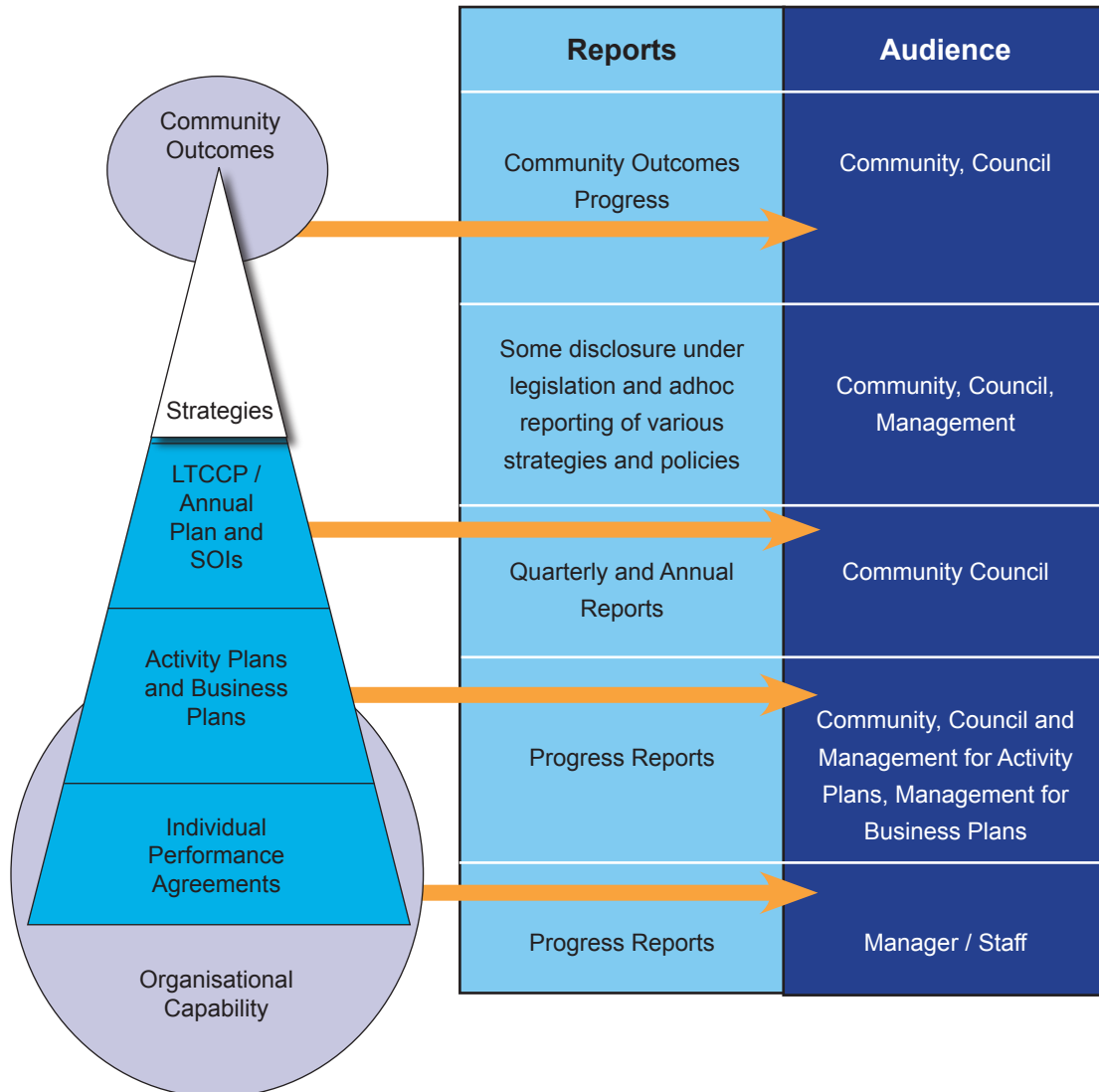


5.0 Council Strategies and Performance Management



This section deals with the other component of the strategic direction setting level in the performance management framework – council strategies. This is the less tangible area of the performance management framework where the focus is on checking that we are doing the right thing, as opposed to doing things right.

