

# Options for a local government 'community indicators' framework



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## Introduction

The use of indicators by governments and organisations across the world is becoming commonplace. Different frameworks measure different things for different purposes, and the results are increasingly being published to either allow comparison and benchmarking, or to demonstrate progress towards a particular goal.

Organisations in both the public and private sectors use indicators to report on organisational performance, as a way of providing information to their stakeholders about the impacts of their products, services and policies. Australian leaders in the private sector include [National Australia Bank](#), [Woolworths](#), [Stocklands](#), [Fuji Xerox](#) and [BHP Billiton](#).

In contrast, 'community indicator' frameworks developed by and for governments address two distinct areas of measurement – organisational performance, and also liveability and quality of life outcomes for their communities.

A community indicator framework is an overarching structure or approach used to measure progress over time, through a suite of indicators relating to elements including liveability, quality of life, wellbeing and sustainability (Olesson et al, 2011). These terms are used almost interchangeably in relevant literature and research.

Various spheres of government are now using community indicator frameworks, including individual local councils, regional organisations, state and federal governments. Other organisations, both private and public, are also using community indicators as a way of comparing cities based on quality of life criteria – two examples are the [Economist Intelligence Unit](#) and the United Nations.

While reporting on organisational issues is important, there are existing statutory standards and guidelines that determine the relevant performance measures for local government. This paper therefore focuses on the community indicator frameworks that report on quality of life issues important to local communities. These frameworks have a range of benefits, including:

- providing communities with up to date information on issues of concern
- allowing organisations to engage directly with their communities on these issues of concern
- enabling organisations and governments to monitor how their performance and service delivery contributes to community wellbeing and liveability
- informing opportunities to change and improve service delivery, policy directions and planning frameworks, and
- enabling organisations to benchmark their performance against others.

## Why undertake this research?

There is already significant work being done in Australia in this area. In the Federal Government sphere:

- the [State of Australian Cities](#) Report uses indicators to measure the economic, environmental and social wellbeing and liveability of Australia's major cities
- the Department of Sustainability, Environment, Water, Population and Communities (SEWPaC) is currently developing Sustainability Indicators to measure community wellbeing across Australia
- the Australian Bureau of Statistics monitors whether life in Australia is getting better, through its [Measures of Australia's Progress](#) (MAP) indicators, and
- the COAG Reform Council, which was established by the Council of Australian Governments (COAG), is working to review capital city strategic planning systems against agreed national criteria, which form the basis of an indicator framework.

In addition, the Victorian Government supports Community Indicators Victoria (CIV), a collaborative project, hosted by the University of Melbourne. CIV provides state wide wellbeing data that is available on a local government scale. This framework has been the subject of much research and has been adapted for use in a trial in Queensland (Olesson et al, 2011).

The New South Wales Government has effectively legislated for the use of community indicators at a local level through the recently introduced Integrated Planning and Reporting Legislation (NSW Division of Local Government, 2010), and Western Australia is looking to introduce similar requirements.

Some of the local governments and regional organisations that have adopted indicator frameworks, which measure aspects of community wellbeing and liveability at a local level, include the Shore Regional Organisation of Councils (SHOROC), Redland City Council (QLD), Moreland City Council (VIC), Sutherland Shire Council (NSW), City of Sydney (NSW), City of Melville (WA), City of Onkaparinga (SA) and Penrith City Council (NSW).

The extent of work currently being undertaken across Australia by all spheres of government emphasises the need for consistency in measuring and reporting on community wellbeing and liveability. While recognised international frameworks, such as the Global Reporting Initiative (GRI), assist organisations in reporting on their own performance, a diversity of approaches to community indicator frameworks has emerged. There is not one existing framework that is broadly recognised as best practice, or widely used, either in Australia or internationally.

