirement will ensure local government organisational performance is demonstrated by the linkage of outputs (and ultimately outcomes) with intentions (demonstrated via inputs).

Contextually, the annual budget is fundamentally a target setting process, i.e. a statement of a council's intentions. The LGPRF performance target setting can be both light touch and easy to integrate within current requirements as the broader budgeting process constitutes the bulk of a council's current performance target setting and is publicly reported.

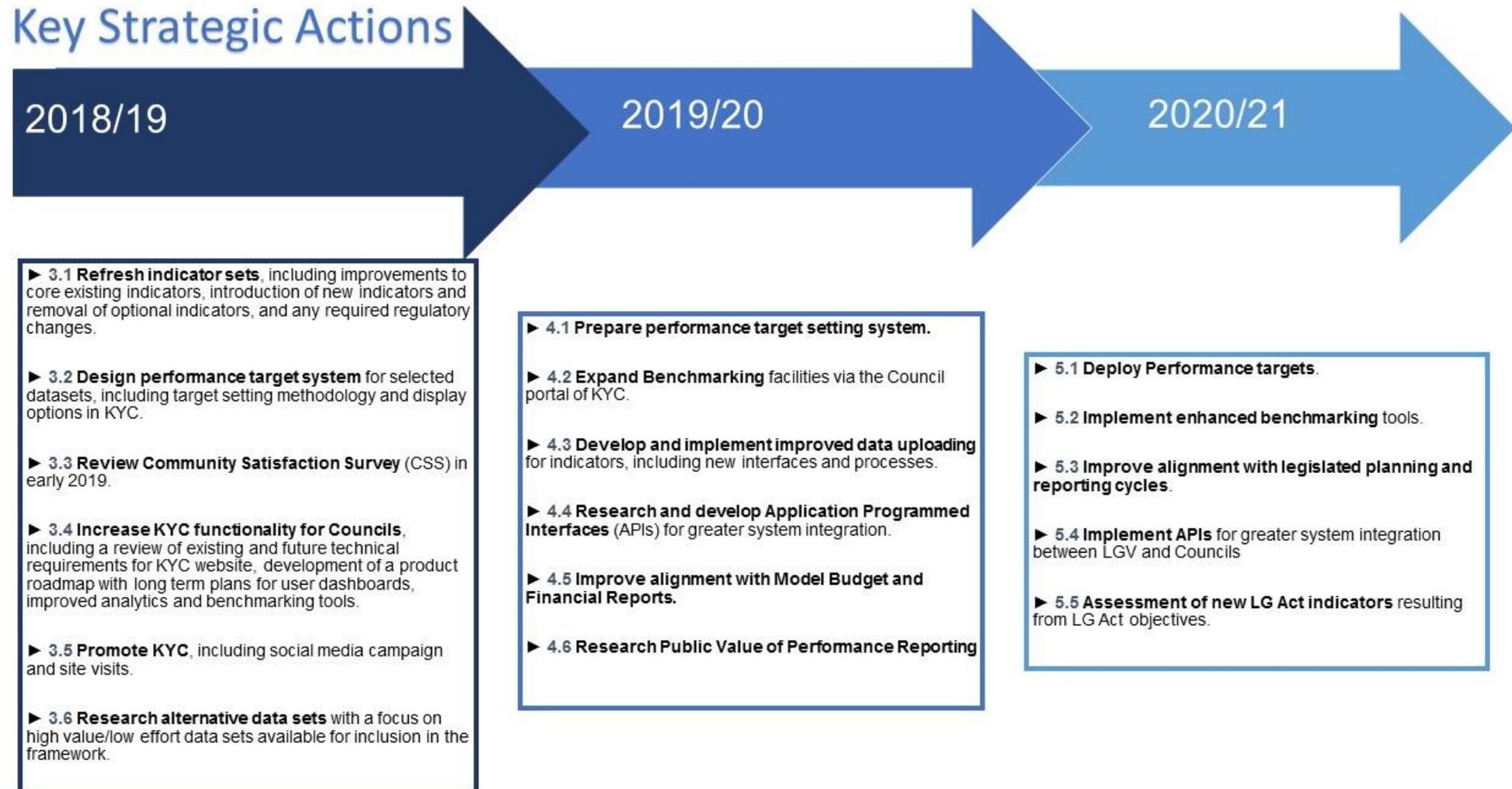
This paper now turns to the short-term improvements and reforms to the LGPRF that will be undertaken in 2018/19 for the 2019/20 reporting year.

#### ENDORSEMENT

**In September 2018, the Local Government Performance Reporting Framework (LGPRF) Steering Committee reviewed this paper and unanimously endorsed the strategic directions and actions detailed here.**

## 2. Overview of LGPRF Strategic Directions

To achieve the shift to an integrated performance reporting system, a series of strategic actions have been planned over the next 3 years. The overview is included below. Sections 3, 4 and 5 of this paper will detail the strategic actions per short term (2018/19) and medium to long term actions from 2019/20 and beyond.



## 3. Short Term Strategic Actions (2018/19)

This section presents the changes and improvements to the Local Government Performance Reporting Framework (LGPRF), Know Your Council website (KYC) and Community Satisfaction Survey (CSS) proposed to be in place for the 2019/20 reporting year. The key actions are:

- Refresh indicator sets
- Design performance target system
- Review Community Satisfaction Survey
- Increase KYC functionality for Councils
- Promote KYC
- Research alternative data sets

### 3.1 Refresh indicator sets

The action proposed is a refresh of current indicators with a focus on improving core existing and adding new indicators, removing optional indicator sets and the required regulatory changes.

#### 3.1.1. New or modified indicators

LGV conducted 5 Technical Working Group meetings in late 2017 and early 2018 that reviewed the LGPRF indicator set. In considering changes, LGV have consistently noted the importance of maintaining fidelity with the current indicator set, recognising the high value of trend data. Additional survey data and previous feedback fed into the meetings.

The following principles were developed for the improvements of the current indicator set.

- Indicators should, wherever possible, be directly related to the performance of the local government organisation i.e. they should reveal information that is relevant to organisational performance.
- Preference for indicators with an underlying quantitative value.
- Indicators will be readily available – based on data which is currently being collected with a preference for data which is publicly available and straightforward to understand.