In some local authorities strategic priorities are set through in a separate strategic plan document, which is useful both within and external to the organisation. Other local authorities view the LTCCP as their strategic plan document. Either way, the end result is the same - priorities have been established and your local authorities strategic intent is articulated in its LTCCP.

Regardless of the way your local authority approaches strategic planning, systematic monitoring, reporting on and reviewing its own strategic documents and processes is part of the task of ensuring that it is delivering on its priorities. Without this monitoring the gap between what we are delivering and benefits for the community can be too wide to link the two together.

In particular this section covers:

- what strategic direction-setting is all about
- the importance of monitoring progress against strategies
- what monitoring and reporting strategic direction means on the ground
- issues with the monitoring and review of strategic documents.

Local authorities define strategy, strategies, plans, policy, policies and the like differently. We use the term, strategic direction, to encompass all documents and processes that are used to determine the future focus and priorities within your local authority.

5.1 What Strategic Direction-setting is All About

The term strategy is often used interchangeably with terms such as policy, policy statement, plan, and often to describe much the same process and product. The term is applied variably across the local government sector, depending on the legislation being applied, the issues faced and your local authorities own preferences.

Legislation may require the development of strategies, for example, Regional Land Transport Strategies and Regional Pest Management Strategies, while different terms may be used for more or less the same thing in other legislation, for example, Regional Policy Statements required under the Resource Management Act 1991, and reserve management plans required under the Reserves Act.

Regardless of whether a document that outlines where we want to be and how we're going to get there is called a strategy, a policy or a plan, there is a very clear need for a strategic approach in order to reach your local authorities desired goals, objectives or outcomes.

The LGA requires each local authority to engage in long-term strategic planning (with a minimum ten-year horizon), and to do so in close consultation with its community. To this end all local authorities are required to produce LTCCPs. Local authorities have engaged in strategic planning in one form or another for many years, but the emphasis in the LGA marks a significant shift.

The LGA does not require the development of a particular document or product called a strategy. But the LTCCP as a synthesis of strategic direction, community outcomes, activities and financial information largely functions as a strategy, with some latitude for your local authority to make it both a strategy and an implementation plan.

1. *LTCCP is the strategic plan document* - those local authorities who already have a high level of strategic guidance from their adopted documents will probably find that the LTCCP will be more of a summary of those strategies, with the associated groups of activities and levels of service.
2. *There is a strategic plan document, which is separate to the LTCCP* - in these cases the document serves to focus the local authority and community on long-term goals, which are implemented through the LTCCP.

