



Corporate Planners Special Interest Group

Performance Monitoring & Reporting Guidelines

Draft Version



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1. Introduction

There is a trend for greater transparency and accountability in local government. Legislative changes, management practices and the community, in particularly ratepayers, have driven this trend over the last decade or more. Ratepayers not only want value for their money they want to know how their council is performing, ensuring both their immediate needs are being met, as well as ensuring long term sustainability. The trend is supported by the 2004 update to the Local Government Act that states that Council Plans must include indicators for monitoring the achievement of strategic objectives and that budgets include Key Strategic Activities (KSAs). Community involvement and citizen engagement were also entrenched in the changes and both State and Local Government are committed to this.

These changes and the introduction of the Best Value legislation have ensured emphasis on Performance Monitoring and Reporting (PMR). Increasingly elements of Council Planning, Budgeting, Best Value principles (i.e. continuous improvement), and Annual Reporting are aligning as they all have a role to play in the effective performance of the complex Local Government Business.

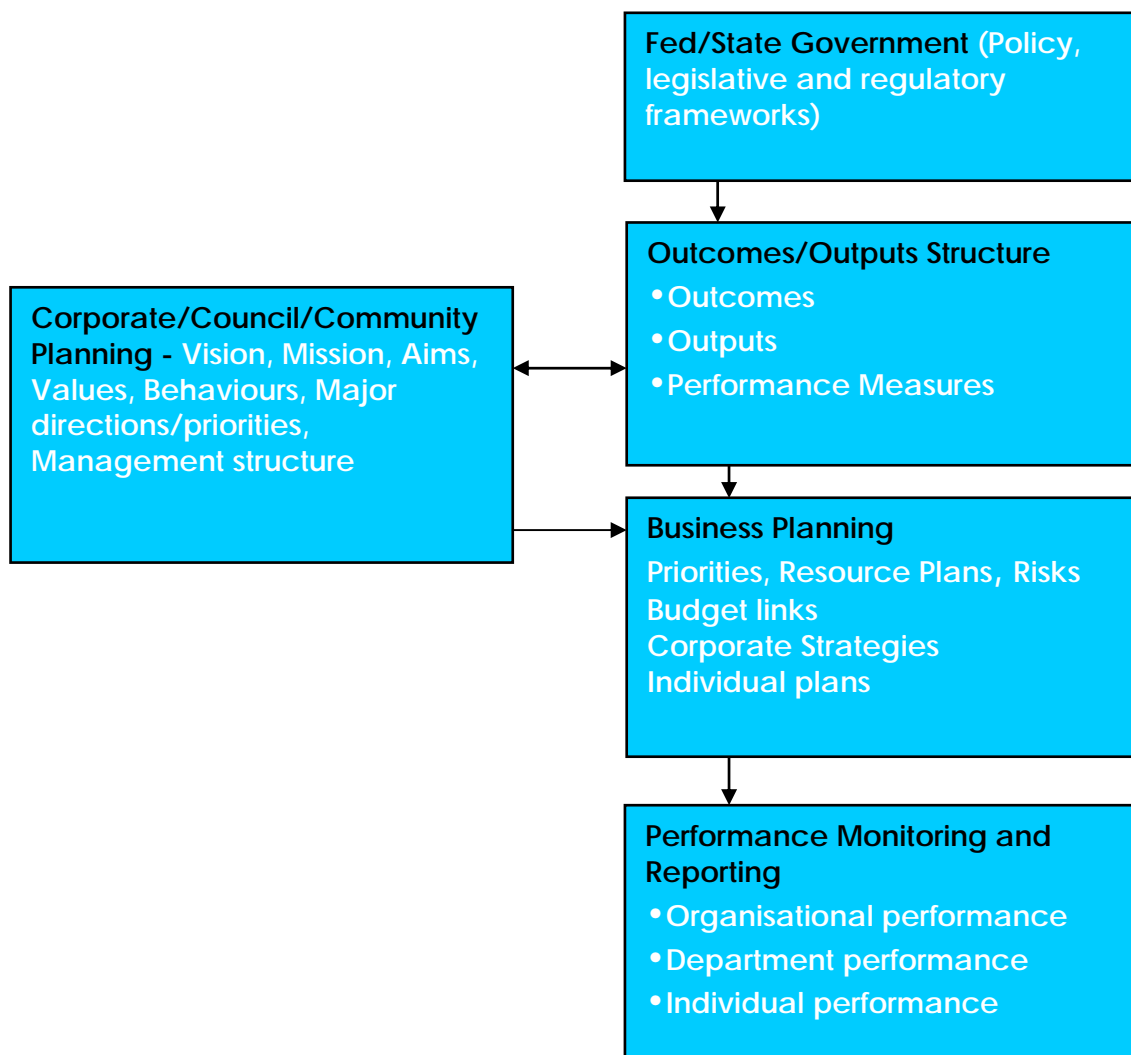
The concept of PMR is not new, however a formal organisational approach to ensure performance is measured, reported and managed consistently throughout a Council is new.

This guide explores models, frameworks and the experience of practitioners involved in the development and maintenance of Performance Monitoring and Reporting systems in Local Government. It is a resource of information designed to assist those charged with the responsibility for their Council's PMR system.

1.1 Performance Monitoring and Reporting context

Within the local government sector, the Local Government Act provides the legislative reason to monitor and report performance. The adoption of amendments to the Local Government Act in 2004 solidified the place of PMR in the sector. Beyond the legislative imperative there is a strong sector commitment to improved performance management practices and a high-level of awareness of the important role of performance management. Performance management does not operate in isolation from Legislative frameworks, other levels of government policies and directions or Council Planning, vision setting and prioritisation processes. The context for PMR is shown in Figure 1.

Figure 1: Performance monitoring and reporting context



1.2 Defining Performance Monitoring and Reporting

There are a myriad of definitions for PMR from individual personal performance to organisational performance.

This guide defines performance as organisational with both Council operational and strategic elements forming the definition of organisation. It is the process of setting and using measures to determine whether the efforts of staff and Council are having the intended impact on the community. The combined effort of PMR will be called Performance Management (PM).

It has become increasingly important to focus on both the operational and strategic elements of PMR. The Local Government (Best Value Victoria) Act 1999 gave Councils' the impetus to monitor performance and reporting at the service delivery level and as mentioned the Local Government (Update) Act has concentrated efforts in the strategic realm.

