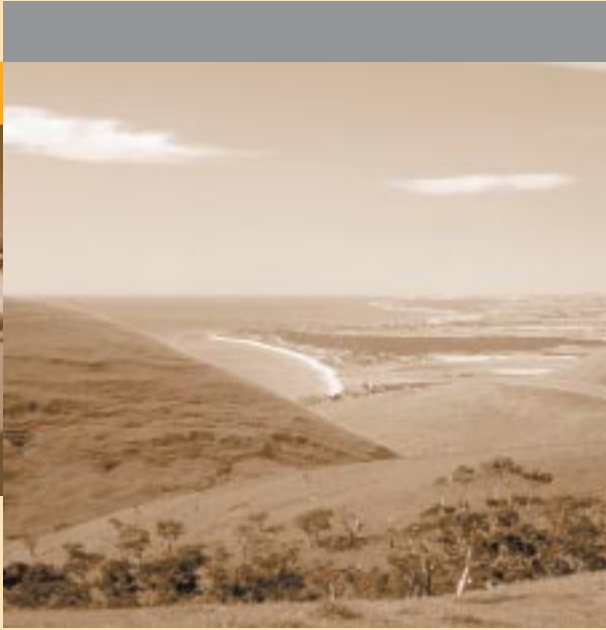


Part Two



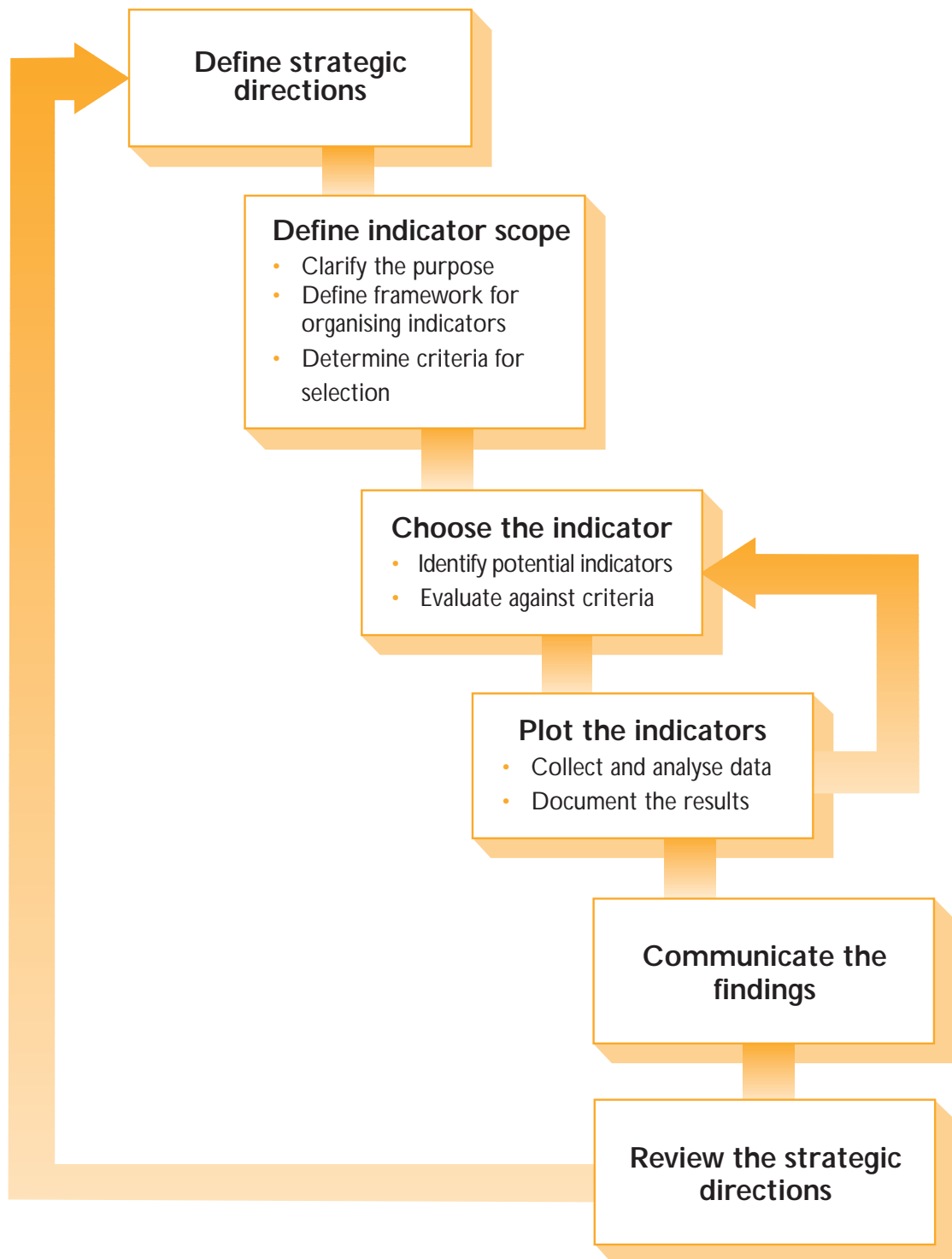
the indicator development process

Part Two: the indicator development process



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Key elements of the indicator development process



Each council will develop its approach to identifying and using strategic indicators depending on its individual structure, dynamics, networks and budget.

1. Getting started

This guide assumes that a strategic plan for a local government area or region is in place. The guide adds value through indicators to monitor and evaluate progress and by using measures that take into account the economic, social and environmental issues of importance to the community.

Each council will develop its approach to identifying and using strategic indicators depending on its individual structure, dynamics, networks and budget.

Prior to commencing any work, there are a number of key issues that should be considered in terms of managing the process, resources and timeframe.

Readiness checklist

- Q1. What are the primary reasons for using indicators?
- Q2. What resources are available?
- Q3. What is the timeframe?
- Q4. What is the scope of the work, stages and tasks?
- Q5. Who will be coordinating the effort?
- Q6. Who will be involved in steering the process and who will provide technical advice?
- Q7. What is the level of understanding in council? In the community? Is an orientation process required?
- Q8. What demands will be placed on staff time? What skills are available? What tasks will staff undertake?
- Q9. Is external support required?

2. Defining the strategic directions

Strategic documents prepared by councils and regional authorities vary in style and detail. Approaches range in theme, issues, goals and functions and in some cases, they are prepared as separate economic, environmental and social strategies.

Success in monitoring trends and goals is dependent on a number of characteristics of the strategic plan itself. An assessment of the plan against the following checklist will help to manage the indicator selection process and where required, clarify the goals.

Reviewing the strategic plan

Clarity	Q1. How well are the goals articulated? Q2. Are they long term or short term? Q3. How tangible is the outcome?