Local government provides a wide range of services to local communities, with potential to impact (positively and negatively) on their wellbeing and quality of life. It is well placed to define relevant and appropriate indicators to measure outcomes in their communities. The recent introduction of Integrated Planning and Reporting requirements in New South Wales creates another imperative to establish a comprehensive, relevant and effective framework.

## The role of Penrith City Council

Penrith City Council has been an early adopter in this area, establishing a comprehensive suite of both community and organisational indicators in 2007 that have been reported as part of an integrated annual sustainability report since that time.

The organisational, or 'Council', indicators are based on the Public Sector Supplement of the GRI. While the number of indicators reported on has been reduced over this period of time, based on the outcomes of a materiality review, there is a reasonable level of comfort within the organisation in reporting on these indicators.

This is in contrast to the 'City' indicators which were developed by the organisation to look at wellbeing and liveability within the City. There is recognition across the organisation of a number of issues associated with these existing indicators including:

- difficulty in obtaining accurate, timely and cost effective data
- the need to opt for quality over quantity, thus using a limited number of indicators to provide a broad snapshot of wellbeing and liveability within the City
- addressing the perception that if Council reports on an indicator it is taking responsibility for performance, regardless of the real level of influence it may have, and
- the need to ensure that indicators provide information that is of direct interest and use for Council and the local community – that is, the indicators must be material (pertinent) and locally relevant.

The suite of indicators adopted in 2007 has remained substantially unchanged since that time. This research provides an opportunity to review these indicators in line with current best practice, to ensure that our indicator framework is robust, relevant and is built upon accurate and timely information sources. The research project has also been timed to inform the next cycle of review of Council's Community Strategic Plan and four year Delivery Program (2013-17).

## Aim and project scope

The Australian Centre of Excellence for Local Government (ACELG) and Penrith City Council have partnered together to undertake a project to increase the consistency and reliability of local government quality of life reporting. Ultimately, the research aims to answer the question:

*What issues / statistics can act as appropriate benchmarks for the activities of local government that are aimed at improving quality of life for their communities?*

As neither organisation had the capacity to undertake the necessary level of research, a brief was prepared and four organisations requested to submit expressions of interest. As a result of this process, Net Balance was engaged by Penrith City Council and ACELG to undertake the research and prepare the reports, working with Council and ACELG to ensure that the results remained relevant for local government.

The scope of this project is unashamedly ambitious – we are looking to develop a set of core quality of life indicators which can be used by councils across the country, with a set of supplementary indicators that are suitable for use by metropolitan growth area councils such as Penrith. The intention is that this supplementary set of indicators provides opportunities to use more customised, local level indicators that work with the core

indicator set to provide an overall picture of quality of life within an area that is comparable across local government nationally, as well as other similar councils.

The opportunity is there for other councils with 'like' interests or character – for example rural councils, coastal councils, or regional councils – to work together to develop supplementary indicator sets which reflect the issues that are of specific relevance to their communities.

In framing this project, Penrith City Council and ACELG were aware that a significant amount of work has already been done in this area, although not all of it is publicly available (or was available when the research was done). We have attempted to draw on this existing work, particularly the work which has either been done at a local level or is intended to be used at a local level, and also provide a fresh viewpoint on the options for local government 'quality of life' reporting.

An important component of this project is the establishment of an expert Reference Group to provide specialist advice and feedback at key milestones. Their advice and comments have been invaluable. The Reference Group includes representatives of the following organisations:

- Major Cities Unit, Infrastructure Australia
- Division of Local Government, NSW Department of Premier and Cabinet
- Sustainability Policy and Indicators, Department of Sustainability, Environment, Water, Population and Communities
- National Growth Areas Alliance
- City of Melville, Western Australia.

The project is being undertaken in two stages. Stage 1 consisted of a review of existing indicator frameworks against a series of parameters to determine their usefulness to local government, and the key features of successful frameworks. This information guides Stage 2, which will focus on developing a set of community indicators for use by Penrith City Council. Other growth area, peri-urban councils may also be interested in using the indicators. Stage 1 of the research is now complete, with Stage 2 expected to be completed by early 2012.