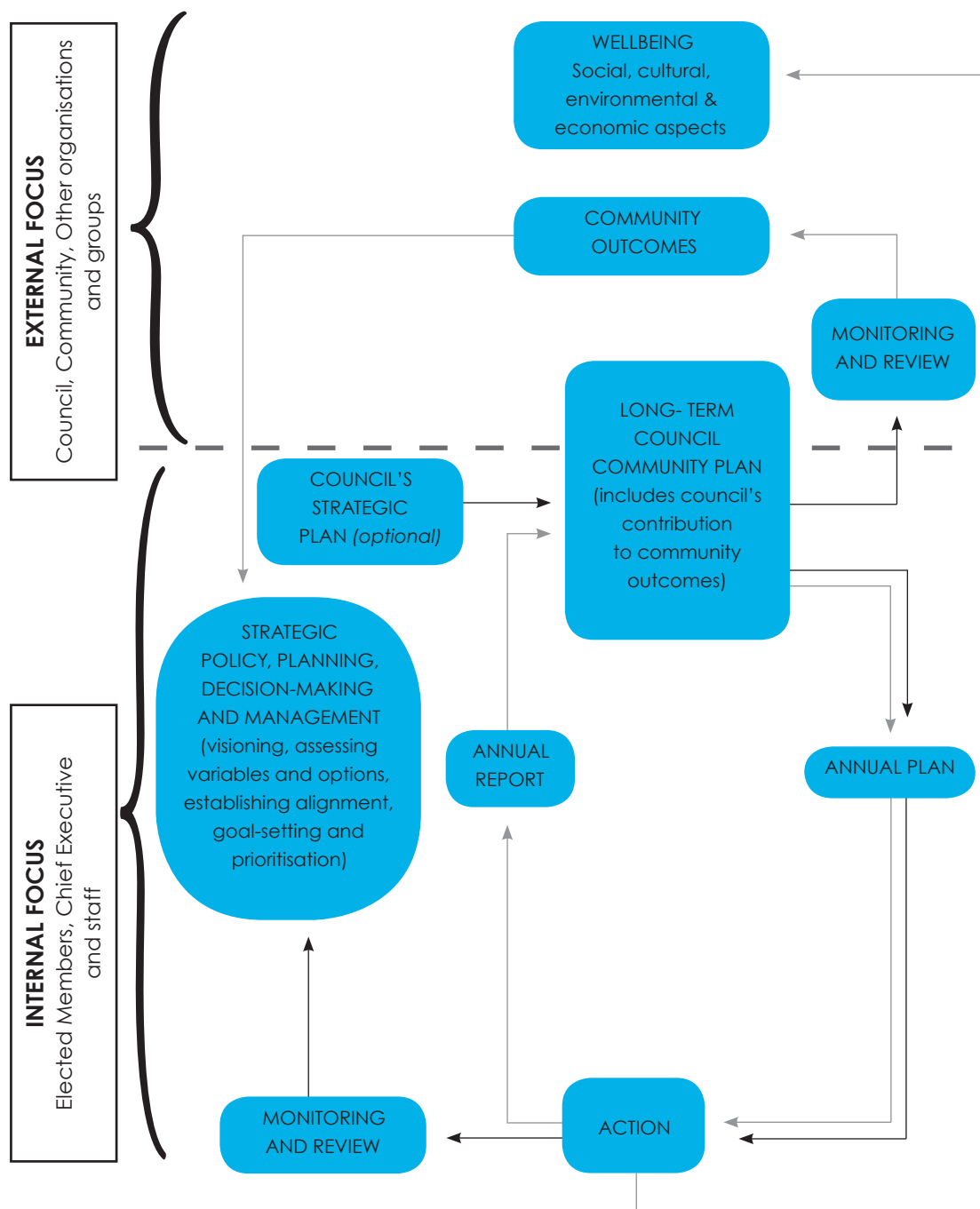
Figure 5.1 illustrates where strategic direction-setting fits into your local authority's planning framework, and this includes where a stand-alone strategic plan document interfaces with the LTCCP. A council strategic framework may incorporate the area of strategic policy, planning, decision-making and management, as highlighted in the sphere captured in the left hand-side of the diagram. The strategic planning process is council's process and follows on from work done with other organisations to develop strategic documents that are broader than council itself, eg regional or sub-regional strategies and plans. An example of a strategy template can be found in Appendix 5.1.

Whether or not to have a separate council strategic plan is a decision for each council to make depending on its own operating environment. Bear in mind that the Chief Executive's performance agreement is likely to have performance expectations and targets which imply strategic direction.

Outcome goals and targets lie at the heart of good strategic planning and decision-making processes. While the methods used to produce strategic plans may not change much, the content is likely to change markedly over time.

Strategic planning is a process that brings together disparate bits of outcome, operational and resource information, and drives decisions on future direction. The strategic planning process involves defining the desired outcomes, assessing where outcomes could be improved and where risks are high, and deciding where change is wanted and the actions (interventions) that will best achieve it.

Figure 5.1 The Link Between Strategic Direction Setting and the Statutory Planning Framework



