*The Irish Accounting Review* (2005), Vol. 12, No. 2, 75-84

# THE PUBLICATION OF LOCAL GOVERNMENT PERFORMANCE INDICATORS IN THE REPUBLIC OF IRELAND

**Anthony Wall and Gary Borland**

*University of Ulster, Jordanstown*

## *ABSTRACT*

*This paper assesses the compliance of Republic of Ireland local government with legislation concerning the publication of performance information. Having given a brief overview of the rationale behind performance measurement in local government, the paper traces the key developments in the introduction of such a practice in the Republic of Ireland before assessing current levels of compliance by using a document content analysis. It concludes with a short discussion on issues of non-compliance.*

## INTRODUCTION

The workings of local government are always subject to change. As Stewart (2000) states, if the environment in which local government operates changes, it too must change in order to ensure the services it provides remain viable. Alongside this evolutionary change, however, there is also the more radical, enforced change that is imposed by successive governments. In the United Kingdom (UK), for example, a major period of reform was instigated by the Conservative Party that remained in government from 1979 until 1997. This reform was seen as a response to what they saw as the failure of bureaucratic professionalism and a desire to introduce a series of management ideas that had been developed in the private sector. This type of reform was not restricted to local government or indeed to the UK public sector, but came against the backdrop of the worldwide New Public Management (NPM) movement. Various key components have been associated with NPM (Dunleavy and Hood, 1994; Schedler and Proeller, 2002), but those most relevant to this paper are the efforts to render public sector organisations more efficient in the use of public funds and more effective in meeting user needs. In addition, there needed to be enhanced levels of accountability to the public.

In order to achieve these objectives, it was seen as vital that public sector organisations were able to measure various aspects of performance and that any measurement system used was robust and could be communicated to the public; at the same time, any such system had to be concise and understandable, so that the user of such information was not left confused and inundated with large amounts of data. Any organisation could come up with a large list of performance indicators (PIs) and if left to its own discretion could simply choose those that were easily achievable. The use of prescribed PIs in local government ensures that all authorities are using a similar framework, thereby easing comparison. The aim of these PIs therefore is to give authorities a comprehensive baseline of performance against which they, and the people they serve, can judge the progress they are making. Furthermore, any government equally needs to ensure that the priorities on which it has been elected are being delivered and that standards are being met across the range of public services

In the UK, the first major attempt to establish a performance measurement system in local government came in the early 1990s with the introduction of the Citizens Charter. Best Value, which was introduced by the Labour government in 1999, furthered this initiative. At the time of writing, local authorities in Great Britain are reporting against 15 corporate health indicators and 93 service delivery indicators (ODPM, 2004). Corporate health indicators aim to provide a snapshot of how well the authority is performing overall (DETR, 1998, p. 12), whereas service delivery indicators reflect the national interest in the delivery of local services and enable comparisons to be made between the performances of different authorities and within an authority over time (DETR, 1998, p. 12). Reform in the Republic of Ireland (RoI) was slightly slower, with the first initiative to have any impact on greater efficiency and effectiveness in the public sector being the Strategic Management Initiative (SMI) of 1994, which, although originally aimed at central government departments, was extended to local authorities in 1996. Since that time, there have been a large number of proposals aimed at improving local government performance, with some of the latest requiring the publication of PIs in the annual reports of local authorities.

Steccolini (2004, p. 328), on investigating the use of the annual report for local government reporting in Italy, found that 'most local governments do not use alternative tools to account for their performance to their stakeholders'. This is not the case in the RoI (see for example DEHLG, 2004a, p. 8), where performance information is now available on the Internet and in the wide range of documentation provided by local authorities. However, the annual report remains the most comparable tool used by a local authority when disclosing performance information and it is for this reason that it has been used in this paper for a document content analysis. The paper aims to build upon the work of Wall and Martin (2003) who first looked at the publishing of PIs by RoI local authorities immediately after the first initiative that had prescribed their usage came into force. Before the paper considers if, or how much, the situation has changed over the intervening years, a brief description of how performance measurement has been imposed on local government in the RoI follows.

