Organisational Performance Measurement and Reporting Guide

ACT Government

Chief Minister and Treasury

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Introduction

The ACT Government has a robust and integrated performance management framework, *Strengthening Performance and Accountability: A Framework for the ACT Government*.[1] Performance management frameworks integrate organisational strategic management, performance measurement, monitoring, evaluations and reporting.[2] Performance measurement improves Directorates' ability to track their progress towards achieving outcomes for Canberra.

Purpose

This step-by-step performance measurement guide (the Guide) will assist Directorates in selecting and designing appropriate performance indicators to strengthen current program and strategy management. This will introduce further consistency across Government in planning, as well as in measuring and evaluating performance. The Guide will outline a method for identifying outcomes and relevant outputs, developing appropriate performance indicators and strengthening performance reporting – leading to more effective and efficient programs and strategies.

This Guide complements ACT Treasury's *Guide to the Performance Measurement Framework*.[3] Treasury's advice assists Directorates in developing performance measures specific to the Budget process and statutory reporting requirements. This Guide forms part of a broader performance management process and it is integrated with planning, reporting, monitoring and evaluation. The use of both guides will ensure Directorates are measuring and reporting a complete picture of performance including effective reporting against accountability requirements of the Government and the community.

Structure

Performance measurement is structured around the six steps shown in Figure 1.

1. Plan.
2. Select performance indicators.
3. Deliver program.
4. Monitor performance.
5. Report on performance.
6. Evaluate.

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[1] ACT Chief Minister's Department 2011, *Strengthening Performance and Accountability: A Framework for the ACT Government*, ACT Government, Canberra.

[2] Department of Premier and Cabinet 2012, *A Guide to the Queensland Government Performance Management Framework,* Queensland Government.

[3] ACT Treasury Directorate 2012, *Guide to the Performance Measurement Framework*, ACT Government, Canberra.

Figure 1: Step-by-step guide to performance measurement

Planning is central to good program design and effective measurement. **Program logic** can be used to assist planning. This includes:

1. defining or selecting outcomes
2. defining impacts
3. identifying outputs
4. identifying resources.

If performance measurement indicates that the program or strategy is not effective, **evaluate** the program or strategy and consider **modifying** it.

Reporting must:

- explain the difference between planned performance and actual performance
- provide a picture of overall performance
- provide an unbiased and complete picture
- identify assumptions, gaps and variances
- present information clearly and concisely
- provide explanations of assumptions, gaps and variances.

Indicators must:

- measure performance
- refer to a result rather than being descriptive
- be well-defined, relevant and informative
- be within the control or influence of Directorates
- be available, timely and cost-effective
- be comparable with a benchmark or previous results over time.

6. Evaluate and modify

1. Plan

5. Analyse and report

2. Select performance indicators

4. Monitor performance

3. Conduct program

Data is gathered to **monitor performance**. Data considerations include:

- gathering relevant data by set timeframes
- ensuring the data is accurate, comprehensive and comparable.

Conduct program in line with program logic.
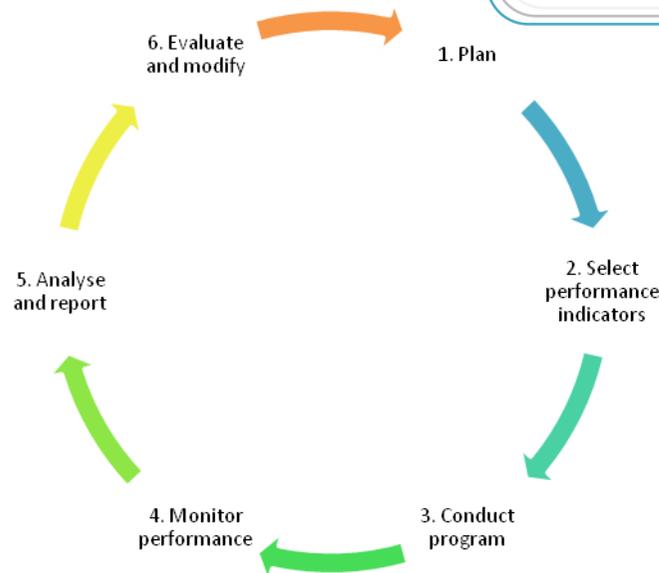
1. Plan

Good planning does not guarantee good performance, but it can assist in developing more robust performance measurement systems and finding a clearer course of action.