The research into indicator frameworks undertaken for Stage 1 looked exclusively at 'quality of life' indicators. It is anticipated, however, that Stage 2 will also include some high level governance indicators. In terms of NSW legislation, the indicators to be developed through this project would be relevant for inclusion in the Community Strategic Plan. They could be reported on at least every four years, and potentially annually, depending on data availability and cost.

## **Methods**

The first stage of the research (now complete) undertook a comprehensive overview of existing community indicator frameworks that may be relevant to local government. The research included initial analysis of twenty six contemporary frameworks drawn from local, regional, national and international examples, providing a wide cross section for general consideration. The frameworks were developed by different organisations to serve a variety of purposes, but most involved either comparisons of an area over time (such as the Quality of Life in Bristol) or comparisons between regions or cities (such as the World Bank Global City Indicators Program).

The initial sample of twenty six indicators was shortlisted to six for more detailed analysis, based on review against a number of criteria developed by Net Balance as part of their research, and outlined below:

- *Quadruple bottom line outcomes* – frameworks that covered social, environmental, economic and governance outcomes
- *Universality* – categories of measurement and measurement processes are applicable to a wide range of circumstances
- *Localisations* – applicability in or adaptability to an Australian local government context
- *Currency* – the framework is still in use, or was recently developed
- *Comparative utility* – the framework is able to measure progress towards goals and / or establish benchmarks and trends over time
- *Uniqueness* – where multiple frameworks presented a similar approach, generally only one was selected unless there were relevant differences in application
- *Cycling* – frameworks are set up for ongoing data collection.

As a result of this process, the following frameworks were selected for detailed analysis:

1. [Quality of life in Bristol](#) – framework commenced in 2001 and provides annual reporting on progress towards the city’s 20:20 Plan. Information is sourced solely from an annual community survey.
2. [Quality of life London](#) – framework has an integrated structure and provides a snapshot of the city to help inform policy making. Three reports have been produced since its commencement in 2004.
3. [South Australia’s Strategic Plan](#) – framework has a direct relationship with the State’s Strategic Plan and this affects the indicator framing and reporting structure. Indicators are reported on every two years to chart progress towards targets, which are set within the indicators.
4. [Community Indicators Victoria](#) – framework provides annually updated data on a range of indicators for use by local councils in Victoria for reporting and policy development purposes.
5. Draft City of Sydney Indicator Framework – the newest of the frameworks assessed and has not yet been used for reporting, however it is designed to enable tracking of progress towards the city’s 2030 Plan. The framework is based on the CIV framework, applying it to a single local government area (Partridge et al, 2011).
6. [State of the Shire](#) (Sutherland Shire) – framework measures progress towards the Shire’s vision and to assist in determining future actions to achieve this. Initiated in 1997 and still regularly reported against.

Each of these frameworks was analysed on the basis of structure and content, with a detailed review of a subset of indicators from each framework. This included issues such as purpose, indicator grouping, data sources, and responsiveness, leading to an overall assessment which covered:

- *Consistency* – the alignment of the framework with organisational strategy and objectives
- *Connectivity* – was the information gathered relevant for other levels of reporting, and / or able to inform planning and policy decisions?
- *Rigour* – are data sources reliable and credible? Can results be replicated? Is the indicator relevant to the trend which is being measured?
- *Utility* – can the framework be easily used and is the information gathered easily understood?

- *Strengths and Weaknesses* – specific strengths and weaknesses identified as part of the analysis.

## Key findings

The analysis in Stage 1 identified a number of key points and overriding themes.

All of the frameworks, for instance, include a significant proportion of indicators which measure things over which councils have some influence, but not complete control. Those indicators over which councils have control tend to fall within the area of governance. This is not unexpected, given that the frameworks are generally aimed at measuring overall wellbeing, as opposed to organisational performance. There can be some level of discomfort with measuring and formally reporting on issues which are beyond the control of the organisation writing the report. This is considered to be necessary, however, if a framework is to properly measure issues of community importance, as these matters are rarely addressed by a single authority.