## LOCAL GOVERNMENT PERFORMANCE MEASUREMENT IN THE REPUBLIC OF IRELAND

Although the Local Government Act of 1991 marked the first phase of reform of the local government system in the RoI, the first major attempt at transforming the public sector in general came about in 1994 with the introduction of the SMI. Since that time there have been a large number of initiatives aimed at making local authorities both able to deliver a better level of service and more accountable to the tax paying public. Although the SMI was originally introduced at the departmental level of central government, in March 1996 the Department of the Environment and Local Government (DELG) extended the original principles of SMI to local authorities. These principles built on those espoused by NPM - that an excellent service to the public should be developed (effectiveness) and that public bodies should make better use of resources (efficiency).

The then departmental Minister asked local authorities to produce a strategy statement covering a five year period beginning in 1997. As part of this process, having identified key objectives, they were to develop a system to monitor progress (Boyle, 2000), in effect paving the way for performance measurement. It was, however, later in 1996 that the most radical and comprehensive reform programme to date for local authorities was launched via the publishing of a report by DELG entitled *Better Local Government - A Programme for Change* (BLG). The programme was based on four core principles: serving the customer better; developing efficiency in local government; enhancing democracy; and providing proper resources to allow fulfilment of assigned tasks.

It was felt that the ambit of local authorities had become too narrow due to a combination of local development responsibilities being delegated to independent agencies and central controls, which were seen as stifling initiative. Furthermore, a scarcity of resources was having a negative impact on performance and this was having a detrimental effect on the communities the councils were serving. A series of measures, including the signing and ratification of the European Charter of Local Self-Government in 1997, were taken to implement BLG with the most relevant to this paper being those taken to improve the quality of service. These included the adoption for the first time of the term 'customer' in relation to local authorities, the use of PIs to measure and compare local authorities in key service areas (with a working group being established to identify key standards and indicators), the creation of a quality awards scheme and the drawing up of a comprehensive list of public rights to information from local authorities. This latter measure was later given statutory effect in the Freedom of Information Act, 1997.

Another important change brought about by BLG was the introduction of value for money (VFM) audits that were already being carried out in central government by the Comptroller and Auditor General. This task was delegated to an enlarged Local Government Audit Service, which to date has produced a number of VFM reports, most notably No. 17 that reviewed PIs (1999). This report highlighted both the problems and benefits of performance measurement and was intended to act as a guide for local authorities developing PIs in line with BLG.

Yet another initiative was launched by DELG in March 2000, when it published *Modernising Government - The Challenge for Local Government* (DELG, 2000a). This publication reviewed local government reform to date as well as highlighting new areas for modernisation. Amongst its proposals were a reshaping of strategy statements into corporate plans, recognising the business ethos which must underlie the operation of local government, the drawing up of customer service plans and the strengthening of accountability and responsibility with a proposed corps of directors with unambiguous responsibility for service delivery. Also during 2000, DELG issued *Service Indicators in Local Authorities* (DELG, 2000b), which contained a list of 21 service indicators that local authorities were required to use and subsequently publish in their annual reports as they strove for continuous improvement. This initiative was given legislative backing in the Local Government Act, 2001, with Section 134 of the Act stating that each local authority's corporate plan should include objectives, priorities, strategies for achieving these objectives and details of how performance is to be assessed. In 2003 the fifth of a series of national agreements between the government and its social partners was launched. These national agreements form part of the system for collective bargaining in the RoI and have been in use since 1987. Although they usually deal with rates of pay they also deal with other issues, and such was the case with the fifth, which was entitled *Sustaining Progress* and built upon the *Programme for Prosperity and Fairness* that was launched in 2000 (see Boyle, Humphreys, O'Donnell, O'Riordan and Timonen, 2003). This agreement, which was relevant to local government, contained a commitment to developing and implementing a performance management system that ensures the use of corporate plans.