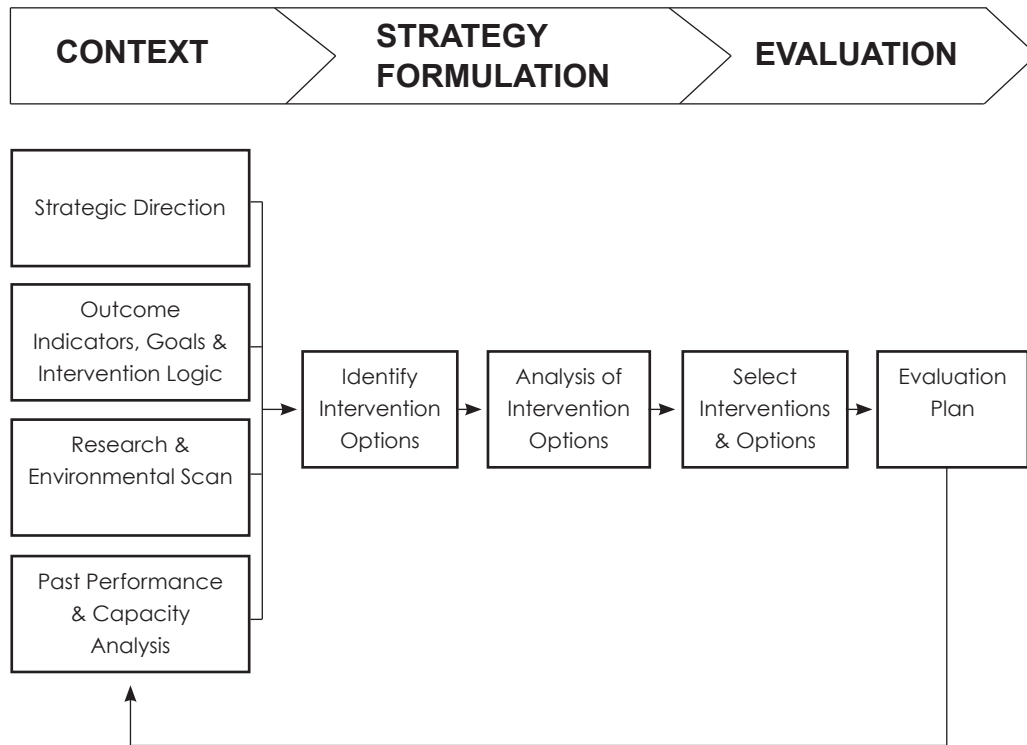
References:

1. Diagram adapted from the SOLGM, Local Government New Zealand, Department of Internal Affairs, 2003, The KnowHow Guide to Decision Making, Under the Local Government Act 2002, p 25.
2. Local Futures, 2004, Local Government's Role in Strategic Policy and Planning.

After delivery, impacts need to be assessed by determining whether indicators have changed as expected.

Figure 5.2 shows a strategic planning model

Figure 5.2 A Strategic Planning Model



Strategic Management

The purpose of strategic management is to get alignment between the organisation's goals and the external environment.

This requires the alignment of what can be considered as the organisation's building blocks to the stated strategic direction, and may require the identification and removal of current barriers to implementation. Key organisational building blocks to consider are:

- *culture* - the key collective attitudes which shape our decisions and behaviour
- *structure* - how work is divided up around the organisation
- *staffing* - how well individuals are matched to the needed positions
- *systems* - for communicating, coordination and control of council's strategic priorities
- *resource allocation* - allocating resources to support the strategic priorities and
- *rewards* - includes recognition⁷.

The means and processes by which strategic management can be successfully implemented into an organisation are many and varied. The choice depends on the current state of the organisation, the degree to which it is performing, changes in political and executive personnel and direction, and any industry-wide standards that may exist.

In New Zealand no particular strategic management standards or preferred approaches currently exist, although several options exist which are well worth reviewing.

The State Services Commission has produced a series of guides about strategic management

⁷ Adapted from Delaney, (2005), *Some Ideas about Strategy. Presentation to the Local Futures Seminar.*

and the achievement of outcomes. Although written for central government, the material is still relevant to local government. Called the *Pathfinder Series*⁸ these guides take the reader through a range of relevant issues including:

- measuring and defining good outcomes
- measuring outcome indicators
- linking outcomes to outputs and developing monitoring frameworks
- assessing the impact of interventions, and
- using monitoring information to improve performance.

