

# SUBMISSION TO THE REVIEW OF THE WA LOCAL GOVERNMENT ACT 1995

## INTEGRATED PLANNING AND REPORTING

### Dale Quinlivan

In my submission to Phase 1 of the review I discussed issues associated with governance, accountability and trust. In this submission I discuss the role of performance measurement and reporting, and accountability through community engagement. I then briefly discuss the challenges for local governments in progressing toward advanced standard in planning and reporting processes.

The introduction of the Integrated Planning and Reporting Framework (IPRF) as the basis for planning and reporting for local governments in Western Australia provided a recognised approach to planning in local government that had been developed in other national and international jurisdictions. However, the current legislation and the IPRF guidelines provided by the Department of Local Government are mainly focussed on planning with limited focus on performance reporting.

Local governments have come a long way in developing their strategic planning processes since the introduction of the IPR legislation, particularly in involving their community in developing a shared vision and setting goals. The next phase of its development has to be the performance measurement and reporting aspects of the framework. However, drawing on evidence from research institutions and practice, I will describe the challenges facing this and why performance management and accountability processes are far more challenging than the planning process.

For example, a reading of local government Community Strategic Plans finds goals, that should be written as community outcomes, are in fact a mixture of community outcomes, outputs, operational outputs and activities making it difficult to structure a coherent performance measurement and reporting system. There is over reliance on perception surveys that do not measure actual community condition, and in many instances, it is difficult to see the relevance of performance indicators to the goals.

The Integrated Planning and Reporting Discussion Paper 2017<sup>1</sup> produced for the review of the Local Government Act 1995 states:

*It is currently open to local governments to design complementary means of reporting progress and outcomes to the community. There are good examples in the sector, including video reports, user friendly newspaper inserts and displays at the local market. However, in other local*

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<sup>1</sup> IPRF Guidelines 2016, Department of Local Government, Sport and Communities.

<https://www.dlgsc.wa.gov.au/resources/publications/Pages/ViewPublicationNewStyle.aspx?DocID=1545>

*governments the monitoring and reporting in respect to IPR could be improved (p5)*

The discussion paper has little to say about the performance indicators themselves and their use within and outside of the organisation. However, the discussion paper does discuss the drawbacks in attempting to develop a set of universal indicators saying:

*One of IPR's strengths is its flexibility and adaptability to all local governments regardless of size and capacity. Under IPR, local governments may choose their own performance indicators because different local governments offer many different services and have different priorities. (p6)*

Numerous studies have shown that performance reporting in local government is problematic given the broad responsibilities of local government and the diverse and different communities they represent. This is particularly the case in relation to performance measures of community outcomes and ironically it is measures of community outcomes that are of most importance to local government.

Bligh Grant and Joseph Drew discuss in their book <sup>2</sup> the many attempts to develop performance indicators and performance frameworks of value to local government. However, a consistent hurdle has been the diversity of local governments and their different priorities. In addition, priorities change over time, and in some cases relatively quickly.

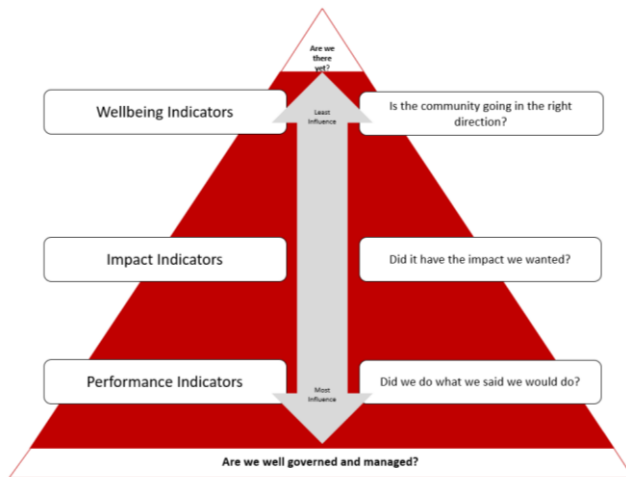
### **Challenges When Choosing Performance Measures**

The Department of Local Government IPRF guide suggests the use of a monitoring framework consisting of three levels of measurement:

- performance indicators;
- impact indicators and;
- wellbeing Indicators.

