

# 18. Levels of Service and Performance Information

**Author's Note** We are grateful for the assistance provided by NAMS and their publication *Developing Levels of Service and Performance Measures*. This publication can be ordered via [www.nams.org.nz](http://www.nams.org.nz).

## Introduction

This section discusses:

- **levels of service** - measurable qualities or attributes in relation to an activity
- **performance measures** – indicators that are used to determine whether levels of service are being delivered, and
- **performance targets** - the desired levels of performance against the performance measures.

## Why are levels of service and performance information so important?

The Act places a great deal of emphasis on performance management frameworks, especially levels of service. The package of levels of service, measures and targets in your framework represent the value that your residents receive in return for their money. Together with the forecast financial statements and funding policies, your framework goes to the heart of the first of the cardinal virtues - the right debate. Doing this well is critical to the overall success of your local authority.

There are legislative requirements to disclose information from your performance management framework. But these should draw on information that already exists to help your local authority with day to day governance and management.

*What are the practical implications of this?*

- There should be a flow of logic between the levels of service and the contribution the activity makes to community wellbeing. This makes the definition of the rationale for service delivery all the more important. A rationale that is based solely on the service being a legal requirement or community demand may provide insufficient clarity to act as a good basis for developing levels of service.
- The levels of service and performance measures in the LTCCP need to focus on things the residents and ratepayers value and can understand. Technical measures should be avoided or reworded to make them relevant to readers.
- The performance management information you disclose in the LTCCP is likely to be a subset of the wider set of information you collect to help govern and manage your local authority. Be judicious in what you put into the LTCCP – put in only what is sufficient to provide a complete picture of the overall performance of the activity and its contribution to community wellbeing (4-6 levels of service per activity is a good rule of thumb).

## How do levels of service and performance information relate to the legislation?

The LTCCP must include a statement of the intended levels of service provision for each group of activities, including the performance measures and targets against which the levels of service will be assessed. Disclosures in the LTCCP must be:

- in detail for the first three years of the LTCCP, and
- in outline for the following seven years.

The levels of service and measures specified in the LTCCP form the basis of your annual plans, and the basis for the comparisons of actual and forecast levels of service contained in the annual report. Once in the LTCCP, significant changes to levels of service may only be made through an amendment to the LTCCP.

*What are the practical implications of this?*

The requirements to develop performance management information apply to all groups of activities not just those associated with assets.

It may be difficult to develop meaningful levels of service that apply at the level of groups of activities, and to make reasonable projections of how these levels will change over ten years.

As time passes and experience with the Act increases, changes to levels of service will probably become the most activated of the section 97 triggers for amendment to the LTCCP.

The reference to intended levels of service, suggests the involvement of community views in arriving at the intended levels of service.

## What information sources can be used in the development of levels of service etc?

- asset/activity management plans
- other plans and strategies
- previous LTCCPs (but ensure that the aspects selected are still relevant)
- outcomes from previous consultations and customer surveys
- customer feedback information – which may be formal or informal
- assessments of water and sanitary services (if these are current)
- legislation (especially where performance standards are set by legislation such as statutory timeframes for the processing of consents)
- industry standards such as the Library Association of New Zealand standards
- comparison with other local authorities (but ensure these are relevant)
- major contracts.

## Who should be involved in preparing the levels of service and performance information?

Activity managers must prepare the levels of service and associated information for their activities (they have the knowledge of the activity and its users, and ultimately these are the targets they have to meet). These should be collated and reviewed centrally by the LTCCP project team for logical flow, completeness, customer focus, clarity, and compliance with any legislative requirements.

All levels of service should be collated and reviewed at a central point to ensure consistency, logical flow and completeness.

## When should the levels of service and performance information be prepared?

Ideally the levels of service and performance measures should largely exist, although the LTCCP process may generate some amendment.

## Where should levels of service and performance information appear in the LTCCP?

Most performance management information will appear in activity statements, but especially key levels of service may require further discussion among the key issues discussed at the front of the LTCCP and in the summary LTCCP.

## How should information be presented?

Activities, levels of service and measures can be shown in a tabular format to help show linkages between them.

Performance measures and targets should be shown graphically wherever possible e.g. bar charts etc. Graphs are useful for showing performance information over the whole of ten years and depicting major change.