The analysis identified a number of indicator themes or issues which were common to at least five of the six frameworks that were assessed in detail. These included:

- climate change, waste and recycling in the environmental domain
- health, satisfaction and belonging, education, services and facilities, safety and volunteering in the social domain, and
- mobility, housing affordability and employment in the economic domain.

The most popular sources of data for reporting purposes were those collected by state organisations and from community surveys. Frameworks also rely quite heavily on data from the Australian Bureau of Statistics in the form of Census information. Other, less popular, sources of information included data collected by councils, national organisations and other external sources.

The analysis highlights that indicator choice has the potential to be heavily influenced by the availability of data. Indicators on environmental issues where data is less likely to be centrally collected are quite varied in their construction and content. For example, indicators on biodiversity may measure tree coverage, clearing rates or amounts of threatened species in protected areas. Individual frameworks appear to reflect the information that is locally available, rather than presenting a consistent measure. In contrast, indicators on social issues tend to be much more consistently written, possibly reflecting the fact that data is collected, (often by state agencies) on accepted standard measures and statistics. For example, most frameworks included similarly worded indicators on life expectancy and smoking rates to cover health issues.

Some issues are able to be addressed by a single indicator, however there were numerous instances where multiple indicators were used to provide a more comprehensive picture for a particular issue, for example employment. There were very limited examples of indicators that could be considered useful for more than one measure or group, for example one framework uses an indicator for 'domestic violence' as a measure of both strong communities, and safe communities.

A number of indicators identified in each framework were considered to be relevant to most councils. This is particularly important for Stage 2 of the research which seeks to identify a suite of core indicators that will be universally relevant to local government across Australia.



## Recommendations for a Best Practice Framework

The Stage 1 report identifies a number of key requirements to ensure best practice in an indicator framework. It recommends that the following elements are included in the design of any new framework:

- The framework must be underpinned by a clear set of objectives and principles to ensure that the framework, indicators and overall purpose are aligned.

Consideration should be given to building on existing frameworks that have been well used and adopted broadly. For example, the Community Indicators Victoria (CIV) framework is widely used in Victoria, is currently being trialled in Queensland, and has also been used by the City of Sydney to inform the development of their indicator framework. However, all of the frameworks analysed through this research have aspects that could be considered for inclusion in a new framework.

- Frameworks should consider the use of core indicators and supplementary indicators, to cover both issues relevant to the majority of councils, and those which are more specific to account for local variations (i.e. growth councils, different state reporting requirements, coastal compared to inland councils, differing sizes etc).

Core indicator development should look to those indicators commonly used in relevant frameworks as a guide to general issues of interest and / or concern. The GRI is an example of how this can work, with a set of core indicators supported by sector supplements (Global Reporting Initiative, (2006))

- The framework must consider the relationship between indicators and council functions to help ensure that the planning and reporting cycle incorporates an effective feedback mechanism.
- Consultation and engagement with communities and key stakeholders will be essential in ensuring the framework and indicators reflect local issues that are important to communities, as identified through the Community Strategic Plan.
- Indicators should be able to present trend information, either benchmarked against a base year or a similar local government area.
- Frameworks should consider the likely requirements from state and national frameworks, both existing and those currently being developed. Information collected through local government framework may also be useful to other spheres of government.

Indicators must be developed with an awareness of data availability and cost. In some cases, it may still be useful to develop an indicator which relies on data which is not yet available, in order to encourage its collection. The development of core indicators also requires consideration of whether data sources are widely available, to facilitate replication and comparability across the local government sector.