Use of targets	Q4. Does each goal have a target, whether mandated or voluntary? Q5. Alternatively, does the goal describe a desired direction (that is, an increase or decrease)?
Coverage	Q6. Does the strategic plan cover matters concerning a geographic area? Or, does it only cover matters of direct responsibility to council?
Sustainability	Q7. Does the strategic plan attempt to reflect principles of sustainable development? Does it integrate economic, social and environmental aims?
Community views	Q8. Does the strategic plan reflect the outcomes of a community consultation process?
Timeframe	Q9. What is the trigger for reviewing the strategic plan? Q10. How often is it reviewed?
Planning framework	Q11. What are the linkages between the strategic objectives (outcomes) and council-wide operations (outputs)?

3. The indicator scope

The indicator scope will influence the nature of the information that is produced. It is determined by the framework for organising the indicators, the criteria for selecting indicators, and the needs

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of the intended users. Defining the indicator scope will promote clarity in terms of:

- addressing the needs of the target group
- allowing the project to keep focussed
- promoting the project
- communicating the results.

Clarifying the purpose

There are a number of uses for strategic indicators. They may inform council about areas of achievement or where strategies need to be revised. They may be used to inform the community about progress in terms of goals and outcomes.

Different kinds of information can be disseminated in different formats to suit different audiences (Local Government Management Board, 1995)

Being clear about how the information will be used will mean that resources will be used wisely.

	For Whom?	Why?
Strategic Information	<ul style="list-style-type: none"> • Community • Sector interests • Council elected members • Council administration • State Government • Commonwealth Government 	<ul style="list-style-type: none"> • Accountability • Governance • Policy • Compliance

Framework for organising the indicators

The framework adopted provides the means to organise and evaluate the indicators against the strategic directions. It must also be understandable and relevant to the user(s). There are a number of possible frameworks, each with their own advantages and disadvantages.

