



Better Regulation  
Victoria

# **Towards Best Practice**

## **Monitoring and Reporting Practice Note**

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Published June 2025

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### About this Better Regulation Victoria practice note

Practice notes are part of a package of guidance that equips regulators to deliver the *Towards Best Practice* guide. They support regulators to review and improve specific areas of their operations.

Principle 7 of *Towards Best Practice* is “Evaluate and communicate your efforts and their impact on your regulatory outcomes”: This practice note assists regulators to develop effective approaches for regulators to monitor and report on their performance. The advice is not prescriptive and should be adapted to the circumstances.

## About regulator performance reporting

Regulators monitor and report on their activities and performance for a range of purposes, including program evaluation, board reporting, budget paper performance, and annual reports.

Reporting on regulator performance is critical in several ways. For example, aside from helping to provide transparency and accountability, it provides data which can be used as a basis for continuous improvement programs for both regulators and policy areas. As such, it is important that the capture and reporting of performance data is well considered and logical in approach; this practice note provides an overview of approaches to performance measures and performance reporting.

### Common approaches to reporting

Monitoring and reporting can involve a combination of reporting approaches, such as:

- routine measurement of activities in periodic reports (e.g. such as on general inspection activities)
- tracking agreed measures (e.g. against Budget Paper No. 3 *Service Delivery* requirements or Ministers Statements of Expectations)
- reporting on outcomes to demonstrate the impact of regulatory interventions.

For evaluations, reporting tends to involve:

- reporting activities and their effect on outcomes, supported by a program logic
- providing research findings on the effects of actions on duty holder behaviours and compliance
- providing narrative accounts of problems solved, or lessons learnt
- tracking long-term outcomes and explaining how changes in behaviour and compliance contribute to these.

Regulators and policy makers may need to design or review reporting or evaluation approaches at various times, such as for budget bids or when reviewing regulations. This can be an opportunity to improve on current measures.

## Building from *Towards Best Practice* guidance

Table 1 outlines key concepts in the *Towards Best Practice* guidance package that provide context for applying this practice note. This guidance is available at:

<https://www.vic.gov.au/towards-best-practice-guide-regulators>

**Table 1: Key concepts supporting performance measurement**

Guidance document	Key concepts
<b>Towards Best Practice (guide for regulators)</b>	<p>Under Principle 7 in the <i>Towards Best Practice</i> guidance package, you should evaluate your efforts and communicate their impact on your regulatory outcomes. This requires you to:</p> <ul style="list-style-type: none"><li>• measure the performance of your regulatory activities, accounting for the focus and contribution of these to monitoring, detecting and acting on non-compliances and risks of harm (7.2)</li><li>• evaluate the effectiveness of your regulatory activities and tailor-made interventions in changing behaviours and reducing harms (7.3).</li></ul> <p>‘Regulatory activities’ refers to the range of actions a regulator may take, including education, inspections, desktop assessments, audits, and other compliance generating activities.</p> <p>‘Tailor-made interventions’ refers to an intervention developed under a problem-solving approach, to integrate different regulatory activities to address a harm.</p> <p>The delivery of Principle 7 requires a commitment to:</p> <ul style="list-style-type: none"><li>• evaluation that goes beyond measuring activities, by assessing and explaining how regulatory activities work together to deliver results</li><li>• checking whether improved evaluation delivery requires extra support from departments. This may include revising performance indicators from activity quotas to a balanced set of indicators.</li></ul>
<b>Equipping Best Practice (paper for departments)</b>	<p>Details how departments should provide a regulator sufficient autonomy to conduct its own performance assessments and to develop suitable indicators of performance and results.</p>
<b>Supporting Best Practice (paper for boards and chairs)</b>	<p>This guide outlines measures that may be asked of you to understand performance and delivery. You should take account of these measures when developing an approach to reporting, whatever your governance arrangements.</p>
<b>Towards Best Practice Handbook</b>	<p>This handbook sets out action areas for performance measurement and reporting.</p>

### **Towards Best Practice Handbook: Summary of action areas**

Under principle 7, the Towards Best Practice Handbook suggests action areas that you can implement. In summary, these include the following:

- **Communicate your activities and focus:** Relates to explaining what you are focused on, and using a range of methods to communicate to stakeholders
- **Account for all your activities to influence duty holder behaviour:** Explains how you should take account of education, compliance monitoring, collaboration, and remedial and sanctioning actions, in performance reporting
- **Develop an evaluation approach:** Sets out the concept of having an end--to--end model that links inputs to outcomes, using an outcomes or intervention logic where feasible
- **Develop evaluations for specific interventions:** Recognises that when you develop a tailor-made intervention for a problem you should define success from the outset, and report against this at its conclusion
- **Evaluate your performance and management systems:** Covers the need to establish baselines and benchmarks for internal operations, and report on activities and trends. This practice note mainly focuses on this objective
- **Account for feedback in performance evaluation:** Recognises that external feedback can be an important source of insight for monitoring performance.