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<sup>2</sup> Bligh Grant, Joseph Drew, Local Government in Australia: History, Theory and Public Policy, Springer, 2017



The IPRF guide’s section on performance measures and performance reporting is relatively limited given the complexity of the subject. Wellbeing measures are described as:

*The wellbeing level corresponds to the community vision and high level outcomes. These are usually outside the direct control of the local government but give important contextual information regarding “direction of travel” in the community’s highest aspirations. (p33)*

This is a key point when developing measures of performance for the Community Strategic Plan. A requirement of “advanced standard” for the Community Strategic Plan is that:

*The Strategic Community Plan demonstrates effectiveness in achieving community objectives*

To demonstrate effectiveness in achieving community objectives it is necessary to assess if the goals have been achieved and appropriate performance indicators are needed to achieve this.

The jurisdiction of the Office of the Auditor General (OAG) was extended to include local governments in 2017. When conducting Performance Reviews the OAG applies the direction given in its Audit Practice Statement (March 2017)

*Key Performance Indicator Audits not only address whether the indicators fairly represent indicated performance but also provides an opinion of whether or not the indicators are relevant and appropriate having regard to their purpose (p6)*

The practice statement also refers to Treasury Instruction 904, Key Performance Indicators<sup>3</sup> to describe the meaning of goals.

*(i) 'Government Goal' means an expression of high level policies and/or priorities that support the government's vision. Government desired outcomes contribute to these goals;*

*(ii) 'Outcome' means the effect, impact, result on or consequence for the community, environment or target clients of government services;*

*(iii) 'Agency level government desired outcomes' are those pitched at a level more relevant to agencies and are required to link to government goals. They are intended to bring about behavioural change or satisfy a community or client need.*

*Agencies may not have complete control over outcomes due to other influences, but they are accountable for their efforts to contribute towards achieving agreed desired outcomes.*

The statement was produced for State government agencies that have a much narrower service focus than that of a local government. A publication of the Australian Centre for Excellence in Local Government<sup>4</sup> provides a model to understand the spectrum between *concern* and *control*, of which the distinctions may be made as follows:

- i. *community concern* - where council does not have direct control or influence but could play an educative, advocacy or lobbying role on behalf of the local community,
- ii. *council influence* - where council has partial or shared responsibility for outcomes with the community and other groups, and is distinguished from the traditional sphere of
- iii. *council control* - which relates to a council's areas of core service provision and other statutory responsibilities.

For meaningful reporting and specificity, it recommends councils first review, and regroup where appropriate, potentially overlapping existing measures before seeking to develop new indicators.

- highlighting particular issues and trends important to local communities
- facilitating more effective citizen involvement in these areas
- focusing on a small number of 'headline' wellbeing measures

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<sup>3</sup> Department of Treasury (WA)

[https://www.treasury.wa.gov.au/uploadedFiles/Treasury/Legislation/FAB\\_Update\\_No\\_77.pdf](https://www.treasury.wa.gov.au/uploadedFiles/Treasury/Legislation/FAB_Update_No_77.pdf) downloaded 25 March 2019

<sup>4</sup> Olsson, E., Albert, E., Coroneos, R., Leeson, R., and Wyatt, R. (2012) Options for a local government framework for measuring liveability, Australian Centre of Excellence for Local Government, University of Technology, Sydney.p85

- measuring community trends and outcomes, rather than local government performance
- capturing social, economic, environmental, cultural and governance trends and outcomes;
- facilitating better quality reporting and accountability.

When applied to the IPRF the three spheres align with that of the Community Strategic Plan, Corporate Business Plan and Annual Plan, with some possible overlap between them depending on the structure of the plans. Although Community Strategic Plans are intended to be focussed on community outcomes there are different levels of outcome and, for example, measures of outcomes from a service activity as opposed to broader community outcomes. The *Smart Cities Plan - National Cities Performance Framework Final Report 2018*<sup>5</sup> distinguishes between three types of indicators:

**Input indicators:** These indicators relate to whether a city has the right resources in place to achieve a particular activity or intervention. Input indicators are useful for tracking policy decisions, because they can be updated quickly once an action occurs. However, input indicators cannot tell whether the ultimate policy objective is achieved. An example of an input indicator in the Performance Framework is population change per building approval.