A useful tool in planning is program logic, which involves aligning top level Government outcomes, Government priorities, Directorate services and costs. Figure 2 outlines this relationship.

Figure 2: Relationship between resource allocation and outcomes in program logic
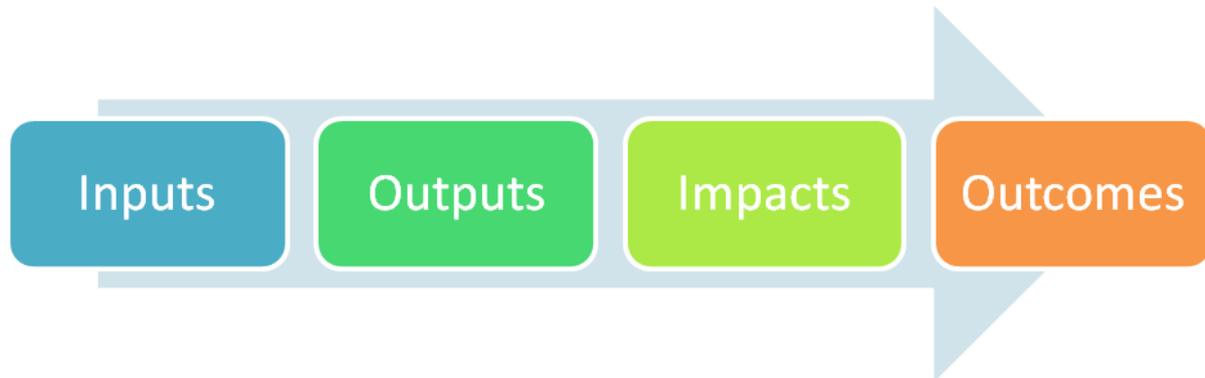
Identifying program logic

Program logic is the first step in robust performance measurement because indicators for each level can be developed so that a clear 'line of sight' emerges. Program logic assists in clarifying the context, logic and purpose of the program by taking a structured and deliberative approach to planning and program design. This can be done by following the steps in Table 1.[4]

Program logic, as outlined below, refers to the process of planning rather than the output. Program logic diagrams summarise the information developed through the program logic process. Program logic diagrams for strategies will summarise significant work required to map impacts and inputs to outcomes. An example of a program logic diagram template is at Attachment A.

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[4] State Services Commission and The Treasury 2008, *Performance Measurement: Advice and Examples of How to Develop Effective Frameworks,* New Zealand Government, http://www.ssc.govt.nz/performance-measurement.

Table 1: Steps in developing program logic

1. **Select and clearly define outcomes**	•	Outcomes are what the Government is working to achieve.
	•	Outcomes should be clearly defined as early as possible in the planning process.
	•	Outcomes, both intermediate and long-term, do not specify what is being provided, but rather the impacts expected after outputs are delivered.
	•	Outcomes may be identified by looking at the Canberra Plan and supporting high level plans.
2. **Define impacts**	•	Impacts are the effect of the Directorate's outputs or what must happen to achieve the outcome.
	•	One key to performance measurement is to clearly define the impacts in a way that represents the results expected from your outputs.
	•	Define your impacts as specifically as possible so that they can be measured against. This can be done by describing what you actually want to achieve.
3. **Identify outputs**	•	Outputs are how you achieve the impacts and outcomes.
	•	Outputs must be a tangible statement such as services delivered or goods produced by, or on behalf of, the Directorate to the community, allowing agencies to measure the cost or time to provide goods or services.
4. **Identify resources**	•	Resources are the set of inputs to produce outputs, such as funding and staff.
	•	Programs must be linked back to resources so decision-makers can assess value for money.

2. Select performance indicators

This section provides more information on selecting appropriate and measureable performance indicators. The performance of programs or strategies should be measured at each level of the logic model. Characteristics of good performance indicators are provided at Attachment B.

Table 2 defines what is being measured at each level, and their equivalent indicator in the ACT Government context.

Table 2: What is being measured?