The proposed indicator changes (material) are listed in Table 3.1 and detailed in their entirety in Appendix B. They will be implemented for the **2019/20** reporting year if approved by the Minister for Local Government for subsequent changes to the Local Government Regulations 2014.

#### 3.1.2. Removal of optional indicator sets

At the time LGPRF was introduced, there were four service areas (with related indicator sets) that required further refinement; economic development, immunisation, sports grounds and street sweeping. In recognition of the work required to be done with these indicator sets, they were made optional.

Given that in the fourth year of the LGPRF few councils report on these optional indicator sets, it is proposed that the sets for immunisation, sports grounds and street sweeping be removed from the 2019/20 reporting year onwards.

As economic development is an important council activity, particularly for small businesses, the existing indicators are proposed to be reviewed to include a cost indicator and a time taken indicator.

Under the Aquatics Facilities set of core indicators, there is an optional indicator (AF1 – User satisfaction with aquatic facilities). This indicator will remain for councils to report on if they wish.

### 3.2 Design performance target system

The LGPRF Technical Working Groups that met over the 2017/18 period discussed preferences for the setting of performance targets for the current indicator set. This has also been instigated by the Victorian Auditor-General's comments in recent performance and financial audits on the need for a target setting requirement in the LGPRF.<sup>3</sup> The Technical Working Group participants expressed a preference for targets (determined by the Victorian Government) for a limited selection of the current indicator set. Based on this consultation, it is proposed that:

- The Victorian Government will nominate the selection of current LGPRF indicators for setting of targets against – but will not determine or preordain a target to be set by councils.

A limited selection of the current LGPRF indicators will be utilised for target setting, selected on their relevance and ability to provide insight into a local government organisation's performance (see example provided in Appendix C)

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3. See Victorian Auditor-General's Office, [Results of Local Government Audits 2016-17](#).

**Table 3.1: Indicators – Recommended material changes**

Current indicator	Proposed indicator	Computation	Rationale
AF3 – Reportable safety incidents at aquatic facilities	N/A	<b>Numerator:</b> N/A <b>Denominator:</b> N/A	Remove indicator given the result is often outside council's control and the preventative measures are captured in <i>AF2 - Health inspections of aquatic facilities</i> .
AF4 – Cost of indoor aquatic facilities & AF5 – Cost of outdoor aquatic facilities	AF3 – Cost of aquatic facilities	<b>Numerator:</b> Direct cost of aquatic facilities /less income received <b>Denominator:</b> Number of visits to aquatic facilities	Combine AF4 and AF5 to remove the split between indoor and outdoor facilities, overcoming current confusion over the outdoor/indoor distinction.
N/A	AM3 – Animals rehomed	<b>Numerator:</b> Number of animals rehomed <b>Denominator:</b> Number of animals collected	Capture the effort by councils to rehome animals which are not reclaimed
LB4 – Active library members	LB4 – Active library borrowers	<b>Numerator:</b> Number of active library borrowers (reported on a rolling 3-year period) <b>Denominator:</b> Average Municipal Population over the last 3 years	Change the name to 'Active library borrowers'. Update numerator to report on a rolling 3-year period and denominator to be changed to 'Average Municipal Population over the last 3 years'.
MC1 – Participation in first MCH home visit	MC1 – Participation in 4-week Key Age and Stage visit	<b>Numerator:</b> Number of 4-week Key Age and Stage visits <b>Denominator:</b> Number of new enrolments	Change the name to 'Participation in 4-week Key Age and Stage visit'. Numerator to be changed to 'Number of 4-week Key Age and Stage visits', and the denominator to 'Number of new enrolments'.
E1 – Average residential rate per residential property assessment	E1 – Average rate per property assessment	<b>Numerator:</b> Rate revenue <b>Denominator:</b> Number of property assessments	Replace E1 with the Essential Services Commission's average rate.
E3 – Resignations and terminations compared to average staff	C4 – Resignations and terminations compared to average staff	<b>Numerator:</b> Number of permanent staff resignations and terminations <b>Denominator:</b> Average number of permanent staff for the financial year	Reclassify E3 from an efficiency measure to a sustainable capacity measure
O1 – Asset renewal compared to depreciation	O1 – Asset renewal compared to depreciation	<b>Numerator:</b> Asset renewal and upgrade expense <b>Denominator:</b> Asset depreciation	Replace O1 with VAGO's renewal gap indicator.

- Performance targets will be determined by the council as part of their annual budget process and performance against them reported annually

In setting targets a variety of factors will need to be considered, including:

- Past operational performance
- Future strategic direction
- Achievability and influence
- Reliability

The model will be developed in detail over 2018/19 with a view to its full implementation in the 2020/21 budget period. The potential for a pilot period or off-line testing with a selection of councils will be determined as part of the necessary consultation with local governments.

### 3.3 Review Community Satisfaction Survey

Since 1998, LGV has coordinated and administered the annual State-wide Local Government Community Satisfaction Survey (CSS). The survey seeks to determine community satisfaction across a range of council service areas for each participating local government authority.

Three indicators (two Governance and one Road) in the LGPRF are based on the results of the CSS, requiring councils to use the CSS process or ensure they source equivalent information to satisfy the audit requirements of the LGPRF.

Consultation with councils in 2012 resulted in significant changes being made to the methodology and content of the survey to better capture the specific requirements of individual Victorian councils, while increasing the flexibility of costing options and providing trend data with some context to the quantitative results.

Maintaining the CSS' importance and place is a strategic aim of the Victorian Government. The CSS is a rich data source, and while councils utilise the CSS in different ways, a review presents an opportunity to enhance its value for all councils and the community. The review will undertake a targeted consultation with local governments, and prepare a report with recommendations for the Minister for Local Government in 2019.

### 3.4 Increase KYC functionality for Councils

LGV is continually scoping updates and opportunities for the Know Your Council (KYC)

website. During this period, LGV will conduct a technical review of the website and develop a product roadmap with plans for enhancements.

These enhancements will investigate improvements in respect to:

- the upload of Victorian Grants Commission data
- the ability for Council's to update their profile information
- improvements to council data uploads and interfaces
- allowing councils to track website usage.