**Output indicators:** These indicators measure the results of an activity. Like input indicators, output indicators can be updated quickly once an action has occurred. However, output indicators cannot tell whether the ultimate policy objective is achieved. Output indicators in the Performance Framework include homelessness rates and broadband connections.

**Outcome and impact indicators:** These indicators measure the quality and quantity of long-term results generated by program outputs. These indicators can often only be measured well after the activity has occurred. Outcome and impact indicators in the Performance Framework include air quality and peak travel delay.

## USING PERFORMANCE MEASURES

Performance measurement is only of use if it contributes to better decision making and accountability. For local governments to be accountable to their community for their performance requires doing more than publishing performance indicators. The IPRF guidelines contain a schematic representation of how people engage with their local government (appendix 1). The Typology is based on research in local governments in Western Australia to understand the use of performance information

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<sup>5</sup> Commonwealth of Australia, Department of the Prime Minister and Cabinet, 'National Cities Performance Framework Report', p28

by stakeholders of local government. The value and use of performance information to stakeholders is subject to many variables as depicted in the tentative model contained in appendix 2. Note that the research found people motivated by specific issue may be 'enraged' or alternatively because they want to contribute in a positive way such as volunteer to help with meals on wheels or clean up a native park.

Evaluation of the outcomes of a Community Strategic Plan cannot be measured by a few performance measures. At best they are indicators. The question then is who should be the arbiter of performance? Should it be the administration, the council, a State Government agency or the community. Performance measurement in relation to Community Strategic Plans has much in common with sustainability reporting in the private sector. The Global Reporting Initiative requires organisations to describe how they have chosen their sustainability indicators and how they relate to stakeholder priorities.

There is considerable literature discussing new forms of accountability in which the community are involved, or authorised, to determine what is of public value. Ian Sanderson<sup>6</sup> in discussing this said:

*The challenge for local government is to develop approaches to evaluation which 'institutionalise' the procedures and conditions for participation by all stakeholders and for open and free dialogue in empirical and normative realms which deals with conflict but is capable of generating 'localised' agreement.*

However, the true value of performance measurement is not just for accountability but to understand and gain agreement about what is important and how communities can work together to achieve their goals. Michael Moore argues that public value is defined by a public constituted of citizens and their elected representatives who decide how to deploy their resources to create that value<sup>7</sup>

## **LOCAL GOVERNMENT CAPACITY TO IMPLEMENT IPR**

Prior to the introduction of the IPR legislation there were few people working in WA local governments with formal qualifications and experience in strategic planning. Members of Local Government Professionals WA initiated the formation of a Corporate Planners Network to raise the profile of corporate planning and provide a forum to share ideas and develop knowledge and skills with some assistance from the (then) recently created Australian Centre for Excellence in Local Government (ACEL). The Network was able to play a significant role in developing the IPRF and creating the foundation for its implementation.

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<sup>6</sup> Ian Sanderson 1998, Beyond Performance Measurement? Assessing "Value" in Local Government, Local Government Studies, Vol 24, No 4 p 1-25

<sup>7</sup> Michael Moore 2014, Public Value Accounting: Establishing the Philosophical Basis, Public Administration Review, v74, Is 4, 465-477

In the years since IPR was legislated there has been a growth in the number of positions created by local governments to manage their IPR process. They were assisted by having access to ACEL research and publications that were a tremendous source of useful information providing insights into contemporary examples of fresh thinking and good practice from around the world.

Performance measurement and reporting will require a more sophisticated approach than is evident at present. There is a need to develop the professional skills and knowledge of strategic and corporate planning professionals in WA local governments and for it to be valued as a profession in the same way as finance, urban planning and other professions in the industry. With the demise of ACEL local governments no longer have that source of research and analysis to draw on and, to my knowledge, none of the WA universities offer a degree in public administration let alone anything specific to local government.

It is also essential that the integrated planning and reporting process is integral to how local government works, and in the same way as officers, managers and elected members are expected to understand financial management, governance and human resource processes, they will need to understand and value integrated planning and reporting.