In 2004 the aforementioned 21 indicators were either superseded or replaced by an updated list of 42; this followed another report by the Department of the Environment, Heritage and Local Government (DEHLG), the successor to DELG, in January 2004 entitled *Delivering Value for People – Service Indicators in Local Authorities* (2004a), that had been produced by the Customer Service Group. This report represents the most comprehensive piece of consultative work to date with respect to PIs in the RoI. In addition to recommending a revision and refinement of the existing set of indicators, it encouraged the development of local indicators for local priorities when national indicators are insufficient. In the UK it was felt that local indicators would provide important measures of local performance and of the responsiveness of the authority to meeting local needs. They would, in theory, allow authorities to reflect local priorities and tailor Best Value to suit local circumstances as well as providing managers with better information. Initially, however, these local PIs proved to be problematic: indicators were chosen for which there was no accurate measure, or over which managers had no control, or simply because they were easy to collect (ODPM, 2001).

The then Minister of the Environment, Martin Cullen TD, stated on accepting the main findings and recommendations of the report:

> Accountability is not and should never be an optional extra. The people who fund our salaries and the service we provide have the right to know exactly how their money is being spent. (DEHLG, 2004b)

It is worth noting that in the RoI there are two types of local authority that produce annual reports: county, of which there are 29, and city, of which there are five. There are a number of borough and town councils as well in the RoI, but they do not publish separately, normally having a page dedicated to them in the county council report. The paper now turns to a document content analysis conducted in order to establish levels of compliance with legislation pertaining to the publication of performance information.

## RESEARCH METHOD

When Wall and Martin (2003) looked at the compliance of RoI local authorities regarding the publication of PIs, they found it to be somewhat haphazard, with no council out of the six sampled complying fully with the latest initiative. The authors felt that a major factor behind this was time, as RoI local authorities were having to publish performance information for the first time. Furthermore, the sample of local authorities was fairly small as the survey dealt with all government organisations and not just local government.

In order to see if, or how much, compliance in the RoI has improved, a document content analysis was conducted with the annual reports of all RoI local authorities being analysed for the financial years ending in 2001, 2002 and 2003 to test the levels of indicator reporting. As well as looking at overall compliance, the paper will assess if any of the eight RoI local authority service areas are subject to higher levels of compliance, the eight sectors being housing, roads, motor taxation, environmental services, planning, revenue collection, corporate health and library services. It should be noted that a mixture of media were used, including hard copies of annual reports and those appearing on websites or CD-ROMS. With regard to motor taxation, local authorities in the RoI have been allowed to vary the rate of centrally set motor taxation by up to six per cent since 1998 in order to bring in extra revenue. However, this must be set in the context of local authority taxation, which in the RoI is only about one sixth of the European average (Callanan, 2003), meaning local authorities in the RoI have limited powers in terms of raising revenue through taxes.

As Denscombe (1998) states, a content analysis of government publications provides a source of information that would appear to be authoritative, objective and factual, although he warns against treating all statistics contained in such documents as objective facts. Smith and Taffler (2000) make a distinction between two alternative generic approaches to document content analysis. The first is a 'form orientated' or objective analysis, which involves routine counting of words or concrete references, whereas the second is a 'meaning orientated' or subjective analysis, which focuses on analysis of the underlying themes in the texts under investigation. The analysis undertaken for this paper was mainly objective, that is, checking the disclosure of a prescribed indicator. However, some possible suggestions are offered as to why reporting levels may be higher or lower in a particular service area. To reduce subjectivity, two individuals, using an agreed framework, independently and separately conducted the document content analysis before discussing and agreeing the results. The current situation in the RoI will now be discussed on the basis of this analysis.

## THE CURRENT LEVEL OF COMPLIANCE IN THE REPUBLIC OF IRELAND

The overall levels of indicator reporting by local authorities are contained in **Table 1** below, with each authority being allocated to one of six possible bands for each of the three years.

