



Appendix 3e

18.3 Review of Policies


*CP032: Local Government Performance
Reporting Framework*

Ordinary Meeting of Council

Wednesday 24 November 2021 at 7:00pm

Queenscliff Town Hall

COUNCIL POLICY

Local Government Performance Reporting Framework (LGPRF)	Adopted By Council:	29/04/15	
	Date/s Reviewed:	01/03/18	
	Next Review Date:	03/21	
	Document No:	CP032	
	Directorate:	Organisational Performance & Community Services	
	Responsible Officer:	Manager, Financial Services	

CONTEXT

The Victorian Government established the Local Government Performance Reporting Framework (LGPRF) in 2014 to ensure that all Councils measure and report on their performance consistently. The mandatory LGPRF and the reporting format for indicators and measures are prescribed by the *Local Government Act 1989* (the Act) and the *Local Government (Planning and Reporting) Regulations 2014*, subject to external audit and reported annually to the community via Council's Annual Report.

The LGPRF reporting format requires the following reports to be completed annually:

- Report of Operations;
- Governance and management checklist; and
- Performance Statement.

This form of effective performance reporting is critical to the achievement of Council objectives, as well as guiding continuous improvement in the effectiveness of activities which support the Council's strategic direction.

PURPOSE

The purpose of this Policy is to outline the Borough of Queenscliffe's commitment to achieving the LGPRF statutory reporting requirements, and to keeping its community continually informed of its performance. It defines LGPRF terminology, describes the mandatory reports in the LGPRF reporting framework required to be completed by Councils, and outlines key roles and responsibilities of Council, its Officers and the Audit Committee in meeting all legislative requirements with respect to the LGPRF.

DEFINITIONS

For the purposes of this policy, the following definitions apply:

Council Plan	A plan setting out the medium-term strategic objectives, strategies, strategic indicators and resources reflecting vision and aspirations of the community for the next four years.
Effectiveness	How well the outcomes of a service achieve the stated objectives.
Efficiency	How well resources (inputs) are used to produce outputs (outcomes), expressed as a ratio of outputs to inputs

Financial performance indicators	A prescribed set of indicators and measures that assess the effectiveness of financial management in a council covering operating position, liquidity, obligations, stability and efficiency.
Governance and management checklist	Measures whether a council has strong governance and management frameworks in place covering community engagement, planning, monitoring, reporting and decision-making.
Indicators	Designed to measure and assess performance with respect to the effectiveness, efficiency and quality of outcomes.
Measure	How an indicator will be measured and takes the form of a computation, typically including a numerator and denominator.
Performance Statement	A statement including the results of the prescribed service outcome indicators, financial performance indicators and sustainable capacity indicators for the financial year and included in the annual report.
Principal Accounting Officer	The person designated by a council to be responsible for the financial management of the council.
Quality	The extent to which a service is suited to its purpose, conforms to specifications and meets user needs.
Report of Operations	A report containing a description of the operations of the council during the financial year and included in the annual report.
Service outcome indicators	The prescribed service performance indicators to be included in the performance statement which measure whether the stated service objective has been achieved.
Service performance indicators	A prescribed set of indicators measuring the effectiveness and efficiency of council services covering appropriateness, quality, cost and service outcomes.
Services	Assistance, support, advice and other actions undertaken by a council for the benefit of the local community.
Strategic Resource Plan	In accordance with Section 126 of the Act, the financial and non-financial resources required for at least the next four financial years.
Sustainable capacity indicators	A prescribed set of indicators measuring whether councils have the capacity to meet the agreed service and infrastructure needs of the local community and absorb foreseeable changes and unexpected shocks into the future covering financial performance, capacity and governance and management.

POLICY

The policy principles that form the basis of this policy are:

- Council must meet its LGPRF statutory reporting requirements by 30 September each year;
- Council is committed to keeping all members of the public continually informed of its performance;
- The provision of explanations for material variations and a review of the overall performance with respect to LGPRF indicators will be coordinated to include Officers, Councillors and Audit Committee.