Disclosure of performance measures should show the current level of performance if this is available and relevant (i.e. performance measures in the 2009-19 LTCCP should show the intended level of performance in the 2008/9 year<sup>1</sup>). This provides context for the reader – especially where changes to levels of service are expected in the first year of the LTCCP. Careful consideration should be given to the merits of showing trends in historic performance information.

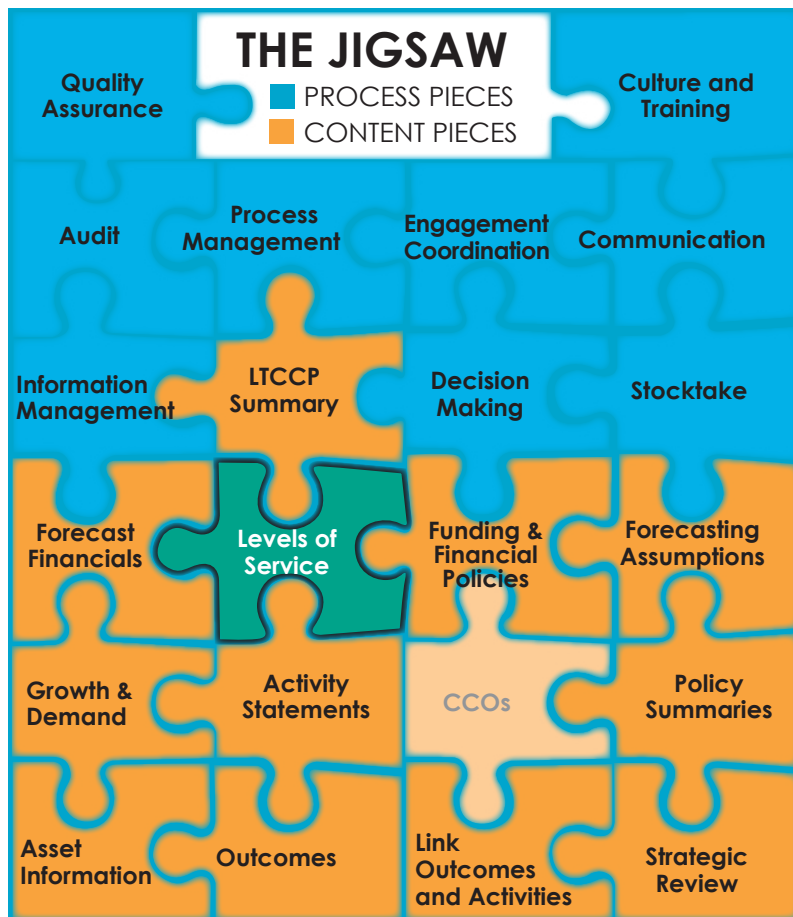
Some background narrative may be necessary to help understand the measures and the link between the levels of service and other key information.

The disclosure for years 7-10 must be in sufficient detail that any projected changes in levels of service in that time are obvious to the reader.

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<sup>1</sup> With LTCCPs adopted prior to 1 July 2009, this means the actual level of service performance may not be available to disclose in the 2009-19 LTCCPs.

## What other processes are linked with levels of service and performance information?



## What were the weaknesses apparent with levels of service and performance information in 2006?

Levels of service were incomplete or required some degree of inferring from the measures.

There was an over reliance on technical measures – leading to queries about how clearly value for money was being demonstrated.

There were unclear linkages between the rationale for service delivery and levels of service, and between levels of service and measures in a significant minority of local authorities. Often this went with a lack of a specific rationale for service delivery.

There were some inconsistencies in the way different parts of the same local authority approached the development of performance management frameworks – in particular, the asset related activities tended to have far better developed frameworks than others.

Performance measures were depicted as constant over the ten years. In some cases this did not 'mesh' with the financials, calling into question whether the measures were reliably based best estimates.

In some cases changes to levels of service were indicated without any obvious strategy for how the change would be made.

There was some degree of dependence on customer satisfaction measures.

Performance measures lacked context to the reader to explain why these measures were relevant to them.

## **What good practice information is available ?**

NAMS, (2007), *Developing Levels of Service and Performance Measures* (an updated version of the Guide formerly known as *Creating Customer Value from Community Assets*).

Office of the Auditor-General, (2002), *Reporting Public Sector Performance*.

Office of the Auditor-General, (2007), *Matters Arising from the 2006-16 Long-term Council Community Plans*.

SOLGM and NAMS, (2007), *Performance Management Frameworks: Your Side of the Deal*.