It is important to note that this guide is considered as one of three being produced by working groups from the Corporate Planners Network covering the linked themes of Performance Monitoring and Reporting, Continuous Improvement and Council Planning. All three should be considered in the development of an effective PMR system.

1.3 Legislative Requirements

As mentioned the Local Government Act 1989 provides the Legislative backdrop to Performance Monitoring and Reporting in the sector. Table 1 below summarises the Performance elements contained in the Act. It does not replace a detailed reading of the Act but is included here to show the intention of linking the documents and the elements of strategy and action setting with reporting.

Table 1: Performance and Reporting Requirements from the Local Government Act 1989

	Council Plan	Budget	Annual Report
Strategy/action setting and Performance Reporting	<ul style="list-style-type: none"> • Strategic objectives 		
	<ul style="list-style-type: none"> • Strategies to achieve objectives 	<ul style="list-style-type: none"> • Activities and Initiatives to be funded in the Budget and a statement of how they contribute to strategic objectives 	<ul style="list-style-type: none"> • Report of Operations • Description of activities, achievements etc.
Performance Monitoring	<ul style="list-style-type: none"> • Strategic Indicators 		<ul style="list-style-type: none"> • Review of achievement against strategic indicators
		<ul style="list-style-type: none"> • Key Strategic Activities with targets and measures in relation to each 	<ul style="list-style-type: none"> • Performance Statement^(A) listing Key Strategic Activities, targets and measures, and outcomes against those targets and measures
Resourcing	<ul style="list-style-type: none"> • Strategic Resource Plan comprising Standard Statements and non-financial resources required to achieve strategic objectives 	<ul style="list-style-type: none"> • Standard Statements • Rates and Charges information 	<ul style="list-style-type: none"> • Standard Statements^(A) (explaining variances) • Financial Statements^(A)

(A) Audited by Auditor General's Office

1.4 Why monitor and report on performance?

The legislative requirement is only one part of the explanation for an increased focus by Local Government on PMR. In understanding what else drives performance management efforts, it is important to ask the question **why monitor and report on performance?**

There are many different answers to this question within the sector and the performance management approaches taken by Councils are shaped by the answer to this fundamental question.

The response to the question “why monitor and report on performance” can be summarised as a series of driving forces and their importance. Table 2 shows these driving forces and reasons for their importance. Our analysis of Councils shows that many are moving beyond compliance and satisfying the legislative requirements to a different approach focusing performance management on demonstrating value and communicating outcomes to the community.

The spectrum from council planning to community planning is an example of this. Legislation requires a Council Plan and compliance would simply require creating a Council Plan but many Councils go beyond a Council Plan for example and create Community Plans. Community type plans are found at Yarra Ranges, Wyndham, Latrobe, and Whitehorse Councils. The level of monitoring and reporting required for each plan is different.

There are obvious differences between each municipality in terms of answers to the fundamental question of why monitor and report performance and therefore subsequent approaches to PMR. Approaches are also influenced by Council; size, locality, resources (financial and human), clearly articulated direction, expertise and commitment. There is a strong indication that many smaller and rural Councils that are closer to their ratepayers and tend to justify their expenditure and action decisions a lot more, therefore having what seems better approaches to PMR as a result. Planning and action formulation is better informed through consultation and therefore better prepared, as noted by many of the smaller Councils.

Your response to this fundamental question is a key input to guiding your performance management activities, approach and desired outcomes.

Table 2: Performance Monitoring and Reporting driving forces and why these are important.

Driving Force	Why is it important?
1. Legislative requirements of the Local Government Act 1989	<ul style="list-style-type: none"> • Accountability • Compliance
2. Commitment to transparent, open and honest communication to internal and external stakeholders	<ul style="list-style-type: none"> • Democracy • Ensures appropriate good governance (Councillors)
3. Organisational requirements e.g. the need to analyse business and to continually improve organisational performance	<ul style="list-style-type: none"> • Councillor priority setting • Assists internal management to monitor performance • Informs decision making for current and future service provision
4. Longer term plans Councils going beyond legislative requirements	<ul style="list-style-type: none"> • Enables closer alignment of council activities with community requirements
5. Demonstrating value to the community	<ul style="list-style-type: none"> • Provides meaningful and relevant information to key stakeholders • Communicates community outcomes

2. Models and Frameworks

PMR within Councils' has evolved according to the environment in which each individual Council operates. What is relevant and achievable within the context of one municipality may not be the case in another. Restraining factors mentioned earlier (size, locality, resources (financial and human), clearly articulated direction, expertise and commitment) and the overarching support of the Chief Executive Officer and the senior management team are all contributors to the approach taken. These factors and the flexibility within the Local Government Act have led to differing approaches rather than a uniform PMR framework.

2.1 Frameworks

In developing approaches to PMR, Councils have found it beneficial to create frameworks to guide the development of PMR systems. Frameworks are beneficial in creating an understanding of the direction and approach the Council is taking. This is useful from an organisational development perspective as the necessary structure and process is determined from a human resource perspective as people can understand and articulate the direction being taken. Frameworks can show the connections between day-to-day activities and the longer-term objectives of the Council.

Frameworks have various names including, Strategic Measurement Systems (Hobart), Strategic Planning Frameworks (Geelong, Brisbane) and Integrated Planning framework (Multiple). Some frameworks could be termed hybrid meaning they incorporate elements from a number of different models.

Frameworks usually include a cascading process from the level of strategic planning to the level of personal performance planning. The individual need to perform and meet organisational goals is linked through formal human resource performance management. Increasingly there are links to individual performance management systems at the executive (often CEO) level.

Benefits of Frameworks

- Ensures alignment between local practices and legislative reporting requirements.
- Provides a guide for staff members and/or external stakeholders.
- Facilitates simple communication about the processes of monitoring and reporting practices.
- Helps practitioners to demonstrate to managers the value of monitoring and reporting: “What’s in it for us? Winning the hearts and minds of the organisation”.
- Outlines the roles of Service Units, Corporate Management, Councillors and the Planning Unit, and balances the needs and functions
- Assists staff to see how their role is linked to the bigger picture.

Table 3 shows the elements of a generic PMR Framework. It is intended as a summary of what elements are contained in a framework.