Outcome measures	Track our achievement of strategic goals.	*Strategic indicators* measure the Government's performance against outcomes and impacts.
Impact measures	Track progress towards outcomes, assess the differences occurring in the short/medium term, confirm the right mix of outputs and assess cost-effectiveness. Impact measures indicate the success of the program and provide feedback on performance by linking outputs to outcome levels.	
Output measures	Typically assess: quality, quantity, targeting, timeliness, location, cost and coverage. Comparable information also allows your Directorate to assess how production and efficiency have changed, and to test whether impacts or outcomes changed as predicted.	*Accountability indicators* measure a Directorate's performance in delivering its outputs identified in the Budget papers.

Now that we know what is being measured, we need to know how to measure it. Table 3 outlines common indicators at each level of program logic, including impact measures across both the short (immediate) and medium term.

Table 3: Examples of common measures at each stage of the results logic model[5]

What is measured		How it is measured
Output	Efficiency of process Economy	Cost of delivering output (input per output unit)
	Quantity Coverage Access	Number of people served Number of people receiving training/service/output Number of targeted group not using service/output
	Quality Appropriateness	% of output meeting specification % of people who would recommend/re-use output/service
Impact: immediate	Effectiveness Completion rate Knowledge retained Reduction in queue Receipt of benefits Unintended effects	% of people with post-school qualifications compared with national average % of people with computers at home
Impact: medium term	Effectiveness Behaviour change Risk reduction Lifestyle change Survival Unintended effects	% of people changing their behaviour after use of service/output % of people better off after use of service/output Fewer drunken drivers/bad incidents % in jobs/new career/crime free
Outcome	Total improvement Program effectiveness More equity	Improved health/wealth/happiness Fewer deaths/accidents/people in prison Decrease in welfare dependency/fewer kids in care

Putting theory into practice, Figure 3 outlines a program logic diagram with corresponding performance indicators. Please note this is an example only. A template for planning individual outcomes associated with strategies and selecting appropriate performance indicators is provided at Attachment C.

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[5] Adapted from State Services Commission and The Treasury 2008, *Performance Measurement: Advice and Examples of How to Develop Effective Frameworks,* New Zealand Government, http://www.ssc.govt.nz/ performance-measurement.

Figure 3: Example program logic diagram and corresponding performance indicators for Transport for Canberra[6]

Program logic diagram

Performance indicators

Outcomes

To create a transport system that is integrated, active, sustainable, reliable, safe, accessible, efficient and cost-effective

Percentage of people within a 15 minute walk to a centre or rapid transit corridor

Impacts

- Decrease travel time on public transport
- Decrease wait times for public transport
- Increase reliability of public transport
- Meet the coverage needs of the public transport service network
- Increase the patronage of public transport
- Increase participation in active transport

- Average wait time
- Average travel time
- On-time running
- Percentage of ACT households within a 500m walk of a bus stop
- Percentage of trips by walking, cycling and public transport

Outputs

- Increase public transport priorities, vehicles and adopt a rapid services target speed of 40km/h
- Increase the frequency of bus services
- Increase the accessibility of public transport

- Number of additional bus lanes and rapid services
- Frequency of bus services
- Percentage compliance with *Disability Standards for Accessible Public Transport 2002*

Inputs

- Funding
- Staffing
- Infrastructure
- Assets
- Planning
- Procurement

- Audited financials
- Full time equivalents
- Strategic assets management plan

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[6] This example is an adaptation based on outcomes identified in *Transport for Canberra*. The indicators, impacts, outputs and inputs have been assigned for the purposes of this Guide only.

3. Conduct the program

The project is delivered to effect change and should be implemented in line with the program implementation plan. Service delivery is the core function of the ACT Government. For more information on service delivery please see the *ACT Government Strategic Service Planning Framework*.[7]

4. Collect data and monitor performance

Program planning, design and selection of indicators are key components of a performance measurement system. However, these steps are essentially meaningless if data is not collected against each of the indicators.

Measuring performance requires the timely and relevant collation and analysis of data. Data must be gathered by set timeframes and must be accurate, comprehensive and comparable.

When analysing data to get a meaningful picture of performance, comparisons must be considered. This can be done either year by year or, where relevant, by using benchmarking or simple comparisons of groups that did and did not receive outputs. Note, however, that there are risks associated with benchmarking and comparisons. Such risks may relate to changes and lack of control of external factors, which may also influence performance.

Where does data come from?