These and other administrative improvements to KYC are intended to reduce costs and delays for councils. They also position the LGPRF and KYC system to accommodate new innovations in data management and presentation proposed for the medium term.

### 3.5 Promote KYC

KYC serves as the visible front of the LGPRF. It has not been formally promoted since the launch in 2014/15. As LGV launches a three-year plan with significant improvements to the reporting framework, options are being considering to increase traffic to and usage of the site. A number of low cost/high impact options will be considered, including utilising social media platforms and roadshows visiting council sites.

### 3.6 Research alternative data sets

Research will be conducted across additional datasets for potential inclusion in the framework with a focus on high value to Councils and low effort required to collect, collate and utilise.

Additional data sets may include Family Violence Prevention, small business applications and economic development, each reflecting commitments and priorities of the Victorian Government.

#### 3.6.1 Family violence prevention

The Royal Commission into Family Violence made 227 recommendations to reform Victoria's response to family violence. One of those recommendations was:

*Recommendation 202: Consider how local council performance measures can encourage family violence prevention.*

*With the advice of the Family Violence Agency, the Victorian Secretaries Board Family Violence Sub-*

*committee consider how to ensure that local council performance measures are used to encourage local council activities designed to prevent family violence and to assess the outcomes of any services they provide to victims and perpetrators of family violence.*

Given family violence prevention involves complex externalities, LGV does not believe a specific service area or performance indicator for this purpose should be introduced at this time. There are limitations to the LGPRF providing meaningful insight into the actions of a local government addressing complex societal challenges such as family violence without proper investigation and consideration. LGV will undertake research and development of appropriate indicators to measure performance and provide advice to the Victorian Secretaries Board Family Violence Sub-committee.

### **3.6.2 Small business applications**

The Small Business Regulation Review (SBRR) was announced in 2016 as part of the Victorian Government's approach to regulation reform. The review looked through the eyes of small businesses at the regulations and processes they need to deal with to start and grow a business, and sought to find practical reforms to save businesses time and money. One of the items which emerged out of the SBRR was for LGV to introduce an indicator on the processing times in each council for small business applications. This work is to be done with the existing SBRR working group as it pilots initiatives with councils.

### **3.6.3 Economic Development**

Noting the relationship of small business regulation with the broader economic development performance indicators, development work to ensure the current economic development indicator suite remains meaningful will be undertaken. The Victorian Auditor-General tabled the report *Local Government and Economic Development* in March 2018. The Auditor-General recommended that:

*“LGV identify and collect relevant information for planning and reporting on economic development—including completion of Local Government Victoria’s ongoing work with the Economic Development Australia Victorian State Practitioners Network”.*

LGV will refine this set further with the proposed new additions to be integrated into the LGPRF for 2019/20. The cost indicator will be consistent with the existing cost indicators, measuring the direct cost of the service as a proportion of either the municipal population or the number of businesses within the municipality. To align this service area to the framework, two more indicators will be developed to cover the quality and service outcome dimensions.

## 4. Medium Term Strategic Actions (2019/20)

This section describes the main components of medium term reforms to the LGPRF to be undertaken in the 2019/20 Financial year. The strategic actions and directions specified below may not yet have specific identified dates for their implementation other than being in place after the 2019/20 reporting year. These will be devised as part of the detailed development of these directions.

The key deliverables are:

- *Prepare performance target setting system*
- *Expand benchmarking*
- *Develop and implement improved data uploading*
- *Research and develop Application Programmed Interfaces*
- *Improve alignment with Model Budget and Financial Reports*
- *Research Public Value of Performance Reporting*

### 4.1 Prepare Performance Target setting system

During 2019/20, LGV will prepare councils for the target setting process utilising the methodology developed in the 2018/19 year. This will include assistance and extensive consultation on the preparation of targets with councils.

The target setting process will follow the agreed principle of LGV nominating the selection of current LGPRF indicators and councils setting the targets.

### 4.2 Expand benchmarking

Also discussed during the Technical Working Group period was changes to the benchmarking (comparison) of indicators as presented on KYC. It was noted that benchmarking that allows comparison between all councils across the whole LGPRF indicator set is currently possible, but only by manually comparing data points. The automated features on the KYC website allow a council to be

compared to only 4 others in their respective cohort, limiting the convenience and functionality of the site.

Recognising that full comparison is possible, albeit in an inconvenient way, a move toward a more open presentation of benchmarking was supported by the technical working groups. To deliver this, a reconfiguration of the KYC website to allow comparisons and effective benchmarking across all indicators and dimensions will be developed.

Such a development would add considerably to the utility of KYC for all stakeholders. The use of filters to steer comparisons toward like for like councils, i.e. by cohort, size, region or neighbouring and across different years would further enhance the site. As is currently the case, a graph building function would grow in utility over time as more years of data become available. Such a feature would add to KYC's service offer to local governments and the public and, importantly, would not place additional burden on councils as such a system would be largely automated as KYC is further developed.

Development and implementation of KYC's benchmarking capability is proposed to be undertaken for implementation for the 2019/20 reporting year.<sup>4</sup>

### 4.3 Develop and implement improved data uploading

Central to improving usability of KYC and reducing administrative burden is the development and implementation of improved data uploading facilities.

This may include facilities such as a 'drag and drop' option in the short to medium term or the use of internet forms or upload tools to allow 'direct' loading of data into the KYC. Such improvements will lead to the development of more convenient and streamlined collection for councils, including rolling over previous years and identifying errors via automation.

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<sup>4</sup> This development is subject to additional LGV funding being sourced.

#### 4.4 Research and develop Application Programmed Interfaces

During this period, LGV will investigate the potential for automation in data uploading using Application Programmed Interfaces (APIs) (See Diagram 4.1 – Data flow through API). This would be the next technical progression from the simple data uploading facilities in the previous section.

Automation in data uploading would provide a more seamless transition of data between LGV and councils to reduce workload and improve data integrity by removing potential for translation or human error. In addition, the use of APIs would introduce future potential for live updating of results by local governments, permitting them to update reports at will for variances, and providing for greater transparency and accountability to the public.