Table 3: Generic Performance Monitoring and Reporting Framework

Review	Plan	Perform	Report
Review the following: <ul style="list-style-type: none"> • Best Value Principles • Consultation • LG Act requirements • Environmental Scan • Previous Council Plan and Budget Performance • Strategic Indicator analysis 	Community Plan	Action plan or incorporated in Council Plan	Community Report (Progress Report) <ul style="list-style-type: none"> • Sustainability Indicators
	Council Plan <ul style="list-style-type: none"> • Strategic Objectives • Strategies • Strategic Indicators • Strategic Resource Plan 	Department Plan <ul style="list-style-type: none"> • Annual Actions • Service Level Indicators (Cost and Quality Indicators) 	Quarterly/Monthly Reporting <ul style="list-style-type: none"> • Software Usage • Annual Report • Report of Operations • Review against Strategic Indicators
<ul style="list-style-type: none"> • Review Business Plan actions complete and actions to be carried over 	Business Plan	Annual Actions	Description of activities and achievements
<ul style="list-style-type: none"> • Review staff achievement of actions in staff performance plan 	Staff Performance Plan	Staff Performance Monitoring	Staff Performance Review
<ul style="list-style-type: none"> • Review budget performance especially variances 	Budget <ul style="list-style-type: none"> • Standard Statements • Key Strategic Activities 	Budget <ul style="list-style-type: none"> • Activities and Initiatives 	<ul style="list-style-type: none"> • Monthly Reporting • Standard Statements • Performance Statement • Financial Statements

2.2 Models

There probably isn't a perfect Performance and Reporting model. However, what all models have in common is the intent to create a flexible, adaptive, performance focussed organisation. Regardless of the model chosen it usually needs to be adapted to meet the organisational circumstance. Various models have become management practice and have been used by Councils to help shape their approach to PMR. These practices in some cases have been borrowed from the private sector but have been tailored to be useful in a Local Government environment. Some models are referred to in the following text.

What drives what? – Strategy and Budget links

One practice that is increasingly being applied is that of longer term planning or strategy setting. This practice has at its core the notion of strategy driving decisions in terms of expenditure. This focus on longer-term strategies has also placed emphasis on the need to measure the longer-term impact or outcomes associated with Council efforts. A focus on outcomes is being assisted by the notion of community participation and citizen engagement with Councils taking an increasing leadership role in the development of strategic objectives on behalf of their communities. The ability of different levels of government to work together to achieve outcomes is also being recognised with a “joined-up” government approach being advocated.

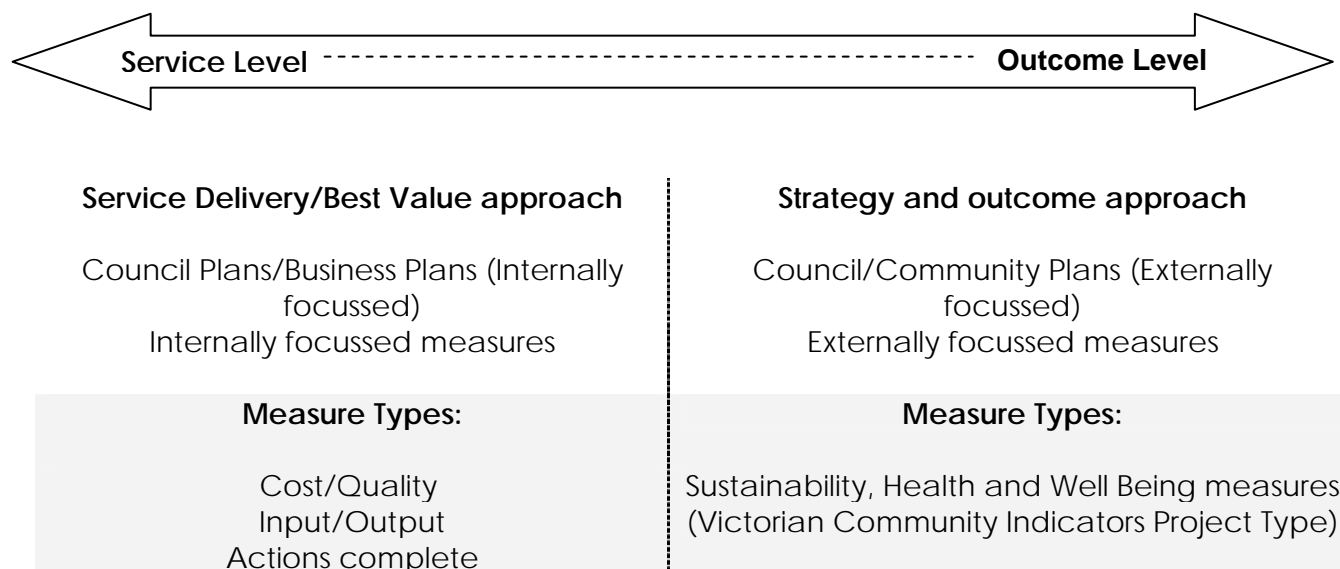
Measuring What Matters

This move to an outcomes focus does not eliminate the need for service level measures. There is a need for both levels of measure to co-exist for improvements to occur. There is still a need for service level measures to improve services. A PMR System should incorporate both elements. Councils then have to determine at what level the emphasis is placed. For business management purposes, systems tend to be mainly internally focussed aimed at outputs for continuous improvements.

External reporting to communities at either a Council or Community Plan level focuses more on outcome measures, many of which tend to be beyond the direct control of Council. Community Plan indicators tend to give a broad view of the current state of the municipality, and tend to support sustainability initiatives. Generally speaking there is a spectrum of approaches ranging from service level to outcome level. In terms of focus, a council is usually positioned toward one or the other end of the extremes. With hybrid systems the focus may be on both ends of the spectrum but each Council will be different in terms of the extent to which they are closer or further away to the end of the spectrum in the two elements. Also effort may be placed closer to one end rather than the other.

Table 4 depicts the spectrum and the accompanying approach to measure selection.

Table 4: Council performance and reporting spectrum



Range of Performance Monitoring and Reporting Models

Fundamental in determining where PMR emphasis should be placed, is the understanding of the end result that is required. It is therefore vital that any PMR system takes into account the goals and objectives the organisation is trying to achieve and links effectively to the strategic planning framework. Within Victorian Local Government, architectures for PMR range from hybrid systems developed from the ground up to meet the particular municipality's need, to implementation of full systems based for example on the Business Excellence Model. Many of these planning systems however are still managed as multiple fragmented processes rather than integrated systems. This in turn leads to a fragmentation of performance management systems with finance, best value, sustainability/community indicators, business plan and annual plan measurements being run essentially independently of each other.