There are many sources of program relevant data. Data may already be collected and released by a centralised body, such as the Australian Bureau of Statistics or the Productivity Commission. When using this data, care must be taken to ensure that it is frequently updated and relevant to the ACT's scale. Some data may be gathered internally within Government and some indicators and programs may require new data to be gathered. This data must be checked for integrity and appropriateness prior to being analysed and reported.

Monitoring performance

Data is collected over time so that performance can be monitored to answer the following questions.

- Has performance changed over time?
- If so, by how much?
- In which direction?

This is the basis for performance monitoring. Regular and complete monitoring of performance can effectively manage risk and strengthen accountability.

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[7] ACT Chief Minister and Cabinet Directorate 2012, *Achieving Results for the Community: An ACT Government Strategic Service Planning Framework*, ACT Government, Canberra.

5. Analyse and report

The utility of performance information is limited if it is not communicated effectively and integrated back into the planning cycle. It is important to link performance measurement into the wider management processes of your Directorate. The ACT's current reporting framework is outlined in Attachment D.

Figure 4: Characteristics of effective performance reporting
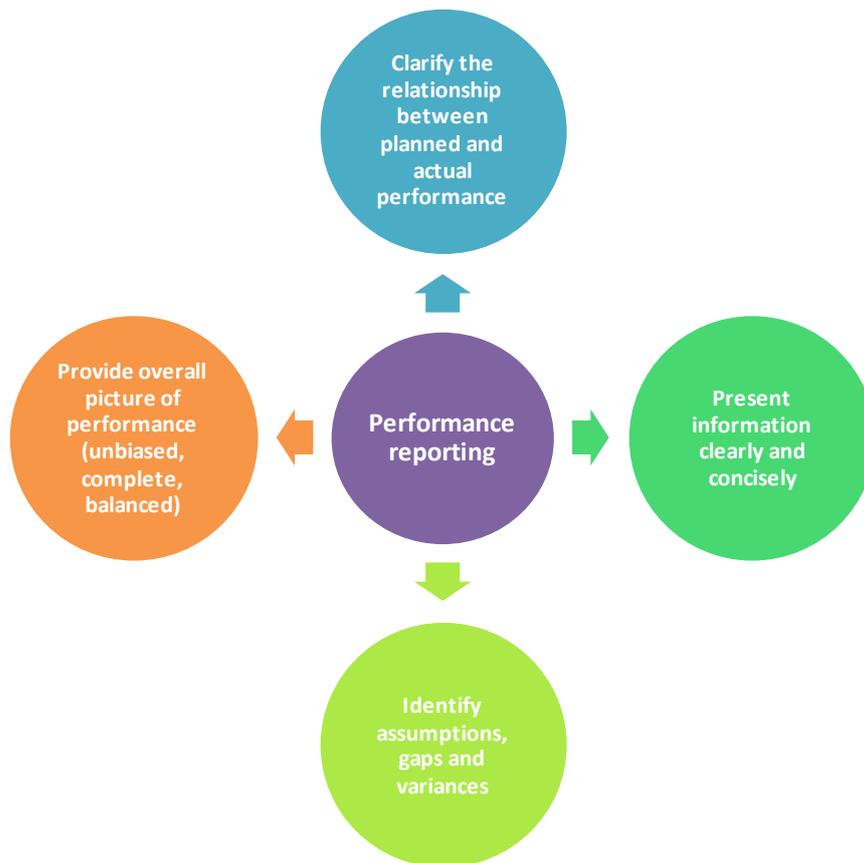
Figure 4 outlines the characteristics of effective performance reporting. It must:

- clarify the relationship between planned performance and actual performance;
- provide a picture of overall performance (unbiased, balance and complete) of Government, including how the Directorate's service links to Government objectives;
- identify assumptions, gaps and variances; and
- present performance information clearly and concisely, in a user-friendly and timely manner, and across a broad range of mediums.

6. Evaluate and modify

Once the data for the performance indicators are collected, analysed and communicated, consider evaluating both the performance indicators selected and the program or strategy being measured. Evaluating the program or strategy can inform leaders' decisions about planning, capability and resource allocation.

Evaluating and modifying performance measures

Performance indicators of all levels in the program logic model must be re-evaluated over time against the criteria in Attachment B to ensure the performance indicators are still relevant to measuring the program's progress towards achieving the overall outcome.

Evaluating and modifying programs or strategies

Performance measurement can assist in determining whether modification of programs, program implementation, strategies or Directorate objectives is necessary.