1. Legislative requirements

Sections 131, 132 and 133 of the *Local Government Act 1989* state that:

- the Performance Statement must contain the prescribed indicators and measures of service performance outcome, financial performance and sustainable capacity and the results for each indicator
- the Performance Statement must be submitted to the auditor as soon as possible after the end of the financial year and certified in its final form by two councillors, the CEO and Principal Accounting Officer
- the Victorian Auditor-General must prepare a report on the Performance Statement to be included in the annual report
- the Annual Report must be submitted to the Minister for Local Government within three months of the end of each financial year (30 September)

In addition, councils are also required to disclose other performance-related information in the Report of Operations in the Annual Report, including:

- a governance and management checklist
- the prescribed indicators and measures of service performance, results achieved and an explanation of material variances
- a statement that reviews the performance of the council against the council plan including results achieved in relation to the strategic indicators included in the council plan.

2. Performance Statement

The Performance Statement contains information about the performance of Council for the financial year whereby Council makes itself accountable to the community. Council's performance for the financial year is reported against the key strategic activities that were adopted as part of the annual budget process.

The performance statement includes a description of the indicators and measures for assessing Council's performance, and includes the results achieved in relation to the prescribed indicators as summarised below.

- service performance indicators:
 - community satisfaction with governance and roads;
 - decision making with respect to statutory planning;
 - participation levels for libraries and maternal and child health;
 - health and safety – actioning of critical and major non-compliance notifications for food safety;
 - kerbside waste diverted from landfill; and
 - number of successful animal management prosecutions;
- financial performance:
 - operating position – adjusted underlying result;
 - liquidity – working capital and unrestricted cash;

- obligations – loans and borrowings and the level of indebtedness;
- asset renewal compared to depreciation;
- stability – rates compared to adjusted underlying revenue and compared to property values;
- efficiency – expenses per assessment and average residential rate per assessment; and
- workforce turnover; and
- sustainable capacity indicators:
 - own-source revenue, recurrent grants, expenses and infrastructure per head of population; and
 - relative socio-economic disadvantage.

In completing reports to meet its performance reporting obligations, Council refers to the *Local Government Better Practice Guides for each of the required reports*, as issued by the Department of Environment, Land, Water and Planning (DELWP).

3. Report of Operations

The Report of Operations is included in Council’s Annual Report, and is required to contain the following:

- a statement of progress in relation to the major initiatives identified in the budget;
- the results, in the prescribed form, of Council’s assessment against the governance and management checklist; and
- the indicators, measures and results of the prescribed service performance indicators and measures.

Service performance indicators, measures and outcomes are reported in the Borough of Queenscliffe’s Annual Report under four of the five strategic objectives of the Council Plan 2017-2021, as follows:

- A healthy, involved and creative community – maternal and child health and food safety;
- A unique natural environment – waste disposal;
- A well-planned and attractive place to live and visit – roads maintenance and works, planning and development control, local law enforcement and library;
- A proactive and accountable Council – governance.

There are no mandatory service performance indicators to be reported for the strategic objective of A vibrant local economy. Note also that aged services indicators are no longer reported from 2017/18.

4. Governance and management checklist

The governance and management checklist forms part of the Report of Operations. Council is assessed against 24 items within this checklist, which can be summarised into the following broad groups:

- community engagement – policy and guidelines;
- financial management – Strategic Resource Plan, annual budget, asset management plans, rating strategy and procurement policy;
- risk management – risk policy, fraud policy, Municipal emergency management plan, Business continuity plan, Disaster recovery plan and risk management framework;
- audit function – Audit Committee and Internal audit;
- reporting framework – performance report framework and performance reporting, Council Plan reporting, financial reporting, risk reporting and Annual Report; and
- general governance – Councillor Code of Conduct, delegations and meeting procedures.

5. Collection of performance data

Most performance data is available within Council’s records, financial and asset management systems. Some of the prescribed indicators, however, require the collection of supporting data from sources external to the council.

These include:

- annual community satisfaction survey results published by Local Government Victoria (LGV)
- municipal population and socio-economic disadvantage data from the Australian Bureau of Statistics
- maternal and child health data from the City of Greater Geelong
- library data from the Geelong Regional Library Corporation
- notice of planning decisions from VCAT hearings

In preparing the annual year-end timetable for LGPRF data collection, the above third party data sources are provided with the relevant timeframes to ensure Council meets its LGPRF reporting timeframe.

6. Roles and responsibilities

In order to meet the reporting timelines for preparation and audit of the performance statement, Council has formally allocated roles and responsibilities in the performance statement reporting process, as detailed below.