5.2 The Importance of Monitoring Progress Against Strategies

For any organisation to succeed, it needs to have a clear relationship between its goals or outcomes, the processes and systems it deploys to achieve them, and ultimately the results and value that it produces. This is often referred to as strategic alignment. Strategic alignment in a council occurs when a resident, an elected member, the Chief Executive or a staff member can see a clear and unambiguous link between the desired priority or outcome (what we're trying to achieve), the interventions undertaken (actions, projects, activities) and the results (council performance). An example is demonstrated in the table below:

Strategic Priority <i>- long-term, inter-generational view</i>	Strategic direction (Council and others) <i>- medium to long-term, now and in the future</i>	Council services (activities) <i>- now and in the immediate future</i>	Council levels of service and performance measures <i>- what's happening now</i>
A prosperous and thriving economy	Economic Development Strategy local strategies	Economic development	Accurate information about the availability and types of programmes are readily available. Council-provided programmes assist in the development of new business and employment opportunities.
	Regional Land Transport Strategy (and related local strategies)	Transportation network (includes roading, walkways, cycleways and public transport)	The council provides a transport system that is efficient and enables customers to move around effectively.
	Events Strategy Arts & Culture Strategy	Recreation & leisure facilities Event facilities and support Sports grounds	Community facilities attract events and visitors to the city.
		Regulatory services (consents and monitoring)	Consents and licences are processed efficiently, accurately and within statutory timeframes.

A good understanding of the role and significance of your strategic documents is an important part of performance management, because achieving strategic alignment is a two-way relationship. In particular:

⁸ <http://io.ssc.govt.nz/pathfinder/information.asp>

- good performance frameworks rely on the establishment of clear strategic direction and priorities, and
- the success of the strategic direction and priorities can only be properly realised if they are translated into an effective performance management and monitoring framework (that is formally checking that the desired results are materialising).

The objective of any performance management framework should be to motivate all managers and employees to successfully implement the organisation's strategic direction. The organisations that can translate their strategic direction into their performance management system are far better able to realise their strategic goals, as they can communicate their objectives and their targets.

In a performance management sense therefore, *strategic direction is a set of hypotheses about cause and effect*. A successful performance management framework will provide an ongoing check that the assumptions made about cause and effect continue to be valid .

5.3 Monitoring and Reviewing Strategies - Some Issues

In this section we discuss some of the issues that can arise when setting out to develop and implement a performance management framework for strategic direction, with some pointers for managing them. Some issues relate to setting strategic direction and the shape or form of our strategic documents. These have been included because any monitoring and reporting process is greatly dependent on the state of the documents being monitored.

Long-term Nature of Strategic Documents

Unless well articulated, the vision in any particular strategy, and the rationale for particular actions committed to within it, can be lost over time as the people involved at the outset move on. Monitoring and reporting whether '*we are achieving what we set out to*' is more difficult if no one is sure what it was that the strategy was meant to achieve. It is therefore very important to clearly document the thinking behind the vision or goals in your strategic documents, as well as the rationale for particular actions within the strategy, policy or plan itself. Make sure your strategic documents can be understood by people who weren't involved in their development, to ensure they stand the test of time.

Strategic Documents can be High-level and Vague

Strategies, policies and plans need high-level goals, but these are not enough to form a good strategic document. A good strategy includes practical steps in the form of actions, at the outset. Without these steps the strategic document is little more than an abstract vision. The work will still need to be done at a later date to translate that vision into something that will move us towards our intended goals. If not, then we will end up with high-level vague strategic documents that simply get filed at the back of the bookshelf – wasting everyone's time and effort.

No Single Right Way to Determine Strategic Direction

With no one right way to determine your strategic direction, there is no one-size-fits-all performance management system. Your strategic planning process should take all competing demands into account and prioritise them. Your approach depends on:

- the environment your local authority operates in, for example, levels of growth and demand pressures being experienced

⁹ Adapted from: Kaplan, S, and Norton, D 1996. *The Balanced Scorecard*.

- the culture within your local authority, and
- how elected members and staff approach strategic direction setting.

Some other relevant points

A local authority's strategic direction is determined through a mix of:

- formal documents, adopted or endorsed strategies, policies, plans and levels of service. An example of a strategy template is attached in Appendix 5.3, and
- informal methods such as signals from elected members, anecdotal information about what our community wants.