Within such a system, expansion or development of new optional indicators for use by local governments would be easy to develop and deploy. With data uploads and presentation becoming seamless, KYC can become a publication site for council data to present and benchmark with the whole sector.<sup>5</sup>

#### 4.5 Improve alignment with Model Budget and Financial reports

The integration of the LGPRF with the existing planning and reporting cycle was not pursued in its initial development. This was intentional, as integration was too ambitious for a new system and would likely hobble the new framework in its initial years. By building a stable and consistent indicator set for the whole sector, this had to sit removed from the annual budget and reporting cycle.

It is now time to commence the integration of the LGPRF with the annual budget and reporting cycle of local governments. While identified as a long-term direction, the process need not be particularly disruptive to either the LGPRF indicator set, the framework as a whole or local governments. The key steps are:

- *Use of consistent budgeting, reporting templates and automation via upload into KYC portal, as per the short-term reforms identified previously*

- *Integration of appropriate elements for target setting and reporting into the templates, with the KYC portal reconfigured to automate and streamline this process.*

Integration and alignment with the planning, budgeting and reporting cycle would come about primarily via data presentation on KYC; specifically, via the upload of budgets and financial reports and their integrated presentation.

LGV now have responsibility for the production of the model budget template and the model financial report; two products in widespread use by local governments. Each year, LGV updates these model templates and guidance to reflect any legislated changes, as well as changes to Australian Accounting Standards. LGV has produced the model financial report since 2014/15, but it was only for the 2017/18 year that LGV took over responsibility for the model budget from the Chartered Accountants Australia and New Zealand.

This development provides the opportunity to align these two templates with a provision for an upload function for local governments into the KYC website. Much like councils upload their LGPRF results to KYC via a back-end portal, councils could undertake the same (streamlined) process with their financial reports and final budgets that are laid out on the LGV supplied templates.

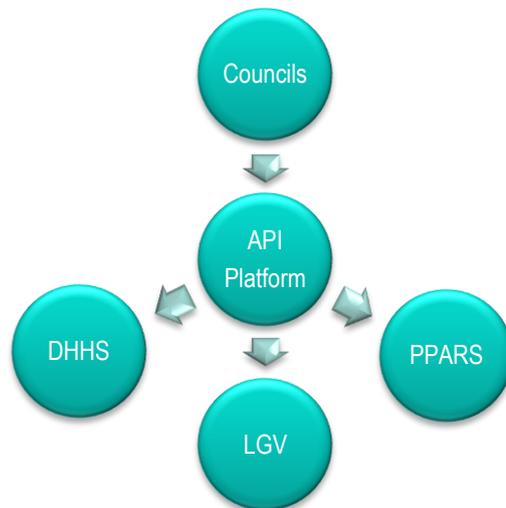
This development will permit greater alignment of local government budgets and financial reporting with the Commonwealth and State Universal Presentation Framework, the *Commonwealth Public Governance, Performance and Accountability Act 2013* and the Victorian *Financial Management Act 1994*. Variation reporting will then be easily generated for each local government, allowing for commentary to be added as the only significant manual exercise.

KYC will then be able to present previous, current and future year projections (akin to forward estimates for State and Commonwealth Governments), with meaningful trend data and variations presented to the public and easily utilised by councils for their own management and planning purposes.

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5. The development of specific APIs and related work will be subject to additional resourcing.

**Diagram 4.1: Data flow through API**



The simple data flow described in this diagram, highlights the data being uploaded to the API platform by Council, either manually or automatically, followed by the data being transferred automatically to various Victorian Government departments (examples only). The API Platform in this model operates a data collection and distribution function.

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#### **4.6 Research Public Value of Performance Reporting**

After the conclusion of the review of the Community Satisfaction Survey and an analysis of the outcomes of the KYC promotion, a formal review and research will be conducted to determine an LGV position on the public value of local government performance reporting.

This will address issues of accessibility, public understanding, and how performance information can meaningfully contribute toward community engagement with local government. Any review of public value would include an environmental scan of other local government performance reporting systems and tools being used.

The outcome of this action would be a paper that presents the research findings and informs future development directions.

# 5. Long Term Strategic Actions (2020/21 and future years)

This section sets out the longer-term directions of the LGPRF that follow from the strategic aims outlined in the Introduction to this paper. It is important to note that while this paper presents a 3-year horizon of development for the LGPRF, actual changes to reporting requirements may be implemented beyond this period. The strategic actions and directions specified below may not yet have specific identified dates for their implementation other than being in place during or after the 2020/21 reporting year.

The main elements of these directions are:

- *Deploy Performance Targets*
- *Implement enhanced benchmarking*
- *Integration of LGPRF with legislated planning and reporting cycle*
- *Implement APIs*
- *Assessment of new LG Act indicators.*

Each of these actions is an extension of other deliverables launched in the previous years and represents a continual movement towards the integrated performance reporting system.

## 5.1 Deploy Performance Targets

After consultation during the 2019/20 Financial year, LGV will launch the inclusion of performance targets for 2020/21. LGV will provide support to Councils as they confirm their targets and upload the data to KYC. As a result of this reform, Council's performance would be a measure of their planned input against their output, allowing a greater depth in analysis of performance.

## 5.2 Implement enhanced benchmarking

After the introduction of benchmarking tools to KYC in 2019/20, Council requirements and usage will be assessed, with an intention to continue a process of improvement. The aim for 2020/21 is for more enhanced benchmarking tools to be available to all users of KYC along with improved tools for analysis and forecasting. With more datasets available to analyse, users will have a comprehensive tool to examine the performance of the local government sector in Victoria.

## 5.3 Integration with legislated planning and reporting cycle

The focus during 2020/21 will be on investigating alignments with the broader legislated planning and reporting cycle. By aligning cycles, LGPRF can expand from the inclusion of other datasets, and help grow KYC into the primary tool for measuring local government performance.

Options include data from the Annual Financial Report, and other State and Federal Government reporting.

Factored in with greater benchmarking and analytic tools, the utilisation of emergent technologies and interrelated datasets, this action will enhance the future potential for live and dynamic reporting on the same platform.

## 5.4 Implement APIs

LGV will strive for greater system integration through the implementation of Application Programmed Interfaces (API), as developed in the 2019/20 financial year.