Hybrid systems include integration of a Balance Scorecard, Triple Bottom Line (TBL) or more general business planning/Budget based monitoring systems. A range of software systems exists to manage these. However, there are

examples of municipalities that have no formal performance management systems in place.

Commercially profit focussed organisations using formal performance monitoring tools (beyond standard Annual financial management disclosures) tend to use a Balanced Scorecard – over 50% of fortune 500 companies, and integrate improvement tools such as “six sigma” for internal process management. Tools such as TBL are commonly used to report externally to the community – Shell’s Global Reporting Initiative (GRI) report is an example of an award winning report using the TBL assessment. Commercial entities tend to focus on how their activities reduce impact on those outcomes based on activity.

2.3 Characteristics of Models

After an analysis of Local Government (Victorian and Interstate) and private sector leading organisation PMR practices, the following list of characteristics was determined.

- Systems linked to delivery not to functionality (Brisbane, Geelong).
- Objectives need to be measurable.
- Linked to clear strategies.
- Employees open to challenge systems and question to find improved alternatives.
- Measurement systems linked to delivery of objectives.
- Systems able to cross levels: individual goals linking to team goals and to organisational goals; systems integrated.
- Supporting review and knowledge sharing.
- Decision tools linked to delivery of objectives.
- Financial systems linked to delivery of objectives.
- Best Practice in community reporting is outcome based – generally in relation to sustainability issues for corporate entities.
- Tend to have been implemented as a result of strong internal leadership rather than in response to external forces e.g. legislation

(several councils do not have a system for managing Best Value indicators).

From these characteristics a list of common or Best Practice features were determined. These features are shown in Table 5.

Table 5: Common/Best Practice features of frameworks

	Private Industry	Public Sector	Local Government
Clearly articulated direction	X	X	X*
Outcome & operational measurements	X	X	X*
Strong evidence base for decision making	X	X	X
Continuous improvement focus	X	X	X
Integrated tools (BSC, TBL, reporting, performance management)	X	X	X
Regular review mechanism	X	X	X

*The significant difference between Local Government and successful not for profit companies is a clearly defined areas of focus. Local Government traditionally sees itself as multiple businesses under the banner of one organisation. The complexity of local government has led many municipalities to complexity of systems. Objectives tend to become less clear (and often not SMART – Simple, Measurable, Achievable, Realistic, Timely) and the focus too broad as politics and competing interests come into play. The imperative to make a profit or gain market share is not as relevant to local government (and sometimes constrained by legislation).

In comparison, Local Government has a strong history of knowledge sharing and being early adopters of management practices e.g. Triple Bottom Line reporting. Measurement and monitoring tools utilised by local government

include: Balanced Scorecard (Frankston, Yarra Ranges), Benchmarking Continuous improvement program (Frankston), Certification to various Standards (Cardinia), Clear objectives (Brisbane, Geelong, Yarra Ranges, Melbourne), TBL - assessment tools and reporting (Melbourne), Business Excellence Model (Wangaratta), and the Global Reporting Initiative, (GRI) (Melbourne).

Lessons Learned from Model Analysis

Taking a model from one Council and applying it to your own, without understanding the basic organisational operations and culture, just won't work. Every organisation is different and needs to clearly understand its own uniqueness in its systems.

If a clear direction is not supported by the organisational culture and systems it will be as ineffective as the best systems without the clear direction. It is critical that a leadership group is firmly behind any change initiative, and work has been undertaken to engage critical stakeholders in the process from the outset.

The separation of politics from creating clearly defined objectives and then open and transparent reporting can be challenging. It takes strong will for both Council and executive management to commit to a measurable and actionable direction and stay the journey. The political environment may also create soft objectives, which are easily obtainable but do not focus on stretching the municipality to real improvement.

Models reviewed included Melbourne, Frankston, Brisbane, Geelong, Shell, Toyota, and Australian Federal Government – Finance Department framework.

3. Process

3.1 Performance Monitoring and Reporting: A process

You may be new to Council, or to the job, with responsibility for managing a PMR system, which is in place and generally working well. If that is the case, then your job is relatively easy: understand the system and how it works within the organisation; identify the gaps or weaknesses; and work out ways that may improve the process.

More likely, you have arrived in the job to find there are no performance monitoring systems in place and the Council Plan processes are not ideal. The mere suggestion that managers actually need to report against the Council Plan can make them break out in a cold sweat. If you are lucky, you may have a CEO who both acknowledges the importance of performance monitoring and puts some weight behind the organisational changes necessary to set up systems. Nevertheless, the main part of your job will be education, public relations and support. Call someone who cares: a colleague at another Council who has been through it themselves, and come along to Corporate Planners' network meetings.

Anyone designing, evaluating or redesigning, a successful performance monitoring and reporting system may wish to follow the key factors outlined below.

Understanding: designing PMR systems based on a detailed understanding of:

- The outcomes or outputs sought by other levels of government and stakeholders, (performance therefore monitored and reported at two levels: Strategy and/or Service).
- Service performance as a subset of strategy performance.
- Appropriate measures or indicators at the strategy level.
- The diverse nature of Council business, its goals, customers, and required performance.
- Its culture, history and where the CEO wishes to take that organisation.

Transparency: engaging and winning the support of staff through:

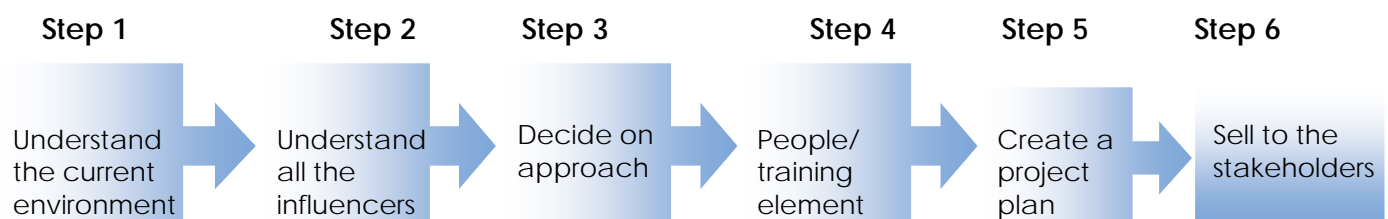
- Involvement, simplicity, progressive planned implementation, CEO and management commitment, reducing the gap between rhetoric and reality (Legislative Requirements, Council Plans versus what is actually done).
- Using a performance system in priority setting and improvement.