Good practice tends toward formalising strategic direction in written documents adopted by council, rather than leaving it undocumented and open to debate. It is recognised that this will entail a degree of culture change and will take time to achieve.

Some councils will create a separate strategic plan document to articulate their strategic priorities, which is useful both within and external to the organisation, while other councils will view their LTCCP as their strategic plan document.

Either way, the end result is the same - priorities have been established and council's strategic intent is articulated in its LTCCP.

Regardless of how council approaches its strategic planning process, it must ensure it answers the 'are we achieving what we set out to?' question by systematically monitoring, reporting on and reviewing its own strategic documents and processes. Otherwise the gap between what we are delivering and benefits for the community can be too wide to link the two together.

Aligning Different Requirements

Strategic direction arises from many different sources, including legislation, strategy and plan and policy adoption, and other direction from elected members. Some will decide to create a separate strategic plan to document its priorities and direction, having taken all relevant factors into account, while others won't need to.

Your local authority can adopt or endorse strategies, plans and policies that include specific projects or initiatives requiring its time or money. But, until those projects or initiatives are actually included in an adopted LTCCP, or Annual Plan, whatever is included in the strategy/plan/policy can only be a signal of council's intent to proceed down that pathway.

Competing demands are weighed against each other and prioritised, and the results of this are translated into the LTCCP. A good place to state the critical issues for each activity is when outlining the rationale, because this links directly to the intended levels of service. The LTCCP then articulates council's priorities, its strategic intent for the upcoming ten year period, as well as clearly communicating exactly what it will deliver, and when, during that period.

Lack of Direct Measures

Direct measures are less available at the strategic level than is the case for levels of service, so monitoring in this area can be a little less straight-forward. Often reliance on proxy measures is necessary.

When selecting the set of measures for monitoring progress at a strategic level it is important:

- that the story they tell, when viewed together as a suite of measures, is as complete and true as we can make it
- that measures are selected because they are useful, rather than that they are measurable, and

- to select measures that enable us to focus on the things that are important for decision-making about reallocation of resources.

For any measure employed, it's essential that we seek expert interpretation of the results. Quite often councils won't have the research skill or expertise in the particular field required in-house. Collaboration and good relationships with other key agencies is extremely important for in this area of monitoring and reporting.

5.4 Monitoring and Reporting on Strategic Direction In Practice

Like performance management at other levels of the framework, monitoring strategic direction requires there is a systematic process in place for making sure the question 'are we achieving what we set out to?' is answered and appropriate follow up action is taken. While local authorities have always done this as part of their strategic planning processes, making this step a systematic process will ensure that:

- none of the strategies, plans, policies agreed to fall through the cracks and do actually get implemented, and
- any differences between the actual and intended results are picked up and corrective action is taken.

There are two key parts to a systematic strategic direction monitoring and review process:

1. *Regular strategic stock-take* - as part of the lead-up to every LTCCP process, it is important to complete a strategic stock-take to assess how far along the implementation path your local authority is with the existing policies, strategies, plans and informal strategic direction:
 - a. what's been done already
 - b. what needs to be put up for consideration for inclusion in the LTCCP, and why, and
 - c. what actions were signalled that now do not need to be done and why.

This is an important step and should be completed by around July of the year leading into an LTCCP planning round (eg by July 2008 for the 2009-2019 LTCCP).

More and more strategic documents have other partners involved, so this step may include people from other agencies. In these cases, you need to ensure that other agencies have the opportunity to incorporate the results from the strategic stocktake into their own planning processes.

2. *Aligning Strategic Documents Back to the Adopted LTCCP* - following LTCCP decision-making, policies, strategies and plans should be reviewed to align them to the adopted LTCCP, and if necessary to amend the actions in those strategic documents. This is particularly important where there is a need to remove or reconsider actions, projects or initiatives that have not been included in the LTCCP. This should be done at least at the next review cycle for each policy, strategy or plan, but may need to be signalled earlier if it is a significant change.

Monitoring and Review of Strategic Documents

All policies, strategies and plans should identify the review frequency and the monitoring methods to be used – and monitoring and review should occur as planned to ensure the objectives, goals or outcomes are achieved as intended.