Framework type	Advantages	Disadvantages
<p>Causal</p> <p>Indicators are organised to show linkages between cause and effect.</p>	<p>Shows cause and effect relationships and if policy responses are having an impact.</p>	<p>Links between economic, environmental and social aspects of the community are very complex and relationships are not necessarily clear or direct.</p>
<p>Theme</p> <p>Indicators are organised under themes or mutually exclusive categories.</p>	<p>Good starting point that will highlight any imbalances in the indicator suite, for example, too many or too few in a particular category.</p> <p>Community can better relate to information that is presented around local issues.</p>	<p>Link to strategic directions does not necessarily exist.</p> <p>Bias may show depending on balance of interests represented in developing the set of indicators.</p> <p>May not promote integration of economic, social and environmental dimensions.</p>
<p>Goal</p> <p>Indicators are linked to a goal, or may support more than one goal.</p>	<p>Allows indicators to identify movement towards or away from strategic directions.</p>	<p>There is an assumption that the strategic directions are underpinned by sustainability principles.</p>
<p>Sector</p> <p>Indicators are organised around functional responsibilities of an organisation.</p>	<p>Indicators are linked to functional areas, that is, tied to a responsible department.</p>	<p>More focus on government management rather than community-wide strategies.</p>

Themes and goals based framework

The framework selected for the purposes of monitoring the strategic directions is a themes and goals based approach. The

themes and strategic directions were drawn from those commonly included in council strategic documents. There may be other strategic directions that are unique to a community. These can be incorporated into the framework under an existing theme or placed under a new one, as appropriate.

Strategic directions: themes and goals

Theme	Strategic direction
Community and cultural development	<ul style="list-style-type: none"> • Support access and equity • Support cultural diversity • Strengthen pride and sense of belonging to the local area
Economic development and employment	<ul style="list-style-type: none"> • Promote economic development • Promote employment opportunities
Environment	<ul style="list-style-type: none"> • Conserve biological diversity • Reduce greenhouse emission • Promote waste minimisation • Improve water quality, conservation and reuse • Support community action to protect and improve the environment
Promoting the area	<ul style="list-style-type: none"> • Raise the area's profile and positive image
Rural lifestyle	<ul style="list-style-type: none"> • Enhance rural lifestyle and protect rural activities
Urban Form and amenity	<ul style="list-style-type: none"> • Enhance urban form and amenity

4. Criteria for selecting indicators

Criteria are required to filter potential indicators to a final selection. As mentioned in Part One, the criteria for strategic indicators attempt to move away from the traditional indicators—often preoccupied with economic growth—to ones that better reflect sustainability.

5. Choosing the indicators

Ideally, every indicator should be related to:

- a strategic direction: what is the desired outcome?
- a target: what is the desired direction?
- a standard: is there an industry or government standard?
- a baseline: can a trend be determined from a starting point?

The use of targets and baselines will assist in measuring progress towards or away from a goal. Targets may have been defined during the course of preparing strategic directions, or they may be established during the indicator development process.

The type of target adopted may:

- relate to a state, national or international target (for example, Kyoto Protocol to reduce greenhouse emission by 8% above 1990 levels between 2008 and 2012)
- be comparative (for example, unemployment rates do not exceed the state average)
- take a stretch approach (for example, zero waste)
- be practical in terms of what is an achievable step forward.

Identifying potential indicators

Potential indicators can be sourced through a range of processes:

- a review of existing indicators used within council for other reporting processes, and those developed by other local and regional authorities
- a review of indicators used or proposed by government agencies
- consultation about desirable and potential indicators with stakeholders.

A list of possible indicators is contained in Part Three.

Qualitative and quantitative measures

The potential list of indicators is likely to include a combination of quantitative and qualitative measures. Quantitative measures focus on physical structure and form (for example, incidence of reported crime) while qualitative measures focus on community spirit, values and motivation (for example, the percentage of people who feel safe in their neighbourhood).

Quantitative measures tend to be used wherever possible. However, qualitative measures should not be underestimated in terms of pointing to emerging concerns and changing priorities, and in challenging or supporting commonly held perceptions.

6. Involving others

Involving stakeholders is particularly important for identifying indicators that are relevant, easy and understandable to the community. Stakeholders may include those with:

- a responsibility for progressing the strategic directions (internal and external)
- an interest or stake in the community.

Agenda 21 (International Council for Local Environment Initiatives, 1996) identifies nine sectors with a stake in the local community:

- business and industry (for example, chambers of commerce, business forums)
- trade unions
- community groups (for example, environment groups, housing and community groups, residents groups)
- youth groups
- farmers
- academics (local schools, TAFE, universities)
- the media
- local authorities.