**TABLE 1: NUMBER OF LOCAL AUTHORITIES (COUNTY AND CITY) WITH ASSOCIATED LEVELS OF INDICATOR REPORTING**

| **Levels of indicator reporting** | **2001** | | **2002** | | **2003** | |
|---|---|---|---|---|---|---|
| | *County* | *City* | *County* | *City* | *County* | *City* |
| 90.1 to 100% | 9 | | 13 | | 11 | |
| 75.1 to 90% | 8 | 2 | 1 | 3 | 3 | 2 |
| 50.1 to 75% | 1 | | 7 | 1 | 9 | 2 |
| 25.1 to 50% | 3 | | 4 | | 3 | 1 |
| 10.1 to 25% | 5 | 1 | 1 | 1 | 2 | |
| 0.0 to 10% | 3 | 2 | 3 | | 1 | |
| **Total:** | 29 | 5 | 29 | 5 | 29 | 5 |

*Notes: Not all authorities have to report performance against 21 indicators. Only four of the five environmental health indicators were applicable to two county councils, whereas for another council only three were relevant. Additionally, three county councils do not have responsibility for motor taxation. However, all compliance percentages are calculated as a percentage of the maximum possible for each local authority.*

### *County authorities*

From **Table 1**, it is clear that the number of authorities with compliance levels above 90 per cent rose from nine in 2001 to 13 in 2002. This represents 31 per cent and 45 per cent of all authorities respectively. However, for 2003 this figure fell to 36 per cent, as only 11 authorities had compliance levels above 90 per cent. Cork and Limerick had a 100 per cent compliance rate for both 2001 and 2002 and although Limerick continued this in 2003, for some reason Cork missed two indicators. Donegal, Fingal, Waterford and Wexford were also consistently in the top band. At the other end of the scale, three authorities (10 per cent of all authorities) had a compliance level under 10 per cent in both 2001 and 2002. Meath had a compliance level of 0 per cent for 2001 and 4.8 per cent for both 2002 and 2003 and is the only authority to be consistently in this band. Three of the authorities reporting for 2003 had compliance levels below 25 per cent, with six authorities in total (21 per cent) having a level below 50 per cent. It would appear that compliance levels continued to improve. However, the number of county councils reporting all 21 indicators is very low, as it must be emphasised that an appearance in the top band does not necessarily signify total compliance.

### *City authorities*

The five city authorities appear to have lower levels of compliance for each of the three years with no authority achieving a level over 90 per cent. Two authorities, Cork and Limerick, had compliance levels between 75 per cent and 90 per cent for 2001 and 2002 while Galway had a similar level for 2002 to bring this category to three (60 per cent). For 2003, Dublin had a compliance level of 76 per cent, moving up a band from the previous year, Cork remained in the same band, whereas Limerick and Galway both moved down a band, having compliance levels of 71 per cent and 59 per cent respectively. Regarding compliance levels of under 10 per cent, two of the five authorities (Dublin and Galway) were in this category in 2001. However, levels for both these authorities improved significantly in the subsequent two years as reported above. Waterford was consistently in the 10 per cent to 25 per cent band for both 2001 and 2002, but improved in 2003 with a level of 28.6 per cent to move to a higher level. Notwithstanding, over the three-year period only two out of the five city councils showed increasing levels of compliance

*Reporting by sector*

In order to get a more comprehensive picture of the number of indicators that are being reported by county and city authorities, levels of reporting in each of the eight main service sectors were looked at separately. Generally the number of measures within each area had an effect on compliance levels, with the highest levels of compliance occurring in planning, where only one indicator is required, and housing, where there are two indicators. However, the single corporate health indicator, which is the number of working days lost due to staff sickness or absenteeism, had relatively low levels of compliance. This would be a simple enough piece of information to collect and one might reasonably assume that councils do not publish this figure as the number of working days lost is high and could reflect unfavourably upon them. Indeed, data relevant to all of the 21 measures is perhaps capable of being collected by management information systems routinely and relatively easily, and as the majority of the indicators are either activity levels, unit costs or average times to provide a service it is difficult to see why reporting levels are not much higher. The lowest level of compliance overall was in the area of environmental services, where there are not only five separate measures, but they also form quite a mixture, with indicators dealing with pollution levels of rivers, the quality of drinking water, the number of recycling facilities and litter wardens per head of population, including the number of fines and prosecutions handed out by the latter, and mobilisation times of the fire service.