Performance measurement showing positive changes to outcomes or impacts may indicate that the program or strategy is performing well and there is no need to make any modifications to the program.

Conversely, performance measurement may illustrate that there are no positive changes to impacts or outcomes, indicating the program, strategy or its implementation is not performing as expected. Measuring impacts tracks the direct effect and performance of your program or strategy.[8] If performance measurement indicates there is no change to the impact, consider changing your strategy or program.

Directorates must identify the causes of shortfalls, internal obstructions or externalities that are adversely influencing performance. Consider whether:

- the program or strategy is still necessary, current and suitable given any changes to the internal or external environments;
- changes are required to improve the effectiveness or clarity of the program or strategy;
- there is poor targeting or insufficient outputs;
- there are implementation needs such as additional communication or staff training;
- the implementation of the program or strategy is complying with plans; or
- an action plan can address shortfalls, internal obstructions or externalities.

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[8] If the Directorate does not have a high degree of control or there are many external factors affecting the outcome, these limits on control and external influences should be acknowledged.

Resources

ACT Chief Minister and Cabinet Directorate 2012, *Achieving Results for the Community: An ACT Government Strategic Service Planning Framework*, ACT Government, Canberra.

ACT Chief Minister's Department 2011, *Strengthening Performance and Accountability: A Framework for the ACT Government*, ACT Government, Canberra.

ACT Treasury Directorate 2012, *Guide to the Performance Measurement Framework*, ACT Government, Canberra.
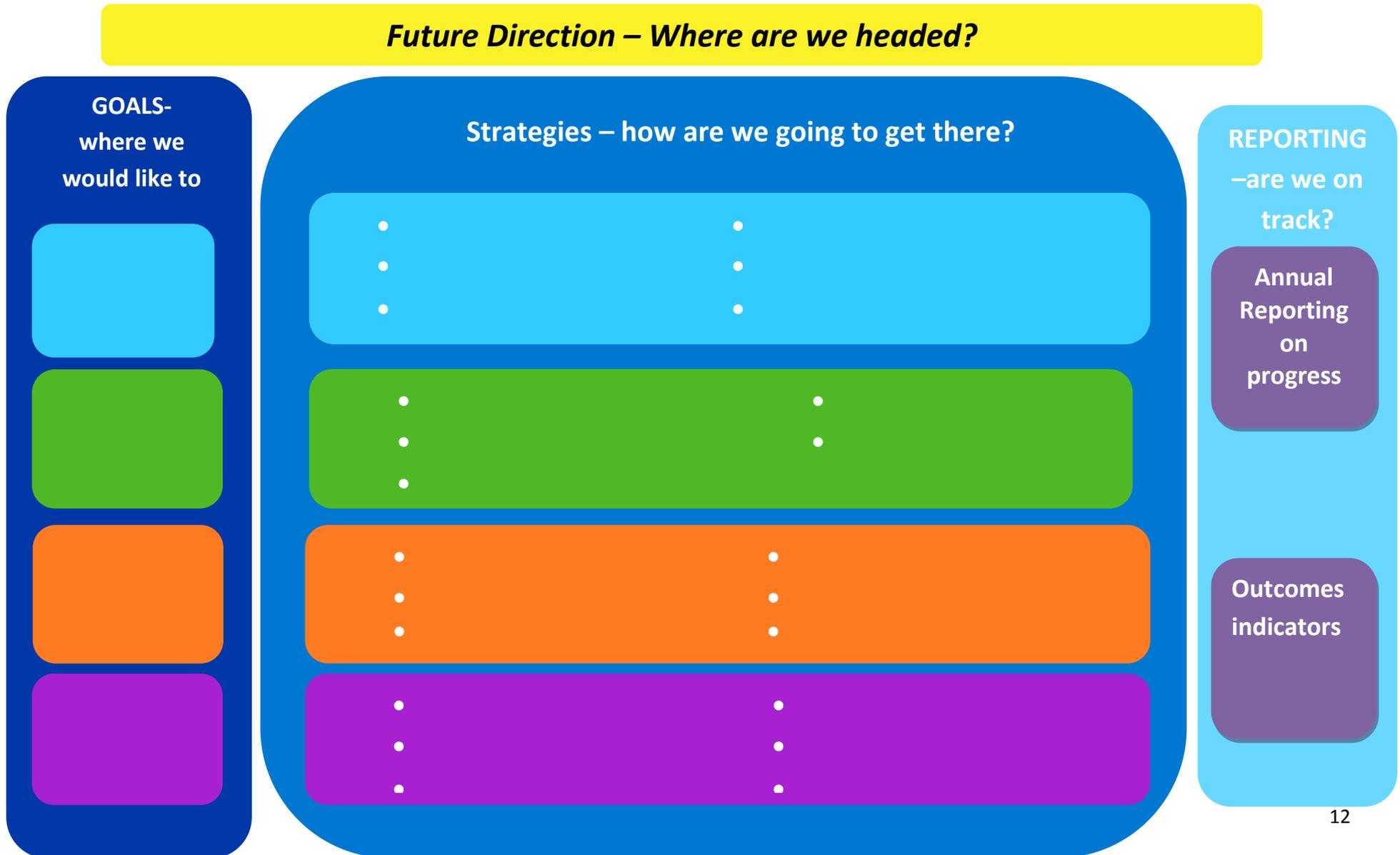
Centre for International Economics (CIE) 2011, *Strategic Service Planning for the ACT Government: Components, Principles and Processes*, prepared for ACT Chief Minister and Cabinet Directorate, Canberra.