The timing for seeking input will vary and will largely depend on where the council is placed in the strategic planning cycle.

In addition, state and federal spheres of government as policy makers and service deliverers in the area are also likely to take an interest.

The timing for seeking input will vary and will largely depend on where council is placed in the strategic planning cycle. Councils that are reviewing their strategic directions may choose to incorporate indicators into the same process. Councils with existing strategic direction statements or plans can either present a set of potential indicators to stakeholders and seek their reaction, or involve stakeholders from the outset.

Traditionally, involving or consulting stakeholders was addressed by inviting comment on documents. This approach is unlikely to reach those in the community who are less articulate or not familiar with council processes. There are a number of other strategies for involving stakeholders that have been used in community indicator projects.

Involving stakeholders	
Advisory committees	The composition may include elected members, council staff and key members of the community who can offer technical advice or policy views during critical stages of the project.
Focus groups	Used to seek more in-depth information from a particular sector or part of the community. Individuals are invited to contribute towards a facilitated discussion that is then used to shape an approach or formulate a decision.
Workshops	Involve facilitated discussion and exercises with small groups to develop approaches to particular issues and problems.
Public forums	Brings together the various sectors of the community to debate issues and contribute to decision making processes.
Round tables	Representation is broad based with a view to addressing cross sectoral or cross jurisdictional issues and achieving commitment and consensus.

There are many other useful techniques developed by the community development sector. These are highlighted in Appendix C.

An evaluation matrix offers a useful way to organise the information about each potential indicator.

7. Evaluating against the criteria

The evaluation of indicators involves an assessment of the selected indicators against the criteria (listed previously). An evaluation matrix offers a useful way to organise the information about each potential indicator.

The evaluation may be as simple as determining whether a particular characteristic is present or absent, or it may involve placing values against criteria (for example 2—addresses the criteria, 1—partly addresses the criteria, 0—does not address the criteria). Councils may also consider weighting criteria in terms of importance (that criteria ‘must be’ or ‘should be’ addressed).

Evaluation matrix

Proposed Indicator	Strategic Indicator Criteria								
	Representative	Sustainability	Understandable	Relevant	Measurable	Accessible	Timely	Responsive	Compatible
Examples only									
Development activity	•		•		•	•	•	•	•
Access to information	•	•	•	•			•		•
Biodiversity: vegetation	1	2	2	2	1	1	1	1	1
Housing affordability	2	2	2	2	1	0	1	1	2
Etc									
<ul style="list-style-type: none"> • the criterion is present 2—address criteria 1—partly addresses criteria 0—does not address criteria									

An indicator will probably not address all the criteria that make up a strategic indicator.

It will be important to reach agreement between the end users and the experts that the measures are accurate, reliable and acceptable to the community.

An indicator will probably not address all the criteria that make up a strategic indicator. The evaluation process will identify indicators with the best match and, subsequently, the strengths and weaknesses that need to be recognised when interpreting the data. It is likely that a decision will need to be made regarding the use of an indicator, given the potential compromises or conflicts.

Seeking expertise

Technical expertise or specialist knowledge can guide issues relating to the feasibility of the indicators. Expert advice can be obtained from officers within council and authorities who specialise in a particular field (for example, water catchment management boards), research institutions, and non government organisations. It does not necessarily require an external consultant.

Acceptance of expertise from outside the community will depend on how well community values are reflected by the indicator suite. It will be important to reach agreement between the end users and the experts that the measures are accurate, reliable and acceptable to the community (International Council for Local Environmental Initiatives, 1996).

Life in the seaside town of Goolwa seemed far removed yesterday from the unflattering picture painted by Sydney researchers. (*The Advertiser*, 30 November 1999).

Balancing judgements (beliefs and values) and science

A criticism of community-based indicators is that the selection tends to be value based rather than supported by empirical evidence that the indicator is measuring what it is intended to measure. As pointed out by the Expert Group on the Urban Environment of the European Commission (1996):

There is no 'objective' scientific answer to questions about which amenities and qualities matter for human development.

Community indicators have evolved over the last ten years and will improve as the understanding of interrelationships increases

and data becomes more available. In the meantime, any assumptions or uncertainties should be clearly stated when reporting against the indicators.

How many indicators?

Indicators are designed to simplify information for users, not to overwhelm them. It is likely that a long list of indicators, possibly hundreds, will be produced through the process of identifying potential indicators. Case studies show that the final suite should comprise around 20 to 40 indicators. The number of indicators is likely to depend on the size of the community, the number of goals or issues and the resource capacity to monitor the indicators and report on the findings (Hart 1999).