6.1 Responsibilities of the Program Leaders

Program leaders are responsible for completion of the following LGPRF tasks:

- extract / collate data to calculate results
- request and obtain data from third parties (if applicable)
- critically review data to ensure the data is accurate and complete
- investigate any unusual or unexpected results
- monitor negative or unanticipated trends and recommend options for an appropriate response
- provide explanations for material variances
- provide supporting evidence in preparation for management review
- provide assurance representations to the general managers as to the accuracy and completeness of the results and the adequacy of the supporting source data
- engage with team members for planning achievement of future performance objectives

6.2 Responsibilities of the Manager, Financial Services/Principal Accounting Officer

The Manager, Financial Services, who is also designated the Principal Accounting Officer of the Borough of Queenscliffe, is responsible for completion of the following LGPRF tasks:

- prepare the performance reporting work plan and timetable
- communicate requirements to responsible Program Leaders
- develop and maintain internal controls to ensure performance data is collected, analysed and reported in a consistent and compliant manner
- collate and review six monthly results, alerting the General Managers of any potential issues that may need to be addressed prior to the end of financial year results being finalised
- collate and review final results to be reported, noting any negative or unanticipated trends and recommending options to the General Managers for an appropriate response
- review the materiality levels adopted in identifying the variations requiring explanations in the performance statement
- review and/or add to explanations provided by Program Leaders for material variances
- provide assurance representations to the general managers as to the accuracy and completeness of the results and the adequacy of the supporting source data
- prepare the draft performance statement and supporting data evidence for audit
- once satisfied with the quality of reporting, certify the performance statement in the required format

- provide a recommendation to the Chief Executive Officer
- update data templates and submit to Local Government Victoria, for their review and inclusion on the Know Your Council website

6.3 Responsibilities of the General Managers

The General Manager, Planning and Infrastructure and the General Manager, Organisational Performance and Community Services are each responsible within their respective areas of management for completion of the following LGPRF tasks:

- review any potential issues with the six monthly results raised with the General Managers by the Manager, Financial Services that may need to be addressed prior to the end of financial year results being finalised
- review and/or add to explanations provided by Program Leaders for material variances to be included in annual reporting
- assist the Manager, Financial Services in meeting the statutory timeframes for annual performance reporting by following up any outstanding matters with the program leaders

6.4 Responsibilities of the Chief Executive Officer (CEO)

The CEO is responsible for completion of the following LGPRF tasks:

- review and approve the draft performance statement, including explanations for material variances
- provide a recommendation to the Audit Committee
- provide a recommendation to the Council
- certify the performance statement in the required format following completion of the audit
- following certification by Councillors and Officers, as required under legislation, submit the annual report to the Minister
- provide performance reporting data to the community via the annual report, Council's website and Local Government Victoria's Know Your Council website

6.5 Responsibilities of Audit Committee

The Audit Committee is responsible for completion of the following LGPRF tasks:

- review the draft performance statement and consider the results for the financial year enquire as to the internal control framework and level of assurance received regarding the accuracy and completeness of the information report
- discuss the results of the audit of the performance statement with the external auditor
- provide a recommendation to the Council

6.6 Responsibilities of Council

Council is responsible for completion of the following LGPRF tasks:

- review the draft Performance Statement and consider the results for the financial year review the recommendations received from the CEO, Principal Accounting Officer and Audit Committee
- adopt the Performance Statement in principle
- have two Councillors certify the Performance Statement in the required format following completion of the audit

- adopt the Annual Report – noting this contains performance information disclosed in the Report of Operations including:
 - the governance and management checklist;
 - the prescribed indicators and measures of service performance and the results achieved; and
 - a statement that reviews the performance of the council against the council plan including results achieved in relation to the strategic indicators included in the council plan

CONTINUOUS IMPROVEMENT

This policy will be reviewed as a minimum every three years from the date of adoption, and as required.

OTHER REFERENCES

Local Government Act 1989

Local Government (Planning and Reporting) Regulations 2014

Local Government Better Practice Guide 2016-17: Performance statement

Local Government Better Practice Guide 2016-17: Report of operations

Local Government Better Practice Guide 2016-17: Performance Reporting Framework Indicator Workbook

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