These interfaces will allow faster, safer transfer of data automatically from LGV, local governments and other related bodies, establishing a platform for real time data and analytics.<sup>6</sup>

## 5.5 Assessment of new Local Government Act indicators

Work will be conducted on improving the alignment of the LGPRF reporting requirements with the new Act (if passed by Parliament). This would entail some policy alignment, primarily supporting the new longer-term planning intentions of the Bill and looking at ways for the LGPRF to support the principles of sound financial management, longer term planning and subsequent reporting on performance.

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<sup>6</sup> Subject to additional resourcing.

## 6. Communication Strategy & Stakeholder Management

### Consultation and Development approach for these Strategic Directions

The success of the LGPRF to date has been built on effective consultation with our reporting partners (the local governments of Victoria) and our stakeholders (including VAGO, ESC).

This three-year plan reaffirms our commitment to this approach and outlines the methods we will employ to maintain these channels of communication and consultation.

#### 6.1 Governance model

As detailed in Appendix A, LGV will continue the existing governance arrangements for LGPRF.

The proposed frequency for convening these groups would be:

- Steering Committee – a minimum of every six months
- Technical working groups – convened as required

In addition, LGV would make use of the KYC User network as subject matter experts for focussed engagement when issues/actions arise. This will lessen a need for annual or frequent surveying and consultation with the user network. In planning activities, consideration will be given to frequency of contact to avoid consultation fatigue. The terms of reference for the Steering Committee will be reviewed during this 3 year plan.

#### 6.2 Release of Strategic Directions Paper

In launching this Strategic Directions Paper, LGV will release the document to members of the Steering Committee prior to a full sitting of the Steering Committee.

Members will be encouraged to provide feedback and responses to the listed recommendations.

Once endorsed by the Steering Committee, the paper will be provided to the Minister for Local Government for approval before being circulated to the 79 councils for comment.

#### 6.3 Media campaign

Short-term strategic action **3.5 Promote KYC** will require a media campaign.

While the specific details of this action are yet to be finalised, LGV may utilise:

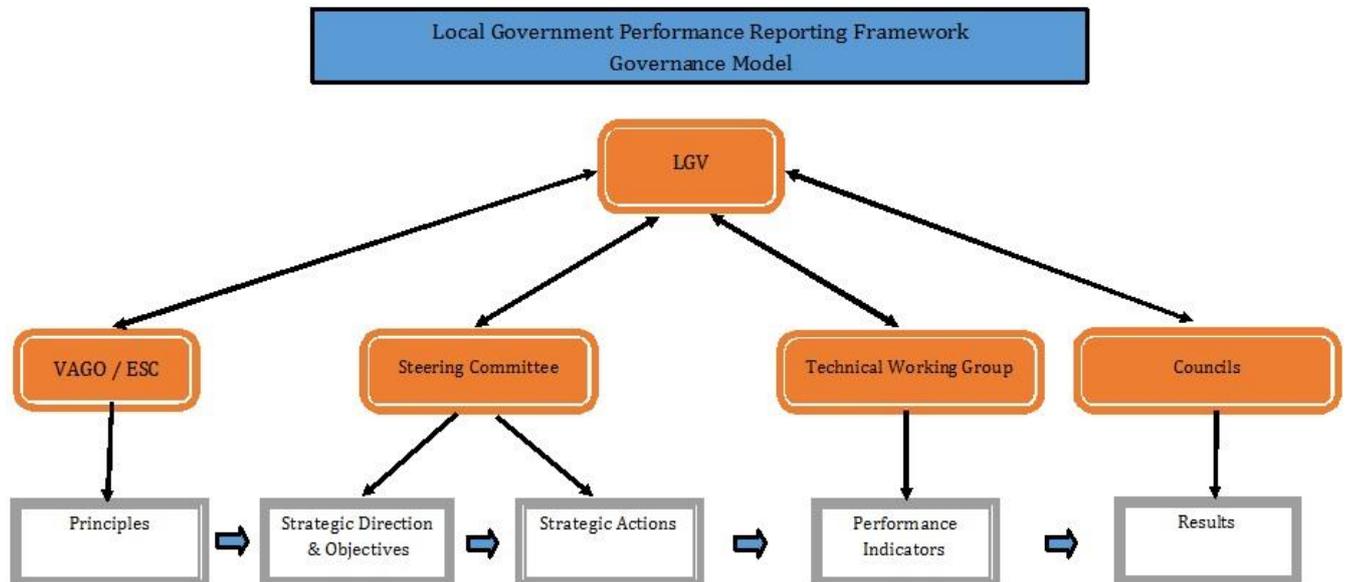
- Social media platforms, including paid advertisements, and unpaid options;
- Marketing collateral, including cards, and promotional materials;
- Market research;
- Customer consultation, including focus groups.

Similarly with Medium term action **4.6 Research Public Value of Performance Reporting**, LGV will undertake market research actions along with potential community consultation.

LGV recognises the importance of engagement with our reporting partners across all councils and will work with them as much as possible without introducing unnecessary burden.

# Appendix A: Local Government Performance Reporting Framework LGPRF – Governance Model

Diagram A – LGPRF Governance Model



This directions paper reaffirms a commitment to the current governance framework as detailed in the model.

This model recognises the roles of:

- the Victorian Auditor-General’s Office (VAGO) and Essential Services Commission (ESC) in informing the principles for the framework;
- the LGPRF Steering Committee in setting the strategic direction and objectives of the framework, and the strategic actions to ensure the continual relevance of the framework;
- the role of Technical Working Groups in determining the technical components of the performance indicators for Councils to report;
- the Councils in providing their results;
- Local Government Victoria (LGV) working in consultation with all parties to produce an effective framework.