*Good practice*

Ideally all indicators that local authorities are meant to be reporting against should be presented in the report regardless of whether information is available or not. Such a practice at least lets the user know that the required information is missing. This was not always the case with RoI local authorities, several of which, even after three years, simply ignore the requirement to produce and report certain indicators. Furthermore, it is good practice to set out performance against indicators in a table or grid with all indicators numbered in a way that corresponds with the current guidelines. However, in some of the reports the indicators had to be gleaned from the narrative and even when separate tables were provided not all the PIs were contained in these, and once again the annual report had to be scanned to find the information. There was also a tendency not to comply with the spirit of the indicator. For example, one of the roads service indicators is the percentage of local roads resurfaced; several councils had only provided the length of road surfaced leaving the user to calculate the percentage from the total length of roads in the area.

## CONCLUSION AND DISCUSSION

Over the past eleven years there has been a succession of attempts by government in the RoI to make local government more effective and efficient in its operations and more transparent in its reporting practices. Local government reform forms part of the much wider modernisation agenda of the public sector, not only in the RoI, but also in much of the developed and developing world under the banner of NPM. One of the methods used in attempting to improve the services provided by any public sector organisation is the creation of a number of PIs that are linked to both the objectives of the individual organisation and preset, moving targets that ensure the whole exercise remains challenging and indicators are not just being set because they are easily achievable. Public sector reform in the RoI has tended to lag behind that of other countries, with the first major RoI initiative, SMI, coming some 12 years after the UK's Financial Management Initiative of 1982 (which was the first in a number of major developments that changed the way the public sector was run in that country).

Despite a number of reforms aimed at improving service delivery by local government in the RoI, it was not until 2001 that legislation made the disclosure of performance information mandatory. However, it cannot now be stated that RoI local authorities have not had sufficient time to assimilate the changes and start publishing the PIs that have been prescribed. Therefore the results of the analysis of annual reports over the past three years are generally disappointing. Despite some local authorities appearing in the highest band of compliance, there were very few examples of RoI councils measuring themselves against all prescribed indicators. The year 2003 marks the third year since legislation has made the publication of indicators compulsory and therefore the relatively low levels of compliance might be considered unacceptable. As some of the indicators are easily collectable there would appear to be no reason why these levels should not be higher.

Finally, it is worth examining how the RoI government might deal with issues of non-compliance. It was stated in *Delivering Value for People – Service Indicators in Local Authorities* (DEHLG, 2004a) that those councils not reporting all of the new 42 indicators would be named and shamed. However, the impact of such a tactic has to be questioned (it should be noted that only 21 indicators were required at the time of the analysis contained in this paper). In its second term in government that began in 2001, the Labour Party in the UK moved away from naming and shaming 'its way to service improvement' (Stoker, 2004, p. 97), feeling that the introduction of a comprehensive performance assessment (CPA) would be of greater benefit.

Moreover, Hyndman and Eden (2001) make the distinction between the public interest and the interested public, with the former referring to what governments feel should be in the public domain and the latter alluding to avid readership of publicly available information. In reality the latter is rare and providing the main stakeholder of any local authority, the ratepayer, is satisfied with the performance of that authority, then the fact that it is not publishing performance information will probably be of no significance. Conversely, if the ratepayer is not satisfied with the level of service provided by their local authority, then the fact that it publishes all of the prescribed information will be equally insignificant. It could also be stated that the fact that local authorities are not publishing performance information does not necessarily mean they are not being efficient in their use of resources. Therefore non-compliance with legislation does not automatically imply that two of the key NPM principles, effectiveness and efficiency, are not being achieved.

There are more coercive methods that could be used by central government, such as increasing the number of inspections or even reducing the amount of money the local authority receives from the centre - although this latter method could backfire if services are affected due to what many may see as a marginal issue. Certainly in the UK the introduction of the aforementioned CPA process, whereby councils were placed in four categories (good, fair, weak and poor) and then either given more freedom and less regulation if they were performing well or less freedom and more targeted intervention if they were performing poorly, is possibly a way forward. It will be interesting to see how the 34 RoI councils cope with the increased level of indicators in 2004, although there appears to be no obvious reason why compliance levels will improve significantly. It will also be interesting to see how effective any proposed central government actions are when it comes to dealing with non-compliance and, if the proposed *naming and shaming* method does not work, whether they subsequently adopt the "carrot and stick" approach now favoured in the UK.