## Next Steps

The next stage of this project will build on the findings of Stage 1, and develop a set of core indicators on issues of relevance to local governments across the country. The report, which will be final product of Stage 2, will include:

- A proposed indicators framework, and the principles that underpin it
- A set of indicators, including core and supplementary indicators, which reflect the quadruple bottom line of environmental, social, economic and governance issues
- A clear, concise explanation of the purpose of each indicator, and what implications are likely to be drawn from the emerging trends for future Council activities (i.e. a discussion of what an upward or downward trend means, what could influence that trend and what actions councils may be able to take to help improve or reverse it). This should include a discussion on the extent to which councils are able to influence the outcome of the indicator
- Proposed frequency of measurement, and if the frequency affects its relevance
- Which indicators would be suitable for benchmarking, either against a base year or against other similar council areas
- How the indicators and the data collected may fit within likely state and federal frameworks
- Where indicators are common with state or federal frameworks, if data can be shared or otherwise made available to (or collected for) local government, and
- Sources of information to report on the indicators – both those available now and those likely to become available. This should include frequency of available information, accuracy of available information, likely cost of information (is this information only relevant for a short period of time? and if so, is it worth chasing?) and how much each data source will contribute to the overall picture for the indicator.

The report will be structured so that the indicators and their supporting information can be easily understood and distributed. It is intended that this paper will be able to be used as a consultation tool between councils and their communities, and as a key resource document for councils (especially growth councils) planning to develop or review their wellbeing, liveability and quality of life indicators.

Public dissemination of the findings of this research project has always been a key component of the overall approach. Clearly, the research is intended for use by local government however, other organisations may also gain benefit from the theories underpinning the research and may use the information directly, or may consider ensuring that any framework they develop is complementary.

Specifically, Penrith City Council will be using the draft set of indicators developed by Stage 2 of this project as a key element in our engagement process for the new Community Strategic Plan. This process will be extensive, and will include an initial engagement process between February and June 2012. The aim of the initial engagement process will be to review the key issues for our communities over the next 20 years. This will directly influence the selection of relevant indicators.

The agreed indicators will be included in the draft Community Strategic Plan, which will be exhibited in early 2013 along with a four year Delivery Program and annual Operational Plan.

All of the documents will need to include relevant indicators and performance measures. The Delivery Program, in particular, must demonstrate how Council's activities contribute to the overall goals and aspirations of our communities. This will require consistency and alignment between the performance measures and indicators in the Delivery Program with the agreed community indicators in the Community Strategic Plan.

We will also undertake detailed consultation with relevant state and federal bodies, as well as other interested local councils, to share information on how the indicator set is developing, examine potential data sources and ensure that it works with other relevant frameworks at a regional, state and national level.

A key focus of this project is to develop indicators which can be used by local government across the country, so consistency, particularly with proposed federal frameworks, is critical. Consistency with state frameworks will be more problematic, as different states are likely to employ different models, or may not have frameworks in place. We are hopeful that sharing the principles on which the framework has been built, as well as the indicator set itself, will make this consistency easier to achieve.

## **Conclusion**

Governments in general, and in particular local governments, are becoming increasingly aware of, and committed to, reporting on quality of life issues for their communities. Councils across the nation are developing indicator sets or scorecards as a way of responding to this trend.

Clearly, consistency in reporting on common issues can only add value to the work that is already being done, particularly if the framework is consistent with, or at least complementary with, relevant state and federal frameworks. This is especially true if this is coupled with the ability for councils to use a secondary set of indicators which provide it with the means to respond to key local issues.

It is recognised that the framework developed through this process is unlikely to be the final word in local government community indicators. It will need to adapt and be refined over the coming years as information around community indicators develops, as frameworks at other levels of government are developed and refined, and as new data sources become available.

It is hoped, however, that this work can assist councils that are still considering or developing quality of life indicators, and provide information on determining which quality of life issues can be consistently measured at a local level across the nation. It is also hoped that this, in turn, may influence the broader collection and sharing of data by agencies at regional, state and federal level.

## Key Reference

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