## Appendix B: Service areas – proposed changes to the indicator set

### Aquatic facilities

Current indicator	Proposed indicator	Computation	Rationale	Changes to definition
AF1 – User satisfaction with aquatic facilities (optional)	AF1 - User satisfaction with aquatic facilities (optional)	<b>Numerator:</b> User satisfaction with how council has performed on provision of aquatic facilities <b>Denominator:</b> N/A		
AF2 – Health inspections of aquatic facilities	AF2 – Health inspections of aquatic facilities	<b>Numerator:</b> Number of authorised officer inspections of Council aquatic facilities <b>Denominator:</b> Number of Council aquatic facilities		
AF3 – Reportable safety incidents at aquatic facilities		<b>Numerator:</b> N/A <b>Denominator:</b> N/A	Remove indicator given the result is often outside council's control and the preventative measures are captured in AF2 - <i>Health inspections of aquatic facilities</i> .	
AF4 – Cost of indoor aquatic facilities & AF5 – Cost of outdoor aquatic facilities	AF3 – Cost of aquatic facilities	<b>Numerator:</b> Direct cost of aquatic facilities <i>less</i> income received <b>Denominator:</b> Number of visits to aquatic facilities	Combine AF4 and AF5 to remove the split between indoor and outdoor facilities, overcoming current confusion over the outdoor/indoor distinction.	
AF6 – Utilisation of aquatic facilities (audited)	AF4 – Utilisation of aquatic facilities (audited)	<b>Numerator:</b> Number of visits to aquatic facilities <b>Denominator:</b> Municipal population		

## Animal management

Current indicator	Proposed indicator	Computation	Rationale	Changes to definition
AM1 – Time taken to action animal management requests	AM1 – Time taken to action animal management requests	<p><b>Numerator:</b> Number of days between receipt and first response action for all animal management requests</p> <p><b>Denominator:</b> Number of animal management requests</p>		
AM2 – Animals reclaimed	AM2 – Animals reclaimed	<p><b>Numerator:</b> Number of animals reclaimed</p> <p><b>Denominator:</b> Number of animals collected</p>		Redefine “collected” to exclude feral animals.
	AM3 – Animals rehomed	<p><b>Numerator:</b> Number of animals rehomed</p> <p><b>Denominator:</b> Number of animals collected</p>	Capture the effort by councils to rehome animals which are not reclaimed	
AM3 – Cost of animal management service	AM4 – Cost of animal management service	<p><b>Numerator:</b> Direct cost of the animal management service</p> <p><b>Denominator:</b> Municipal population</p>	Report on cost per capita given the provision of the service benefits more than just those with pets	Provide guidance to differentiate between councils with in-house shelters vs outsourced shelters
AM4 – Animal management prosecutions (audited)	AM5 – Animal management prosecutions (audited)	<p><b>Numerator:</b> Number of successful animal management prosecutions</p> <p><b>Denominator:</b> Total number of animal management prosecutions</p>	Include a denominator for this measure so it is proportional rather than a raw number. This reflects council’s success rate, rather than being influenced by a council’s direction regarding prosecuting vs educating	

## Food safety

Current indicator	Proposed indicator	Computation	Rationale	Changes to definition
FS1 – Time taken to action food complaints	FS1 – Time taken to action food complaints	<p><b>Numerator:</b> Number of days between receipt and first response action for all food complaints</p> <p><b>Denominator:</b> Number of food complaints</p>		
FS2 – Food safety assessments	FS2 – Food safety assessments	<p><b>Numerator:</b> Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the <i>Food Act 1984</i></p> <p><b>Denominator:</b> Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the <i>Food Act 1984</i></p>		
FS3 – Cost of food safety service	FS3 – Cost of food safety service	<p><b>Numerator:</b> Direct cost of the food safety service</p> <p><b>Denominator:</b> Number of food premises registered or notified in accordance with the <i>Food Act 1984</i></p>		
FS4 – Critical and major non-compliance outcome notifications (audited)	FS4 – Critical and major non-compliance outcome notifications (audited)	<p><b>Numerator:</b> Number of critical non-compliance outcome notifications and major non-compliance outcome notifications about a food premises followed up</p> <p><b>Denominator:</b> Number of critical non-compliance outcome notifications and major non-compliance outcome notifications about food premises</p>		

## Governance

Current indicator	Proposed indicator	Computation	Rationale	Changes to definition
G1 – Council decisions made at meetings closed to the public	G1 – Council decisions made at meetings closed to the public	<p><b>Numerator:</b> Number of council resolutions made at ordinary or special meetings of council, or at meetings of a special committee consisting only of councillors closed to the public</p> <p><b>Denominator:</b> Number of council resolutions made at ordinary or special meetings of council or at meetings of a special committee consisting only of councillors</p>		
G2 – Satisfaction with community consultation and engagement	G2 – Satisfaction with community consultation and engagement	<p><b>Numerator:</b> Community satisfaction rating out of 100 with how council has performed on community consultation and engagement</p> <p><b>Denominator:</b> N/A</p>		
G3 – Councillor attendance at council meetings	G3 – Councillor attendance at council meetings	<p><b>Numerator:</b> The sum of the number of councillors who attended each ordinary and special council meeting</p> <p><b>Denominator:</b> (Number of ordinary and special council meetings) x (Number of councillors elected at the last council general election)</p>		
G4 – Cost of governance	G4 – Cost of elected representation	<p><b>Numerator:</b> Direct cost of the governance service</p> <p><b>Denominator:</b> Number of councillors elected at the last council general election</p>	Update indicator title to more accurately reflect what is measured by the indicator	Councillor conduct costs to be included in the definition of 'direct cost'
G5 – Satisfaction with council decisions (audited)	G5 – Satisfaction with council decisions (audited)	<p><b>Numerator:</b> Community satisfaction rating out of 100 with the performance of council in making decisions in the interest of the community</p> <p><b>Denominator:</b> N/A</p>		