8. Piloting the indicators

A pilot exercise allows the selected indicators to be tested in terms of their usefulness and feasibility. The pilot process involves locating and analysing the data to support the indicators and where appropriate to seek alternative data sources. It also allows councils to learn about working with each of the indicators in terms of access, resource requirements and suitability.

Collecting and analysing data

Sources

Wherever possible, existing data sources should be used to support the indicators. This may include data sources that are:

- already held by council
- collected by regulatory authorities and government agencies (for example the Australian Bureau of Statistics, Department of Workplace Relations and Small Business, Water Catchment Management Boards, Planning SA, Primary Industry and Resources SA, the Environment Protection Authority).
- held by the private sector such as utility companies, contractors and primary based industries

Wherever possible, existing data sources should be used to support the indicators.

- held by community groups that are undertaking monitoring programs (for example, Water Watch, Smogbusters, Frog Watch).

Community attitude surveys may be another source of information and data on the perceptions of people in the community about certain issues and conditions.

Interpreting data

Councils are likely to experience some of the following problems in the area of data collection and analysis:

- data may be sector specific and not available for a local government area
- some data can be constrained by local government boundaries (for example, water conservation and quality must be considered at a catchment level)
- census data is only available every five years
- access may be restricted as 'commercial-in-confidence' and for protection of privacy
- data may be available in some geographic areas and not others
- measures vary in definition, or may be loosely defined
- data based on a survey sample may have a degree of inaccuracy.

Where data availability is an issue, there are a number of choices, which may include:

- using the information available but qualifying the use of the data
- seeking an alternative indicator
- listing the indicator and including the information when it becomes available.

Where data is available, councils need to be mindful of:

- the significance of the trend in terms of rate of change
- making comparisons with data affected by seasonal cycles.

9. Documenting the results

To assist with interpretation and use of the indicators, each one should be documented in terms of characteristics, underpinning measures and recommendations regarding use and further development. The following information should be recorded about each indicator.

Indicator description	
Indicator title	What is the title of the indicator?
Measure	What measure(s) are used to support the indicator?
Rationale	Why is the indicator important? Which strategic direction(s) are relevant to the indicator?
Target	What direction should the indicator be moving towards?
Frequency	How often is the data updated? When is the next update due?
Scale and format	What is the scale of the data? Is it compatible with other scales of reporting?
Source	Does council hold the data? Who is the data compiled by? Who owns the data? What is the estimated cost to acquire the data?
Shortcomings	What assumptions, judgements, uncertainties or conflicts exist?
Recommendation(s)	Are there any recommendations for further work to develop the indicator, or to develop a better alternative?
References	Are there any useful references that can provide further detail about the indicator?

10. Communicating the findings

Communication of the results is important for raising awareness and stimulating action. Strategies for communication and the format for reporting should be presented in a way that engages the user. Some possible formats are listed below.

Reporting formats	
Report cards	A simple format for reporting to the general public or media by providing a snapshot of whether the indicators are moving towards or away from a desired direction or trend. Care needs to be taken in how the information is used and interpreted given its simplicity (see Appendix B).
Summary reports	Summary reports are useful for elected members, senior management and stakeholder groups. They provide a snapshot of information including the definition, rationale, data used to support the indicator and any strengths and weaknesses that must be recognised when interpreting the data (see Appendix B).
Technical reports	Offer more information about the measures, methodologies, assumptions and provide more detailed analysis of the data.

The Internet offers a way of accessing reports and communicating progress toward goals and targets. It can also be used as an interactive tool, for example, to invite comment on the findings or the indicators used.

The nature of the strategic indicators suggests that any reporting should be linked to the strategic planning process which may in some cases take place every three years (in line with the council term). Annual updates on some or all of the indicators should also be considered.

11. Reviewing the strategic directions

Indicators are about adaptive management and continual improvement. Mechanisms are therefore required to supply the

Reviewing the strategic directions should identify whether there needs to be a refocus of priorities.

information derived from the indicators into council's strategic planning framework and decision making system.

Remember that the primary objective is to systematically monitor, analyse and review strategic directions. The review of the strategic directions should identify whether there needs to be a refocus of priorities.

In addition to reviewing the strategic directions, there should also be a review of the indicator suite to:

- further develop or refine the indicators
- improve the process for involving the stakeholders
- enhance communication strategies.