1. *Monitoring strategic documents* - methods should include specific measures or methods that will be used to monitor effectiveness, rather than a general statement that monitoring will occur. This forces consideration of monitoring and evaluation processes during the development phase of the strategy or plan, which in practice is the easiest time to do this.

Strategic documents will normally include both a vision, goals or objectives (where do you want to be) and implementation plans (how are we going to get there). Monitoring will therefore require two levels of information to ensure we're on track, such as:

- *is the strategy achieving what it set out to do?* – monitoring effectiveness by monitoring of objectives or goals of the strategy via measures that are identified in the strategy itself, and
- *is your local authority doing what it said it would?* - monitoring progress of the actions outlined in the implementation plan via regular status update reports. These might be monitored more frequently than the higher-level objectives or goals, eg annually or more frequently if beneficial.

An example of a strategy action monitoring template is attached in Appendix 5.3.

2. *Reviewing strategic documents* - review frequency should also be clearly stated in the strategy, policy or plan itself and is largely dependent on the type of document or process. As a general guide, a review every three to five years should normally be sufficient for most strategic document, in addition to incorporating changes to reflect each adopted LTCCP.

A full review of the strategy, policy or plan should take into account results from monitoring. This will enable decisions to be made about whether the implementation plan is pitched right, that the actions are resulting in progress towards the identified objectives. The review provides the opportunity to get back on track towards the objectives or goals if the actions aren't resulting in the progress anticipated.

Aligning Your Monitoring

It is well worth the effort to try and align measures and monitoring for different processes wherever possible. For example, if using similar measures for community outcomes reporting, and some strategies or plans, is it possible to use exactly the same measure for different purposes without losing the integrity of what you're reporting?

For many local authorities a good first step is to draw key measures into one place. It is probably easiest to start with community outcome measures (indicators) and the LTCCP measures, then add your key strategy, plan and policy measures to that 'pool'. In the first instance, an Excel spreadsheet will suffice for gathering this information together.

A result of this alignment of measures may be that you can better align your monitoring processes as well, possibly reducing the number of surveys run, or finding efficiencies when gathering data from other agencies.

Further Reading and Helpful Resources

Local Government New Zealand et al, (2003), *'The KnowHow Guide to Decision Making Under the Local Government Act 2002*

Kaplan. S, and Norton. D, (1996), *The Balanced Scorecard*.

THINGS TO REMEMBER: OTHER COUNCIL STRATEGIES AND PERFORMANCE MANAGEMENT

1. There is no single right way to approach setting of strategic direction.
2. Strategic direction will currently be set through a mix of the formal (adopted or endorsed strategies, plans, policies and levels of service) and the informal (such as signals from elected members and anecdotal information about community preferences).
3. Setting a strategic direction is largely a matter of being really clear about what the priorities are and making consistent decisions based on those.
4. Some local authorities will create a separate strategic plan document to articulate their strategic priorities, which is useful both within and external to the organisation. Others will view their LTCCP as their strategic plan document. Either way, the end result is the same, priorities have been established and your elected member's strategic intent is articulated in its LTCCP.
5. Elected members make decisions. They need to have time to have all the key discussions and enough information to make informed decisions on the strategic priorities.
6. Regardless of how your local authority approaches its strategic planning process, it must ensure it answers the 'are we achieving what we set out to?' question by monitoring, reporting on and reviewing its own strategic documents and processes.
7. Putting effort into aligning your monitoring processes wherever possible is worth it.
8. A systematic approach is required for effective monitoring and review of strategic documents (including evaluation to drive back into decision-making).
9. A coherent strategy will identify the critical issues for each activity, which should flow into the performance management framework.

Local Futures Research Project, (2005), *Strategy and Strategic Decision Making*.

Local Futures Research Project, (2004), *Local Government's Role in Strategic Policy and Planning*.

Delaney, (2005), *Some Ideas about Strategy*, presentation to the Local Futures Seminar.

