This presentation provides an overview of the Victorian Auditor-General’s report, Reporting on Local Government Performance.
Our 2012 Audit, *Performance Reporting by Local Government*, recommended the introduction of a statewide framework to improve performance reporting in councils.

In response to this recommendation, Local Government Victoria (LGV) introduced the Local government Performance Reporting Framework (LGPRF) in 2014.

Victoria’s LGPRF is the first reporting framework of its kind, for local governments across any Australian jurisdiction. Local government performance reporting in other states mostly focuses on the cost of council services.
Objectives:
• Support councils to improve service performance
• Increase the transparency of council performance for the community

Councils’ results published annually on the Know Your Council website.

The LGPRF has 59 indicators that cover key council services such as roads, waste, planning and libraries, and a governance and management checklist of 24 items.

The objectives of the framework are to support councils to improve service performance and to increase the transparency of council performance for the community.

LGV publishes councils’ performance results annually on the Know Your Council website.
In this audit we assessed if the LGPRF provides council decision-makers with information that is relevant, accurate, timely and easy to understand. We considered if councils use the LGPRF to improve the performance of their services, and if it has increased transparency for communities. We also assessed if the LGPRF has reduced the reporting burden on councils.
We audited five councils as well as Local Government Victoria (LGV), which provides support and guidance to councils, and is part of the Department of Environment, Land, Water and Planning (DELWP).
What we found

- Positive first step to publicly report council service performance
- Lacks good outcome indicators
- Some data unreliable, some reported inconsistently
- Councils not using LGPRF data sufficiently to inform decisions
- No formal evaluation of LGPRF
- Reporting burden on councils not reduced

Being the first framework of its kind in Australia, LGV’s implementation of the LGPRF is a commendable first step to publicly report data on the performance of key council services. With four years of reporting completed by councils, the LGPRF is building a picture of council and sector performance over time.

However, we found that the LGPRF is not realising its full potential because it lacks good outcome measures, data is reported inconsistently between councils, and some of the reported data is unreliable.

We also found that audited councils do not sufficiently use the LGPRF, or other internally generated data, to understand their performance and communicate it to their community, or inform their decisions.

LGV has missed an opportunity to encourage councils to use the LGPRF as an improvement tool and it has not formally evaluated the success of the LGPRF.

The LGPRF has also not achieved its aim of reducing the reporting burden on councils.
We found some areas of improvement that can increase the usefulness of information the LGPRF provides to council decision-makers and the community.

For example, the LGPRF can include more outcome indicators to assess the impact that council services have on communities.

The LGPRF can also report on the full cost of delivering a service. Currently LGV’s guidance recommends excluding indirect service costs, such as human resources and payroll.

There also needs to be a better use of targets when reporting data - we found that Councils’ use of targets when reporting on LGPRF indicators is still limited.

In addition, councils can improve the accuracy of reported data through better quality assurance processes and ensuring they interpret LGV’s reporting rules consistently. This will help benchmark council performance more accurately.
Council leadership teams are not making the best use of available data to inform their decision-making on services. Only one council has a systematic approach to using LGPRF data to improve performance. We also found that councils’ use of strategic indicators in their annual reports often fails to effectively communicate the impact or value of services to the community.
Councils advised us that they received good support from LGV to assist them with the reporting process. However, LGV can play a greater leadership role in showing councils how they can use the LGPRF as an improvement tool. It could, for example, create and share benchmarking reports to highlight areas of good practice in the sector.

We found that LGV has not formally evaluated the overall success of the LGPRF. This means that LGV does not know if the LGPRF is supporting councils to improve their performance or increase transparency of performance for the community.
Many of the LGPRF indicators duplicate or overlap reporting required by other state government departments. While LGV has found opportunities to align 41 of the 59 LGPRF indicators with those reported to other agencies, LGV have not been able to address this and therefore the LGPRF has not reduced the reporting burden on councils. This leads to inefficiencies in performance reporting.
We made 11 recommendations in total—six to councils and five to DELWP.

Councils have accepted all recommendations. DELWP accepted four recommendations and partly accepted one recommendation.
We have also published a data dashboard which enables councils to compare performance on the nine service areas reported in the LGPRF. The dashboard provides useful performance information—councils and the public can see how their performance compares with that of all 79 councils in Victoria.
For further information, please view the full report on our website:
www.audit.vic.gov.au

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