## REFERENCES


Boyle, R. (2000). Performance Measurement in Local Government, *CPMR Discussion Paper No. 15*, Dublin: Institute of Public Administration.

Boyle, R., Humphreys, P.C., O'Donnell, O., O'Riordan, J. and Timonen, V. (2003). Changing Local Government: A Review of the Local Government Modernisation Programme' *CPMR Research Report No. 5*, Dublin: Institute of Public Administration.

Callanan, M. (2003). Assessing Developments in Local Government, in Callanan, M. and Keogan, J. (eds.) *Local Government in Ireland*, Dublin: Institute of Public Administration.

Denscombe, M. (1998). *The Good Research Guide*, Buckingham: Open University Press.

Department of the Environment and Local Government (DELG) (1996). *Better Local Government – A Programme for Change*, Dublin: DELG.

Department of the Environment and Local Government (DELG) (2000a). *Modernising Government – The Challenge for Local Government*, Dublin: DELG.

Department of the Environment and Local Government (DELG) (2000b). *Service Indicators in Local Authorities*, Dublin: DELG.

Department of the Environment, Heritage and Local Government (DEHLG) (2004a). *Delivering Value for People - Service Indicators in Local Authorities*, Dublin: DEHLG.

Department of the Environment, Heritage and Local Government (DEHLG) (2004b). Cullen launches "Delivering Value for People - Service Indicators in Local Authorities", *Press Release*, http://www.environ.ie/DOEI/doeipub.nsf/0/74CFEDDAA798D3BF80256E2900405DDC?OpenDocument&Lang=en.

Department of the Environment, Transport and the Regions (DETR) (1998). *Best Value and Audit Commission Performance Indicators for 2000/2001*, London: HMSO.

Dunleavy, P. and Hood, C. (1994). From Old Public Administration to New Public Management, *Public Money & Management*, Vol. 14, No. 3, pp. 9-16.

Hyndman, N. and Eden, R. (2001). *The Coordination of Mission Statements, Objectives and Targets in UK Executive Agencies*, London: CIMA.

Local Government Act (2001). Section 134 - Corporate Plan, http://www.irishstatutebook.ie/ZZA37Y2001S134.html.

Local Government Audit Service (1999). *Value for Money Unit Report No.17: A Review of Performance Indicators*, Dublin: Stationery Office.

Office of the Deputy Prime Minister (ODPM) (2001). *Use of Local Performance Indicators in the Best Value Regime*, London: ODPM.

Office of the Deputy Prime Minister (ODPM) (2004). *Best Value Performance Indicators for 2004/2005: Supplementary Guidance and Feedback Document,* London: ODPM.

Schedler, A. and Proeller, I. (2002). The New Public Management: A Perspective from Mainland Europe, in McLaughlin, K., Osborne, S. and Ferlie, E. (eds.) *New Public Management: Current Trends and Future Prospects*, London: Routledge.

Smith, M. and Taffler, R.J. (2000). The Chairman's Statement: A Content Analysis of Discretionary Narrative Disclosures, *Accounting, Auditing & Accountability Journal*, Vol. 13, No. 5, pp. 624-646.

Steccolini, I. (2004). Is the Annual Report an Accountability Medium? An Empirical Investigation into Italian Local Governments, *Financial Accountability & Management*, Vol. 20, No. 3, pp. 327-350.

Stewart, J. (2000). *The Nature of British Local Government*, Basingstoke: Macmillan.

Stoker, G. (2004). *Transforming Local Governance: From Thatcherism to New Labour*, Basingstoke: Palgrave Macmillan.

Wall, A.P. and Martin, G. (2003). The Disclosure of KPIs: How Irish Organisations are Performing, *Public Management Review*, Vol. 5, No. 4, pp. 491-509.