State Services Commission's Pathfinder series website:

<http://io.ssc.govt.nz/pathfinder/information.asp>

Appendix 5.1 Example of a Council Strategic Plan Document Template

STRATEGIC PLAN DOCUMENT		
1	Welcome	Key messages from the Mayor and Chief Executive
2	Contents	List of contents
3		District profile of the area, people, economy, environment etc
4	Council	Elected members, council and organisational structures etc
5	Introduction	Brief description of what is at the heart of Council's vision
6	Vision	Vision and mission statement
7	Principles	Principles for how Council wishes to act as it moves forward
8	Strategic plan	The relationship between vision, mission, principles, strategic goals and priorities
9	Review	Short piece for a review clause to establish this as a 'living' document
10	Summary	Brief outline of how the strategy fits with the LTCCP and decisions that have been taken in the strategy

Appendix 5.2 Example of a Strategy Format

The following is a guideline to standard sections in a strategy. Standardising language and format will help people understand strategies.

Introduction

A brief description of the context of the strategy covering such things as

- why we need a strategy
- how the strategy was developed
- how the strategy will be delivered, and
- how the strategy will be monitored

Vision

A vision statement explains the ultimate outcome sought from the strategy. Make it brief, understandable and relevant.

Goals

Outline the goals of the strategy. This is how the implementation plan is formatted. Goals should provide more detail to the vision. Should be stand alone future focused statements written as if we have achieved the desired end.

Principles

Principles identify the generally accepted truths, values or beliefs forming the basis or reasoning behind the strategy. Principles underpin and guide the development of the strategy.

Where we are now

Provide a brief outline of some of the more positive aspects relating to the subject of the strategy.

Key Issues

Provide a brief outline of some of the problems that face your local authority that have created a need for the strategy.

What you told us

Some of the key points from public engagement.

Strategic Fit

Outline the key direction provided by other strategies that relate to the subject of the strategy you are developing. Potentially you may also need to refer to a national strategy.

Implementation Plan

Goal 1: Goal Title

Where we are now

A discussion of where we are now relative to the goal statement and some of the issues.

Action Ref	What we will do	Why we are doing it	Who will lead it	Who will help	When will it happen	How much will it cost
This is the action reference number from the strategy eg action 5.2 or E2 (Goal 5 action 2)	The action statement	The reason we are doing it, and what we expect will be the improvement	Council division or external agency	Other agencies / divisions that may be involved	Short Term 0-3 years from adoption Medium Term 4-7 years from adoption Long Term 8 – 10 years from adoption Ongoing will be part of year to year business	Budget

Repeat this section for each goal from the strategy.

Monitoring

Provide an explanation of how monitoring will occur using the following table.

Goal	Measure	What this measure tells us	Method
Goal Statement	The actual measure to be used	An explanation of what the measure will tell us	The source of the data and the frequency of collection

Strategy Development Process

Set out the key dates for policy forums, stakeholder engagement and community consultation, elected member decision-making processes, community feedback on draft and final adoption.

Review

A statement about the review period of the strategy.
State when the strategy will be reviewed.

Definitions

Technical terms need to be defined as they relate specifically to the content of the strategy. Definitions can be taken from other sources such as legislation or technical reference documents. Specific definitions may need to be developed for the strategy.

Appendix 5.4 Example of a Strategy Implementation Plan Status Update Document

Strategy Name – status review as at mm-yy.

The Strategy Name was adopted in mm-yy.

* Priority Level = when can it be done by, and how important it is.

Goals/ Objectives <i>Issues (the problems are)</i>	Action ID	ACTION DESCRIPTION (name)	ACTION DETAILS (What the community see as a solution)	People / Groups Responsible (Who could best address this?)	Priority Level *	Estimated Cost & Timeframe for Implementation
Issue 1 (May be several actions under each issue, or directly under each goal – depending on format of the implementation plan in the strategy).	Action ID (from implementation plan)	Action description (from implementation plan)	Action details (from implementation plan)	People / groups responsible (from implementation plan)	Priority level (from implementation plan, if included, or may be added during status update process).	<i>May be two columns, but often work together so can be merged. Cost – both from the implementation plan and with any updates since then. Need to signal if funding hasn't yet been approved (is being sought in next planning round).</i>