Connection: ensuring that performance monitoring and reporting is:

- A part of the overall corporate management structure of the organisation.
- Develop a clear 'line of sight' for staff between their responsibilities and the objectives of the organisation.
- Plan implementation carefully and with an adequate training component.

A step-by-step process that could be used to develop a PMR System based on these key factors is shown in Figure 2.

Figure 2: Process to develop a Performance Monitoring and Reporting system



An outlined of what is involved in each of the steps is explained below.

Step 1: Understand the Current Environment

What does the System look like now?

Local Government business is not a single product business. It is diverse and tries to satisfy increasing demand from a range of customers. Therefore the resultant methods to monitor and report on performance are just as diverse.

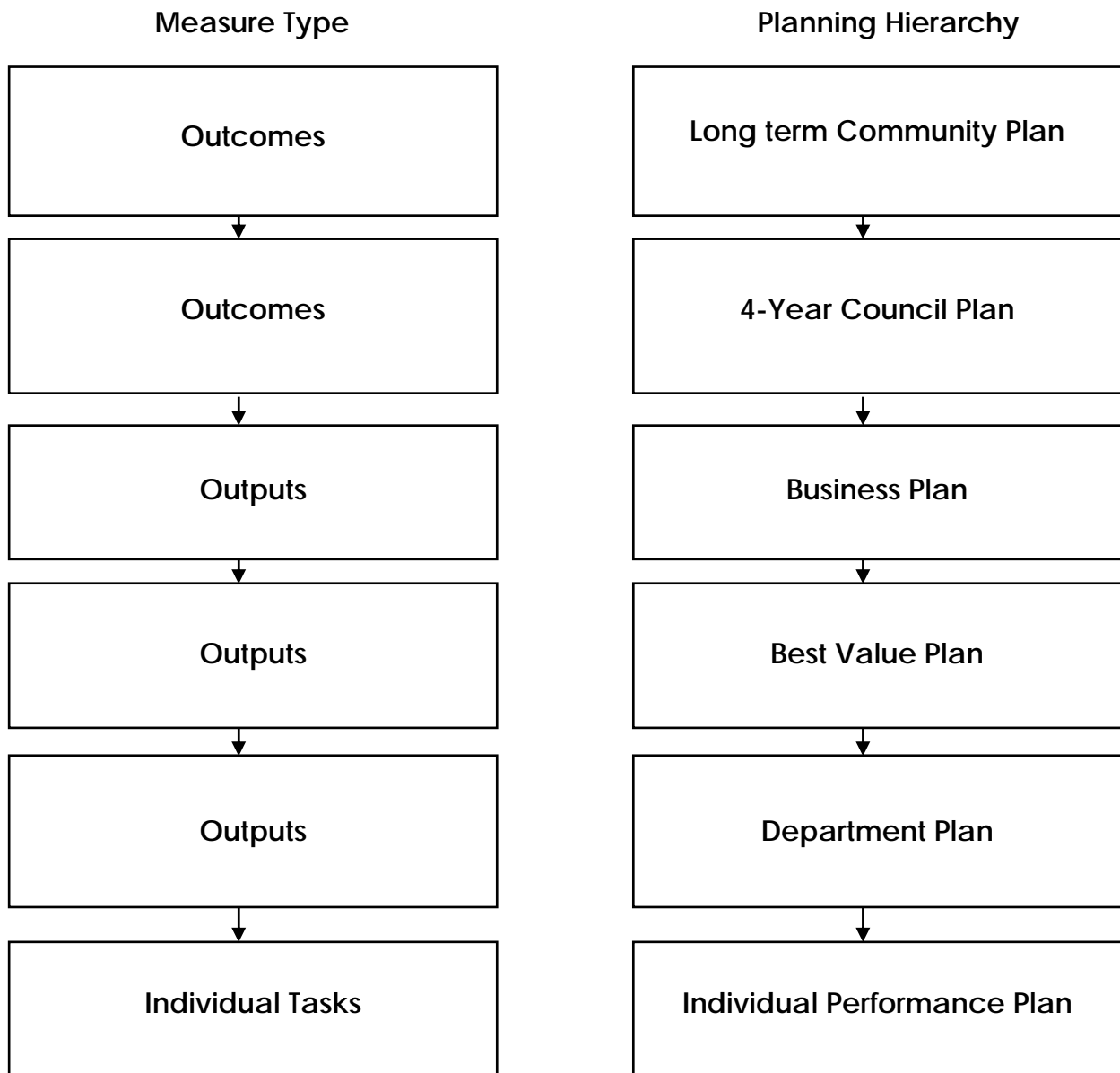
It is a good start to develop an audit of what is being done around the organisation. A simple questionnaire can be developed for managers. This can also extend to external and statutory reporting requirements. More than likely there will be systems around Finance, Quality, Best Value, Service Delivery, the Council Plan and the Annual Report.

Outcomes and Outputs Structure

The outcomes and outputs structure needs to be determined in order to choose measures based on the planning hierarchy. If the link between the hierarchy and the measure types is made, the choice of measures is easier.

Table 6 shows a sample outcomes and output structure.

Table 6: Example outcomes and output structure



What has been tried before?

What has worked and what hasn't? Where has monitoring and reporting evolved to be part of Organisational processes? – Points to consider: What reporting is done to the CEO, Executive Management Team, Council, and Community? Is it done on a regular basis or in an ad hoc manner? What meetings are in place to determine organisational strategy and performance? Are these part of a coherent framework/cycle? One of the most significant points of evolution within a system will be the extent to which strategy implementation and the monitoring of performance is critically aligned to financial resources.

Current Software Systems

Too often people think that a software program will solve all their problems. Software is an enabler and can only help when you get the systems right and the staff on board. Different software systems have strengths and weaknesses and it's important to get the right fit for your organisation. If you have a software system already in place and it is not working, you may want to look closely at the organisational issues that are hampering its success. It may be lack of education, lack of resources, failure to see the benefits for individual staff and managers. Dedicated Software systems currently utilised by Local Government for Performance Monitoring and Reporting are shown in Table 7.