## **CONCLUDING REMARKS**

The IPRF and its associated legislation provided the stimulus for local governments to not only undertake long-term planning but to engage their communities in the process of setting community goals and strategies to achieve them. It is now time to focus on developing the processes to facilitate informed decision making and to engage the community in deciding what progress has been made, the priorities for the future and how they can contribute to achieving community goals. This will require developing the capacity of local governments to implement systems and processes to achieve it.

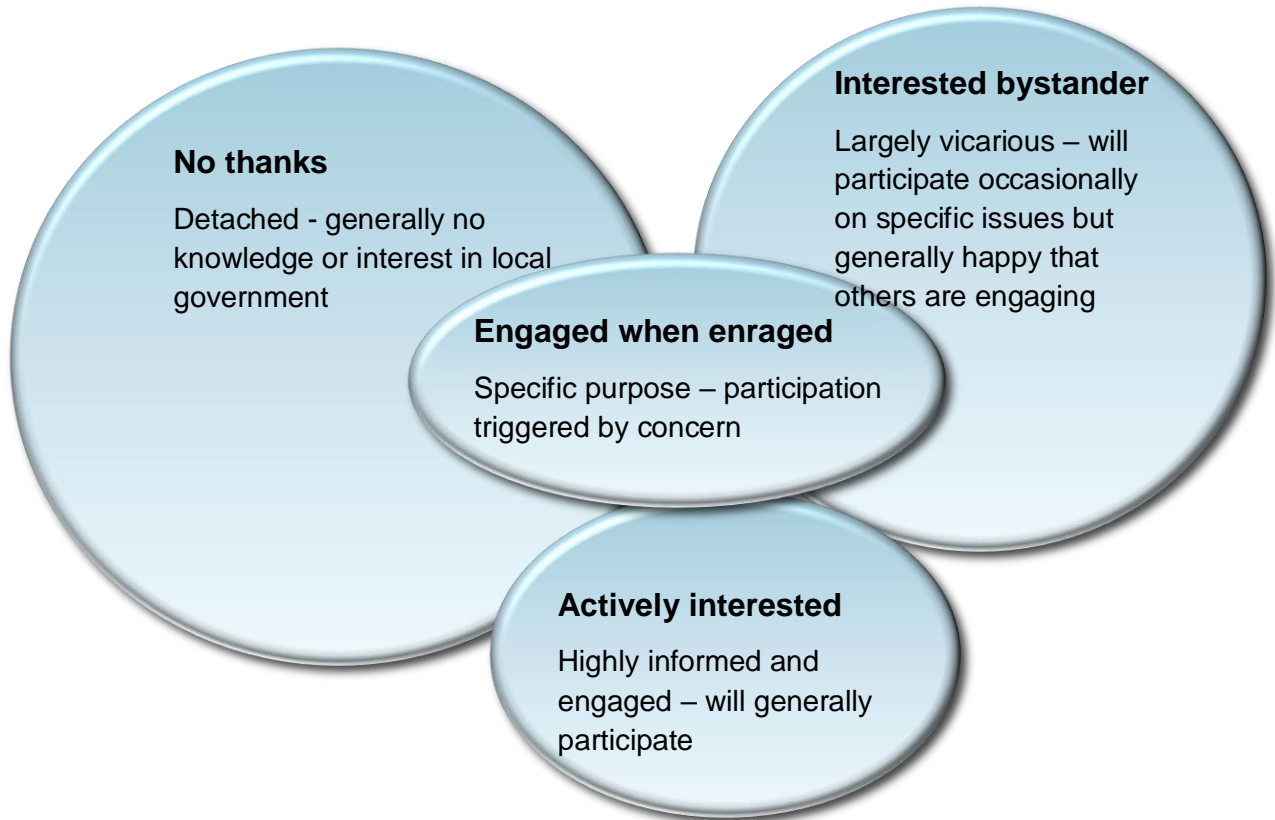
Recommendations to be considered are:

- changes to the legislation to make performance measurement an integral part of the decision-making process acknowledging the role of stakeholders and the community in the process;
- a requirement for local government to describe how they have chosen the performance measures, their purpose and how they will be used.
- the Department of Local Government Sport and Cultural Industries develop strategies to strengthen the capacity of local government to undertake effective strategic and corporate planning including professional development,

access to research and information on good practice and the sharing of knowledge within the industry.