## Libraries

Current indicator	Proposed indicator	Computation	Rationale	Changes to definition
LB1 – Library collection usage	LB1 – Physical library collection usage	<p><b>Numerator:</b> Number of physical library collection item loans</p> <p><b>Denominator:</b> Number of physical library collection items</p>	Amended title, numerator and denominator as ebooks cannot consistently be reported on by each council	
LB2 – Standard of library collection	LB2 – Recently purchased library collection	<p><b>Numerator:</b> Number of library collection items purchased in the last 5 years</p> <p><b>Denominator:</b> Number of library collection items</p>	Amended title as the indicator is a reflection of how new the collection is rather than its standard	
LB3 – Cost of library service	LB3 – Cost of library service	<p><b>Numerator:</b> Direct cost of the library service</p> <p><b>Denominator:</b> Municipal population</p>	Report on cost per capita given some councils have better technology available than others to count the number of visits	Guidance to specify that for councils who are part of Regional Library Corporation, the numerator should be the cost paid to the RLC.
LB4 – Active library members (audited)	LB4 – Active library borrowers (audited)	<p><b>Numerator:</b> Number of active library borrowers (reported on a rolling 3-year period)</p> <p><b>Denominator:</b> Average Municipal Population over the last 3 years</p>	<p>Change the name to ‘Active library borrowers’ to better reflect what the indicator is currently capable of capturing</p> <p>Update numerator to report on a rolling 3-year period and denominator to be changed to ‘Average Municipal Population over the last 3 years’</p>	

## Maternal and child health

Current indicator	Proposed indicator	Computation	Rationale	Changes to definition
MC1 – Participation in first MCH home visit	MC1 – Participation in 4-week Key Age and Stage visit	<p><b>Numerator:</b> Number of 4-week Key Age and Stage visits</p> <p><b>Denominator:</b> Number of birth notifications received</p>	Change the title and numerator to better reflect satisfaction with the service, being those families who choose to return after their first MCH home visit	<p>Data sources:</p> <p><b>N:</b> “4/3c Total Key Ages and Stages - 4 weeks”</p> <p><b>D:</b> “1a Total number of birth notifications received during this financial year” minus (“3g Total analysis of non-enrolled birth notifications” minus “3e Anticipated enrolments”)</p>
MC2 – Infant enrolments in MCH service	MC2 – Infant enrolments in MCH service	<p><b>Numerator:</b> Number of infants enrolled in the MCH service (from birth notifications received)</p> <p><b>Denominator:</b> Number of birth notifications received</p>		<p>Data source:</p> <p><b>D:</b> “1a Total number of birth notifications received during this financial year” minus (“3g Total analysis of non-enrolled birth notifications” minus “3e Anticipated enrolments”)</p>
MC3 – Cost of MCH service	MC3 – Cost of MCH service	<p><b>Numerator:</b> Cost of the MCH service</p> <p><b>Denominator:</b> Hours worked by MCH nurses</p>		
MC4 – Participation in the MCH service (audited)	MC4 – Participation in the MCH service (audited)	<p><b>Numerator:</b> Number of children who attend the MCH service at least once (in the year)</p> <p><b>Denominator:</b> Number of children enrolled in the MCH service</p>		
MC5 – Participation in MCH service by Aboriginal children (audited)	MC5 – Participation in MCH service by Aboriginal children (audited)	<p><b>Numerator:</b> Number of Aboriginal children who attend the MCH service at least once (in the year)</p> <p><b>Denominator:</b> Number of Aboriginal children enrolled in the MCH service</p>		

## Roads

Current indicator	Proposed indicator	Computation	Rationale	Changes to definition
R1 – Sealed local road requests	R1 – Sealed local road requests	<p><b>Numerator:</b> Number of sealed local road requests</p> <p><b>Denominator:</b> Kilometres of sealed local roads</p> <p><b>Result multiplied by:</b> x100</p>		
R2 – Sealed local roads maintained to condition standards	R2 – Sealed local roads maintained to condition standards	<p><b>Numerator:</b> Number of kilometres of sealed local roads below the renewal intervention level set by Council</p> <p><b>Denominator:</b> Kilometres of sealed local roads</p>		
R3 – Cost of sealed local road reconstruction	R3 – Cost of sealed local road reconstruction	<p><b>Numerator:</b> Direct cost of sealed local road reconstruction</p> <p><b>Denominator:</b> Square metres of sealed local roads reconstructed</p>		
R4 – Cost of sealed local road resealing	R4 – Cost of sealed local road resealing	<p><b>Numerator:</b> Direct cost of sealed local road resealing</p> <p><b>Denominator:</b> Square metres of sealed local roads resealed</p>		
R5 – Satisfaction with sealed local roads (audited)	R5 – Satisfaction with sealed local roads (audited)	<p><b>Numerator:</b> Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads</p> <p><b>Denominator:</b> N/A</p>		

## Statutory planning

Current indicator	Proposed indicator	Computation	Rationale	Changes to definition
SP1 – Time taken to decide planning applications	SP1 – Time taken to decide planning applications	<p><b>Numerator:</b> The median number of days between receipt of a planning application and a decision on the application</p> <p><b>Denominator:</b> N/A</p>		
SP2 – Planning applications decided within required time frames	SP2 – Planning applications decided within required time frames	<p><b>Numerator:</b> Number of planning application decisions made within 60 days for regular permits and 10 days for VicSmart permits</p> <p><b>Denominator:</b> Number of planning application decisions made</p>		
SP3 – Cost of statutory planning service	SP3 – Cost of statutory planning service	<p><b>Numerator:</b> Direct cost of the statutory planning service</p> <p><b>Denominator:</b> Number of planning applications received</p>		<p>Data source:  <b>D:</b> Planning Permit Activity Reporting System (PPARS) 'Total applications'</p>
SP4 – Council planning decisions upheld at VCAT (audited)	SP4 – Council planning decisions upheld at VCAT (audited)	<p><b>Numerator:</b> Number of VCAT decisions that did not set aside council's decision in relation to a planning application</p> <p><b>Denominator:</b> Number of VCAT decisions in relation to planning applications</p>		