Table 7: Dedicated Software for Performance Monitoring and Reporting

Product	Council
CorVu	Geelong
Corporate Information Database	Manningham, Monash, Moyne, Surf Coast
Interplan	Baw Baw, Brimbank, East Gippsland, Latrobe, Yarra Ranges, Mornington Peninsula
Other?	

Integration

There is no point in running an independent PMR system. It has to be integrated with the Council Plan, Annual Report, Staff Performance Plan and Best Value systems.

Questions for investigation at your Council:

What are the software systems used to gather and report performance data?

Are they only in one area, such as Finance, or are they across the organisation?

Where is that information reported, what analysis is done and what decision-making is based on it?

Duplicating Effort

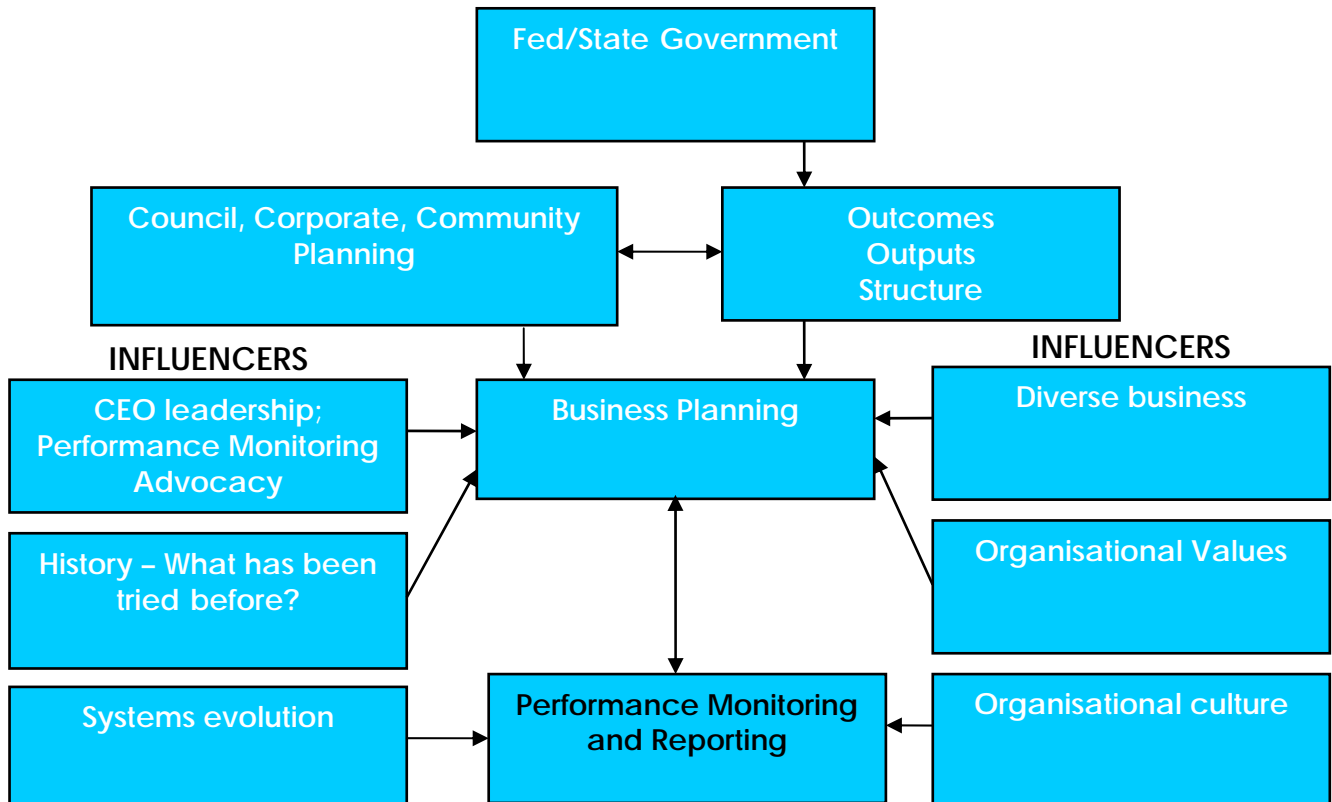
It is important that there is no duplication of effort in the above systems. These are the reasons why it is important to engage and consult other staff.

Integration and duplication of effort are real challenges. The most obvious example of this is the link between the Budget and the Council Plan. Unless these are integrated, then two reporting systems will run side by side, thereby duplicating a great deal of work and diluting the value of any reporting done.

Step 2. Understand all the Influences on the Development of the Process

There are key influencers that need to be considered in creating a Performance Monitoring and Reporting Framework. See Figure 3.

Figure 3: Performance Framework Influencers



Organisation Culture and Values

You may think at first there is no system at all, but after some time you will realise that performance monitoring is taking place across your organisation but in many different forms across different sectors of the organisation. For example: Waste Services may use a quality assurance system. Children's Services have reporting requirements to Department of Human Services. Finance systems are independently audited.

If you're not responsible for the Council Plan and the Annual Report, then talk to the people who are. You will need to work closely with them to integrate the systems so that it is useful and meaningful for your organisation.

An awareness of the particular culture of your organisation is helpful in working out what will work and what won't work. Find out who the 'opinion makers' are and get them on side early. Understand the viewpoints and perspectives of the CEO. A critical success factor is the role the CEO plays in advocating the system.

Managing the cultural impacts of implementation is the key to success. Education, public relations and support are very important. A variety of approaches need to be taken, but one of the main things is to ensure you have the support of the CEO and executive management team.

Some Councils use planning days. They may involve senior management, staff from particular units or generic in its delivery so that it reaches most or all of staff. Sometimes an external consultant can be brought in to talk about strategy or performance management or a steering committee or project team may drive the cultural process and documents such as flow charts, diagrams and presentations.

Step 3: Decide on Approach

Be clear about what outcomes you want to get out of PMR: better accountability, better performance, and better feedback for staff.

Tips

Do not monitor performance for the sake of it. It needs to be practical, useful and meaningful.

Determine how you will meet the legislative requirements as a minimum. Be clear about the legislative requirements for reporting and timelines.