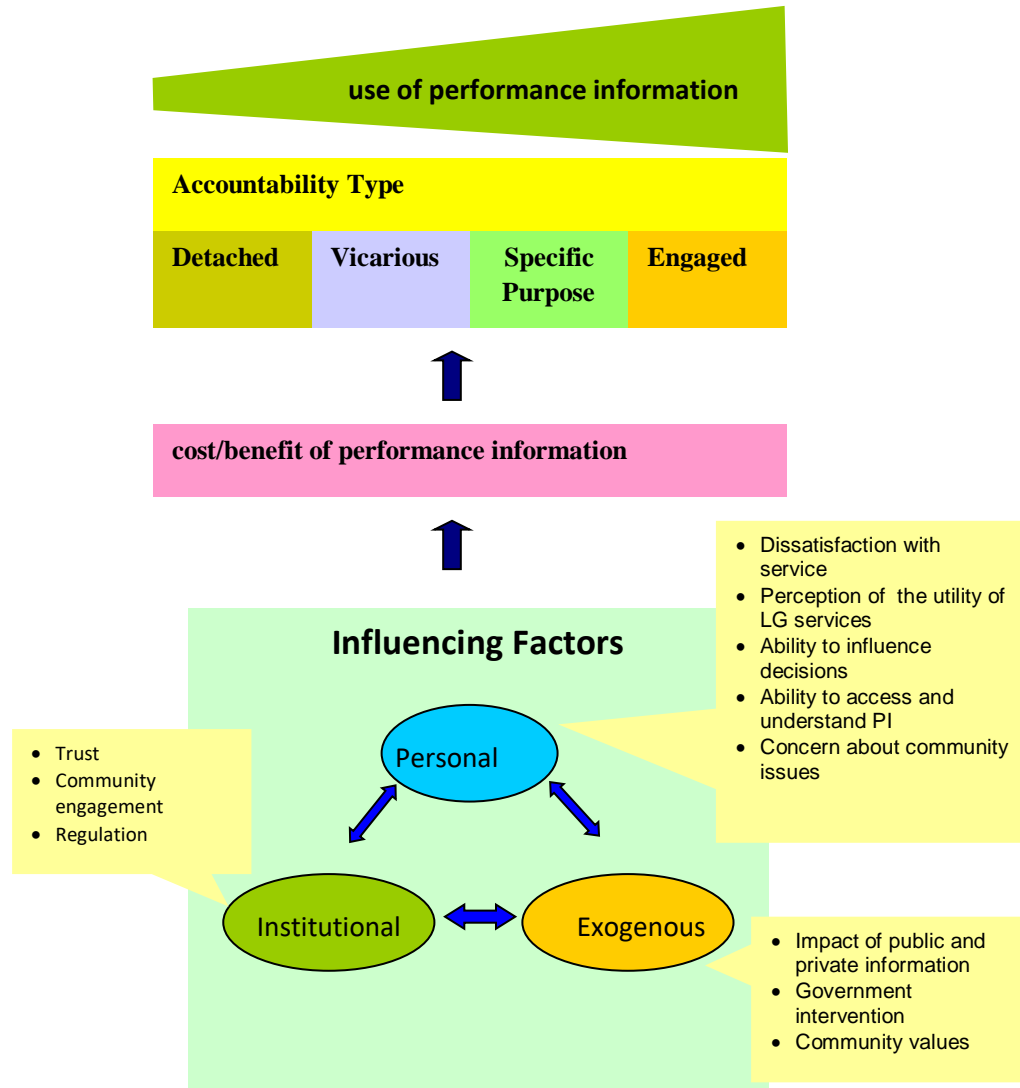
Fig 2 Community Participation - Typology



Adapted from Quinlivan, D., Nowak, M., Klass, D., 2014, From Accountability to Assurance - Stakeholder Perspectives in Local Government, *Australian Journal of Public Administration*, vol. 73, no. 2, 206-217

*Integrated Planning and Reporting Framework and Guidelines, DLGS&C, P49.*

Fig 3 Emerging Model of Assurance



Quinlivan, D., Nowak, M., Klass, D., 2014, *From Accountability to Assurance - Stakeholder Perspectives in Local Government*, *Australian Journal of Public Administration*, vol. 73, no. 2, 206-217