## Waste collection

Current indicator	Proposed indicator	Computation	Rationale	Changes to definition
WC1 – Kerbside bin collection requests	WC1 – Kerbside bin collection requests	<p><b>Numerator:</b> Number of kerbside garbage and recycling bin collection requests</p> <p><b>Denominator:</b> Number of kerbside bin collection households</p> <p><b>Result multiplied by:</b> x1000</p>		
WC2 – Kerbside collection bins missed	WC2 – Kerbside collection bins missed	<p><b>Numerator:</b> Number of kerbside garbage and recycling collection bins missed</p> <p><b>Denominator:</b> Number of scheduled kerbside garbage and recycling collection bin lifts</p> <p><b>Result multiplied by:</b> x10,000</p>		
WC3 – Cost of kerbside garbage bin collection service	WC3 – Cost of kerbside garbage bin collection service	<p><b>Numerator:</b> Direct cost of the kerbside garbage bin collection service</p> <p><b>Denominator:</b> Number of kerbside garbage collection bins</p>		
WC4 – Cost of kerbside recyclables bin collection service	WC4 – Cost of kerbside recyclables bin collection service	<p><b>Numerator:</b> Direct cost of the kerbside recyclables bin collection service</p> <p><b>Denominator:</b> Number of kerbside recyclables collection bins</p>		Direct cost to be defined as limited to the contract cost of collection.
WC5 – Kerbside collection waste diverted from landfill (audited)	WC5 – Kerbside collection waste diverted from landfill (audited)	<p><b>Numerator:</b> Weight of recyclables and green organics collected from kerbside bins</p> <p><b>Denominator:</b> Weight of garbage, recyclables and green organics collected from kerbside bins</p>		

## Financial performance - audited

Current indicator	Proposed indicator	Computation	Rationale	Changes to definition
E1 – Average residential rate per residential property assessment	E1 – Average rate per property assessment	<b>Numerator:</b> Total rate revenue <b>Denominator:</b> Number of property assessments	Alignment of the LGPRF indicator with the Essential Services Commission's average rate.	Service rates and service charges will be excluded from the definition of 'Total rate revenue'
E2 – Expenses per property assessment	E2 – Expenses per property assessment	<b>Numerator:</b> Total expenses <b>Denominator:</b> Number of property assessments		
E3 – Resignations and terminations compared to average staff		<b>Numerator:</b> N/A <b>Denominator:</b> N/A	Reclassify E3 from an efficiency measure to a sustainable capacity measure	
L1 – Current assets compared to current liabilities	L1 – Current assets compared to current liabilities	<b>Numerator:</b> Current assets <b>Denominator:</b> Current liabilities		
L2 – Unrestricted cash compared to current liabilities	L2 – Unrestricted cash compared to current liabilities	<b>Numerator:</b> Unrestricted cash <b>Denominator:</b> Current liabilities		
O1 – Asset renewal compared to depreciation	O1 – Asset renewal compared to depreciation	<b>Numerator:</b> Asset renewal and upgrade expense <b>Denominator:</b> Asset depreciation	Replace O1 with VAGO's renewal gap indicator.	
O2 – Loans and borrowings compared to rates	O2 – Loans and borrowings compared to rates	<b>Numerator:</b> Interest bearing loans and borrowings <b>Denominator:</b> Rate revenue		
O3 – Loans and borrowings repayments compared to rates	O3 – Loans and borrowings repayments compared to rates	<b>Numerator:</b> Interest and principal repayments on interest bearing loans and borrowings <b>Denominator:</b> Rate revenue		
O4 – Non-current liabilities compared to own source revenue	O4 – Non-current liabilities compared to own source revenue	<b>Numerator:</b> Non-current liabilities <b>Denominator:</b> Own source revenue		

OP1 – Adjusted underlying surplus (or deficit)	OP1 – Adjusted underlying surplus (or deficit)	<b>Numerator:</b> Adjusted underlying surplus (or deficit) <b>Denominator:</b> Adjusted underlying revenue
S1 – Rates compared to adjusted underlying revenue	S1 – Rates compared to adjusted underlying revenue	<b>Numerator:</b> Rate revenue <b>Denominator:</b> Adjusted underlying revenue
S2 – Rates compared to property values	S2 – Rates compared to property values	<b>Numerator:</b> Rate revenue <b>Denominator:</b> Capital improved value of rateable properties in the municipality

### Financial sustainability (formerly Sustainable capacity) - audited

Current indicator	Proposed indicator	Computation	Rationale	Changes to definition
C1 – Expenses per head of municipal population	C1 – Expenses per head of municipal population	<b>Numerator:</b> Total expenses <b>Denominator:</b> Municipal population		
C2 – Infrastructure per head of municipal population	C2 – Infrastructure per head of municipal population	<b>Numerator:</b> Value of infrastructure <b>Denominator:</b> Municipal population		
C3 – Population density per length of road	C3 – Population density per length of road	<b>Numerator:</b> Municipal population <b>Denominator:</b> Kilometres of local roads		
	C4 – Resignations and terminations compared to average staff	<b>Numerator:</b> Number of permanent staff resignations and terminations <b>Denominator:</b> Average number of permanent staff for the financial year	Reclassify E3 from an efficiency measure to a sustainable capacity measure	
C4 – Own source revenue per head of municipal population	C5 – Own source revenue per head of municipal population	<b>Numerator:</b> Own source revenue <b>Denominator:</b> Municipal population		
C5 – Recurrent grants per head of municipal population	C6 – Recurrent grants per head of municipal population	<b>Numerator:</b> Recurrent grants <b>Denominator:</b> Municipal population		

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C6 – Relative Socio-Economic Disadvantage	C7 – Relative Socio-Economic Disadvantage	<b>Numerator:</b> Index of Relative Socio-Economic Disadvantage by decile <b>Denominator:</b> N/A
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## Appendix C: Proposed Indicators for Performance Target Setting

The below list is a selection of existing indicators which are recommended as suitable for performance targets and benchmarks. This is subject to change based on new or changed indicators.

Service performance	Financial performance
AM2 Animals reclaimed	E2 Expenses per property assessment
FS2 Food safety assessments	L1 Current assets compared to current liabilities
FS4 Critical and major non-compliance outcome notifications	L2 Unrestricted cash compared to current liabilities
G3 Councillor attendance at council meetings	O1 Asset renewal compared to depreciation
LB2 Standard of library collection	O2 Loans and borrowings compared to rates
MC4 Participation in the MCH service	O3 Loans and borrowings repayments compared to rates
MC5 Participation in MCH service by Aboriginal children	O4 Non-current liabilities compared to own source revenue
R2 Sealed local roads maintained to condition standards	OP1 Adjusted underlying surplus (or deficit)
SP1 Time taken to decide planning applications	
SP2 Planning applications decided within required time frames	
SP4 Council planning decisions upheld at VCAT	
WC5 Kerbside collection waste diverted from landfill	