Develop cyclical processes that incorporate PMR into the management structure and make review a critical part of the process. The CEO and senior managers will require support in terms of briefings, presentations describing objectives of the exercise and regular reminders, especially key dates.

Reporting Requirements

Different work areas will have external reporting requirements, either for legislative reasons or because of funding agreements. These can be used internally as well.

Step 4: The People and Training Element

It is important for staff to have the opportunity to be involved in the development of the system. This gives them ownership and familiarisation when implementation occurs, as well as making the system more relevant and valuable. Using frameworks that show a clear 'line of sight' for staff between their responsibilities and the objectives or strategy of the organisation will also increase staff buy-in.

The people and training element is critical to the success of the system. All staff should be inducted in to how the system works. Training may have formal or informal parts and include:

- Attend Staff Meetings.
- Provide General Support.
- Initiate Regular Briefings to Staff, Managers, Executive Management Team and Councillors.
- Launch by CEO.
- One on One Assistance.
- Planning Days.
- Staff Induction Once Operating.
- Staff Workshops/Focus Groups for System Development.
- Schedule of Training Sessions.
- Distribution of Information on Frameworks, Models, Processes.

A good overview of community engagement processes can be found at the Department of Sustainability and Environment website www.dse.vic.gov.au

Step 5: Create a Project Plan

CEO's and directors are happiest when they see project plans. They are important to give yourself confidence once you have done the proper groundwork, gathered the resources you need and know what you have to do. Working with people in organisations provides many interesting challenges. Make sure it is a flexible plan!

Finally, call on the help of your colleagues within your own Council and outside. You will find a lot of support that way. Oh, and make sure you maintain a healthy sense of humour!

- See Appendix 1 City of Greater Geelong Business Performance Management project plan

Step 6: Sell to the Stakeholders

Once the approach is determined and a framework is developed, you can begin the process of selling the system to staff at all levels of the organisation and other stakeholders. The system has to be shown to offer benefits for staff to fully embrace it. It also needs to give some value to other stakeholders.

There are a number of things that can assist in this task, these are:

- Use the model/framework/project plan to educate/inform.
- Be clear on what you want the organisation to achieve through the process.
- Consider when and how to involve councillors, e.g. launches, speeches, messages in key documents, advocacy.
- Have written material available, and make it easily found on the Intranet.
- Keep it simple.
- Develop a marketing plan, inc. branding, promotion and target audiences.
- Community Reporting.

It is important to be realistic. It needs to be conveyed to the organisation that bringing in a new system takes time. Set yourself realistic goals. Make sure

other important stakeholders (especially the CEO!) are aware that implementing a new system successfully takes time.

3.2 Timeline for implementation

There needs to be some consideration of the timeline for implementation. Given timelines for planning, reporting and budgeting exist in most Local Governments, the best approach would be to integrate implementation around these activity cycles.

These cycles are specific and therefore the timeline for implementation should also be specific. The commencement of a new executive management team may be the best time to introduce new changes, or it might be the most difficult.

Consider your organisational culture and the current issues, this is important and a good starting point. There are certain times in the planning cycle to implement change.

Give yourself plenty of time to plan for the implementation.

Tip

It took Brisbane City Council at least five years to implement their PMR system. So don't think it will happen quickly, because to develop an effective system there needs to be time spent in planning and bringing people along.

4. Best Practice Features

Further to an analysis of the models, frameworks, processes and implementation approaches that are employed by Local Government and private sector, a set of Best Practice features in relation to PMR has been compiled.

These features listed in Table 8 are considered necessary and a worthwhile aim to assist Councils in meeting the challenges of establishing a PMR system.

Table 8: Best Practice features of Performance Monitoring and Reporting systems

- Accountability determined (Monitoring, Reporting)
- Analysis, Learning (Strong evidence base for decision making)
- Cascade – visible link between strategy and performance at a personal level
- Clearly articulated strategy
- Community participation in formation of outcomes and measures
- Continuous improvement cycle or review process for system and organisation
- Integrate performance monitoring and reporting into corporate processes
- Integrated tools (BSC, TBL, reporting, performance management)
- Measure performance at both the strategy and operational level
- Simple
- Strategy drives organisation (Resource Allocation)
- Strategy/outcome focus supported and driven by CEO/senior management
- Transparency (communication of progress to staff and Community)

5. Literature Review

The following resources are intended to provide a broad based overview of reading that may be useful to a practitioner intending to establish or review a Performance Monitoring and Reporting (PM) system. The resources vary from the very practical to the highly theoretical, and different resources might be of value at different times in the process depending who is the practitioner's target audience or what the resources are intended for. As many of the below resources as possible are available on line, however some, particularly books, are not at this stage.

5.1 Websites

These sites provide some really handy hints and tips for developing PM systems, as well as some suggestions about the types of indicators that might be useful, and places where data may be available.

<http://www.cmqr.rmit.edu.au/publications/> - RMIT Centre for Management Quality Research

<http://www.staceybarr.com/resources/> - performance management and measurement consultant

<http://www.strategicfactors.com/Press.htm> - Graham Kenny, performance measurement and KPI setting consultant and trainer

<http://www.seagov.org/> - performance measurement for government (American)

<http://www.resultsthatmatter.net/> - community governance website (American) including performance measurement and monitoring

<http://www.aes.asn.au/journal/journalonline.htm> - Australasian Evaluation Society Journal on line

<http://www.globalreporting.org/> - Global Reporting Initiative, including pilot work on developing public sector guidelines, which Melbourne City Council was involved in

Outer Eastern Region Community Sustainability Project website:
<http://www.swin.edu.au/hosting/sustainableoutereast/>

5.2 Public Sector Resources

These are articles that have particularly considered the challenges of implementing a PM system in the public sector context. The articles have been drawn from both Australia and overseas, as there is a range of consistencies in the challenges peculiar to the public sector.