Department of Premier and Cabinet 2012, *A Guide to the Queensland Government Performance Management Framework,* Queensland Government, http://www.premiers.qld.gov.au/publications/categories/guides/perf-manage-framework.aspx

National Audit Office 2001, *Choosing the Right FABRIC: A Framework for Performance Information*, United Kingdom, http://www.nao.org.uk/publications.aspx

State Services Commission and The Treasury 2008, *Performance Measurement: Advice and Examples of How to Develop Effective Frameworks,* New Zealand Government, http://www.ssc.govt.nz/performance-measurement.

Figure 5: Template for future directions table

Future Direction – Where are we headed?

GOALS- where we would like to

Strategies – how are we going to get there?

REPORTING –are we on track?

Annual Reporting on progress

Outcomes indicators

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Attachment B: Characteristics of good performance indicators[9]

Relevant

Performance measures must be relevant and aligned to what the organisation is trying to achieve. It must also be confirmed that the measure is the most appropriate way of assessing the performance of the output/impact/outcome and present an indication of how the Directorate is performing.

Significant and informative

Performance measures must measure significant information on the performance of a program and its contribution to the change.

Well-defined

The definition of the data should be easy to understand and unambiguous. This will ensure that the data is collected consistently and the measure can be understood and used.

Available and cost-effective

Data availability often constrains measurement. It is important when choosing indicators to ensure that there are cost-effective methods of collecting relevant data.

Attributable

Performance measures must measure something that the Directorate is able to influence. The measure should also provide an indication of how much of any change can be attributed to the Directorate.

Reliable

Performance measures must be relatively accurate and responsive to change. For example, a measure based on a very small sample may show large fluctuations. Similarly, a measure that is not responsive to change will not demonstrate the impact of programs.

Timely

Data used to measure the performance must be produced frequently enough to track progress and be up to date. If the data is not released frequently or the program is long-term and will take time to create an impact, give sufficient time for the performance to be measured.

Avoids perverse incentives

The measure should not encourage perverse incentives, for example, measuring the speed of answering letters instead of measuring the quality of responses. This can be avoided by measuring outputs, impacts and outcomes, and ensuring that measures are relevant and well-defined.

Comparable

The measure should be capable of being compared with either past period or similar programs elsewhere. This will track the progress and performance of the programs.

Verifiable

Performance measures should have clear documentation behind it so that they can be validated.

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[9] Adapted from National Audit Office 2001, *Choosing the Right FABRIC: A Framework for Performance Information*, United Kingdom.