Wayne Cameron, "Public Accountability: Effectiveness, Equity, Ethics", *Australian Journal of Public Administration*, Vol. 63, No. 4, 2004, pp. 59-67

Kenneth Euske, "Public, Private, Not-For-Profit: Everybody is Unique?" *Measuring Business Excellence*, 2003, vol. 7, no. 4, pp. 5-11

Graeme Hodge, "Minding Everybody's Business: Performance Management in Public Sector Agencies", Public Sector Management Institute, Monash University

Malcolm Macpherson, "Performance Measurement in Not-For-Profit and Public Sector Organisations", *Measuring Business Excellence*, 2001, vol. 5, no. 2, pp. 13-17

Pietro Micheli, Steve Mason, Mike Kennerley and Mark Wilcox, "Public Sector Performance: Efficiency or Quality?" *Measuring Business Excellence*, 2005, vol. 9, no. 2, pp. 68-73

Sven Modell, "Performance Measurement Myths in the Public Sector: A Research Note", *Financial Accountability and Management*, vol. 20, no. 1, 2004, pp. 39-55

5.3 Local Government Specific Resources

These are resources which have either been specifically developed to assist the local government sector with implementing PM systems, or that provide analysis of the success of PM systems in the local government context.

Local Government Performance Management – Current Status Report, Department for Victorian Communities, 2003

Performance Measurement – A Guide for Local Government, Ernst and Young

A Guide to Performance Indicators in Local Government, Municipal Association of Victoria, 1993

Terry Brennan and Brian Dollery, "A Note on Performance Measurement in Australian Local Government", *Accounting, Accountability and Performance*, Vol. 5, No. 2, 1999, pp. 1-15

Industry Commission, Performance Measures for Councils: Improving Local Government Performance Indicators, Commonwealth Government of Australia, Melbourne, 1997

Kamlesh Sharma, "Performance Measurement in Local Government: Its Value and Limitations", *Keeping Good Companies*, November 2001, pp. 625-628

Vu Thuy and John Dalrymple, "Performance Measurement In Local Government In Victoria", Centre for Management Quality Research at RMIT, 1999

5.4 Performance Monitoring Models

The following resources provide an overview of the types of generic models, which should be considered when developing, or review a PM system. While any model will need to be adapted to suit the individual needs of a particular organisation, many of the below articles provide useful insights about using the models in a practical sense.

Auditor General Victoria, [Beyond the Triple Bottom Line - Measuring and Reporting on Sustainability](#), Occasional Paper, Melbourne, 2004

Environment Australia, [Triple Bottom Line Reporting in Australia: A Guide to Reporting Against Environmental Indicators](#), Department of the Environment and Heritage, Canberra, 2003

Global Reporting Initiative, [Sector Supplement for Public Agencies](#), Amsterdam, March 2005 (Developed and piloted with the participation of Melbourne City Council)

David Axson, [Best Practices in Planning, Budgeting and Management Reporting](#)

Michael Coveney, [The Strategy Gap](#) -

John Griffiths, "Balanced Scorecard Use in New Zealand Government Departments and Crown Entities", *Australian Journal of Public Administration*, vol. 62, no. 4, 2003, pp. 70-79

Sandra Lang, "Balanced Scorecard and Government Entities: Moving Forward at the Illinois Department of Transportation", *The CPA Journal*, 2004, pp. 48-52

Rodney McAdam and Timothy Walker, "An Inquiry into Balanced Scorecards within Best Value Implementation in UK Local Government", *Public Administration*, vol. 81, no. 4, 2003, pp. 873-892

David Norton, "Managing Strategy is Managing Change", *Balanced Scorecard Report*, vol. 4, no. 1, 2002, pp. 1-17

Dale Quinlivan, "Rescaling the Balanced Scorecard for Local Government", *Australian Journal of Public Administration*, vol. 59, no. 4, 2000, pp. 36-41

5.5 Projects and Sources

This section provides examples of the kinds of work being undertaken in a range of areas, and some places where interesting indicators or data sources might be obtained.

Demo site for Camden City Council Sustainability Indicators:
<http://www.id.com.au/info/default.asp?id=207&pg=501&bhcp=1>

DHS site for health status of Victorians: includes information about the health and determinants of health of Victorians through population health surveillance and public health system performance evaluation:
<http://www.health.vic.gov.au/healthstatus/>

Victorian Community Indicators Project
<http://www.communityindicators.net.au/>

- Includes a list of Indicators for Local Governments

UK Audit commission for collection of UK indicators: <http://www.audit-commission.gov.uk/>

<http://www.dpac.tas.gov.au/divisions/lgo/information/kpis.html> – local government office in Tasmania does a coordinated KPI measurement program, reports available on line for examples of KPIs used.

5.6 Broad Management Resources

This final section provides the broad based theoretical background to strategic management and the rationale behind developing and implementing PM systems. This section is far less practical in an immediate sense than the preceding sections, but may very well be useful in shaping a convincing argument about why a PM system could be of use in an organisation.

Arthur Thompson and Alonzo Strickland, Strategic Management: Concepts and Cases, Boston: McGraw Hill, 2003

Charles Hill and Gareth Jones, Strategic Management: An Integrated Approach, Boston: Houghton Mifflin, 1992

Gerry Johnson and Kevin Scholes, Exploring Corporate Strategy: Text and Cases, New York: Prentice Hall, 1993

John Kay, Foundations of Corporate Success: How Business Strategies Add Value, Oxford: Oxford University Press, 1993

Graham Kenny, Strategic Factors: Develop and Measure Winning Strategy, Mosman: President Press, 2001

Geoffrey Lewis, André Morkel and Graham Hubbard, Cases in Strategic Management: Australia and New Zealand, Sydney: Prentice Hall, 1996

Henry Mintzberg and James Quinn, The Strategy Process: Concepts, Contexts, Cases, Englewood Cliffs: Prentice Hall, 1991

Michael Porter, Competitive Advantage: Creating and Sustaining Superior Performance, New York: Free Press, 1985

Michael Porter, Competitive Strategy Techniques for Analysing Industries and Competitors, New York: Free Press, 1980

Michael Porter, The Competitive Advantage of Nations, London: Macmillan, 1990

Ralph Stacey, Strategic Management and Organisational Dynamics, London: Pitman, 1994

Arthur Thompson, Alonzo Strickland and Tracy Kramer (eds), Readings in Strategic Management, Illinois: Irwin, 1995

John Viljoen and Susan Dann, Strategic Management, French's Forest: Prentice Hall, 2003

Glossary

BSC	Balanced Scorecard
CEO	Chief Executive Officer
GRI	United Nations Global Reporting Initiative
KPIs	Key Performance Indicators
KSAs	Key Strategic Activities
PM	Performance Management
PMR	Performance Monitoring and Reporting
SMART	Simple, measurable, achievable, realistic, timeliness
TBL	Triple Bottom Line

Appendix 1

To be attached.