Attachment C: Template for selecting performance indicators

Figure 6: Template for selecting performance indicators

Program logic

Performance indicators

Outcomes

Impacts

Outputs

Inputs
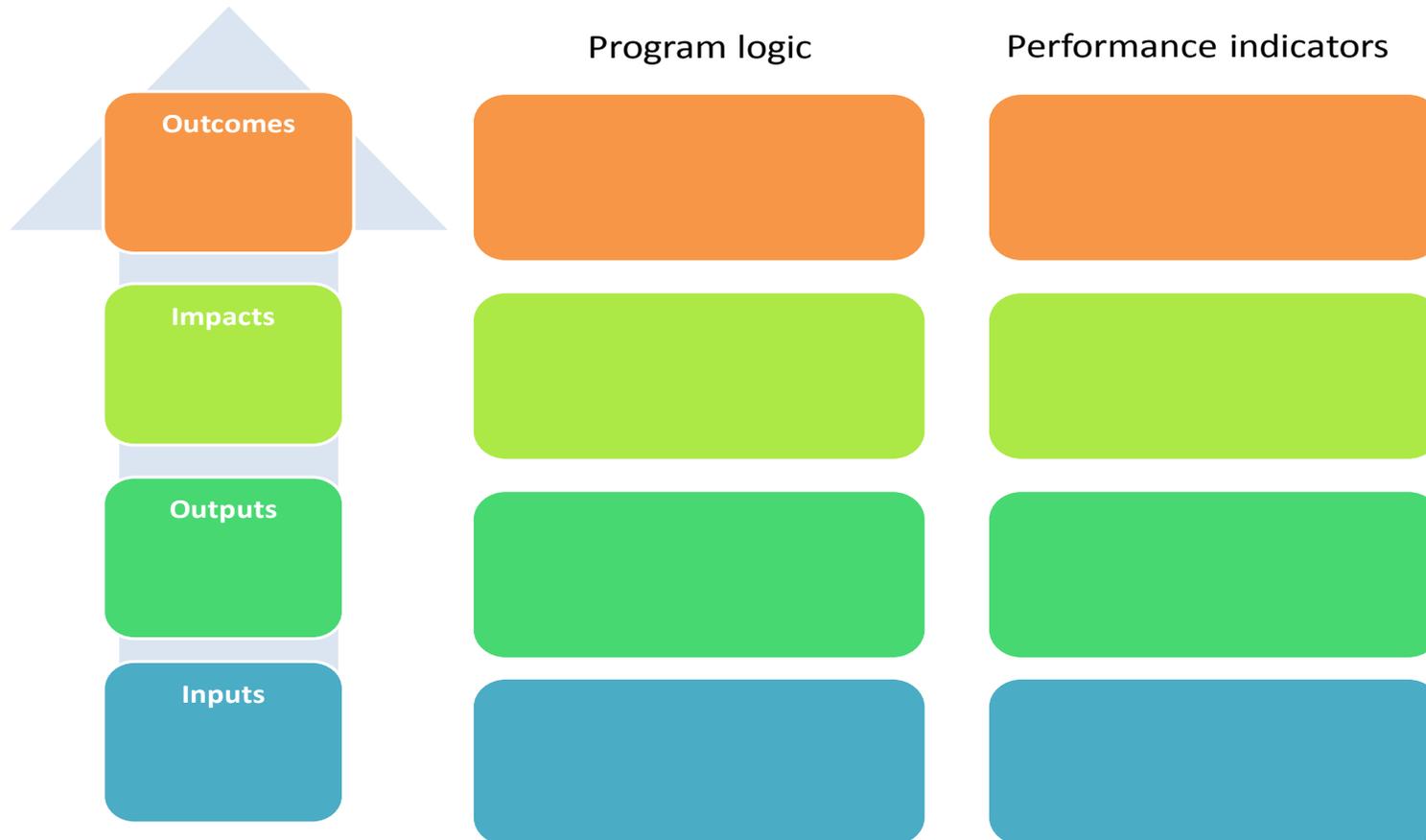
Attachment D: The ACT's current performance measurement reporting framework

Figure 7: Mapping of government performance planning and reporting

Plans	Planned performance	Deliver	Actual performance	Reports
Canberra Plan	Progress goals	→	Changes in wellbeing	Measuring Our Progress
Statement of intent	Priority outcomes and actions	→	Results	Statement of Achievement
Corporate plans	Strategic indicators	→	Results	Annual Report
Budget papers	Accountability indicators	→	Efficiency of effectiveness of services	Annual Report

Under the current performance measurement system, agency performance is reported in agency annual reports and corresponds with corporate plans. Accountability indicators are identified in the Budget papers and reported in annual reports. Progress towards the achievement of the ACT Government's priorities is identified and reported in the annual Statement of Achievement.