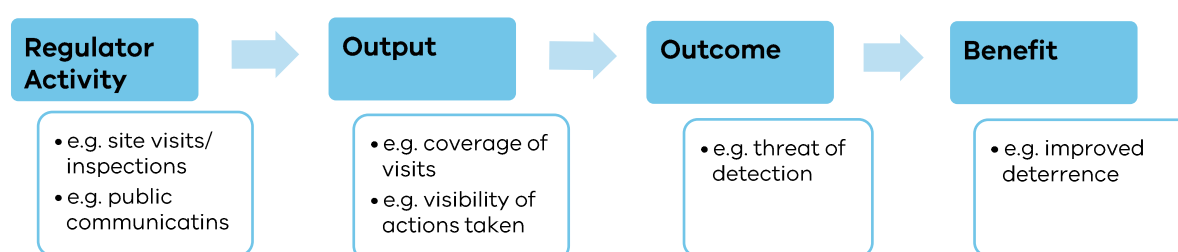
Principles 5, 6 and 10 also provide useful suggestions relating to reporting, targeting effort, risk and continuous improvement.

# Developing a program logic

Good performance measures will link a regulator's strategic objectives (that is, the benefits it delivers or the things it is trying to accomplish as an organisation) with its activities (the things that it does to work towards these goals) in a way which is logical and coherent. Where such is available, they may also draw on data which points to directly to outcomes.

You should use a program logic model to map out the cause-and-effect relationship between your activities, outputs and outcomes to show how your regulatory efforts are designed to achieve change. Figure 1 outlines the concept of a program logic related to regulator activities, leading to behaviour change and longer-term outcomes. Figures 2 and 3 below develop this concept further, and BRV's *Evaluation Toolkit* provides further guidance on understanding and measuring the impact of regulation on behaviour.<sup>1</sup>

**Figure 1: Program logic for a regulatory activity**



The following advice and detailed figures complement model measures by setting out how to link operational activities to behavioural change outcomes, in an outcomes logic model that organises your reporting and evaluation measures.

<b>Align multiple functions</b>	<p>Effective regulatory delivery usually relies on the coordination of multiple activities. For example, the impact of inspection activity relies on communication to duty holders to amplify field presence and clarify regulatory requirements. By developing an 'outcomes logic' for how you coordinate and align activities, you can better:</p> <ul style="list-style-type: none"><li>• explain resource requirements, such as in budget bids</li><li>• align objectives between work areas and leaders</li><li>• input into larger evaluations, such as for regulations or legislation</li><li>• explain why different functions are needed to impact on behaviours and increase compliance.</li></ul>
<b>Consider and link regulatory activities to behavioural outcomes and compliance drivers</b>	<p>Duty holder compliance will be influenced by your activities, as well as other factors. For example, compliance can be shaped by duty holder:</p> <ul style="list-style-type: none"><li>• knowledge and acceptance of rules</li><li>• economic advantages of non-compliance (e.g. reduced costs, undercutting)</li><li>• perceived risks of being reported, inspected and detected</li></ul>

<sup>1</sup> The toolkit is available at [2024-Evaluation-Toolkit.pdf \(www.vic.gov.au\)](https://www.vic.gov.au/2024-Evaluation-Toolkit.pdf).

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- perceived risks of sanction and severity of sanction.

For further information, see Parker and Nielsen's *Regulatory Theory* Chapter 13 [Compliance: the 14 Questions](#).

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Developing an understanding of experience via research, whether in forums, surveys or interaction specific polling may give insights into these factors. Looking at the relationship between this research and your activity measures (e.g. non-compliance detection and escalation rates, and volumes of activity) may help to show your impact on behaviour, and in turn long-term outcomes.

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**Analyse the relationship between compliance drivers and your actions**

When designing an evaluation approach, you may need to expressly explain why you expect your actions will drive or increase compliance. For example, if a reason for non-compliance is suspected to be:

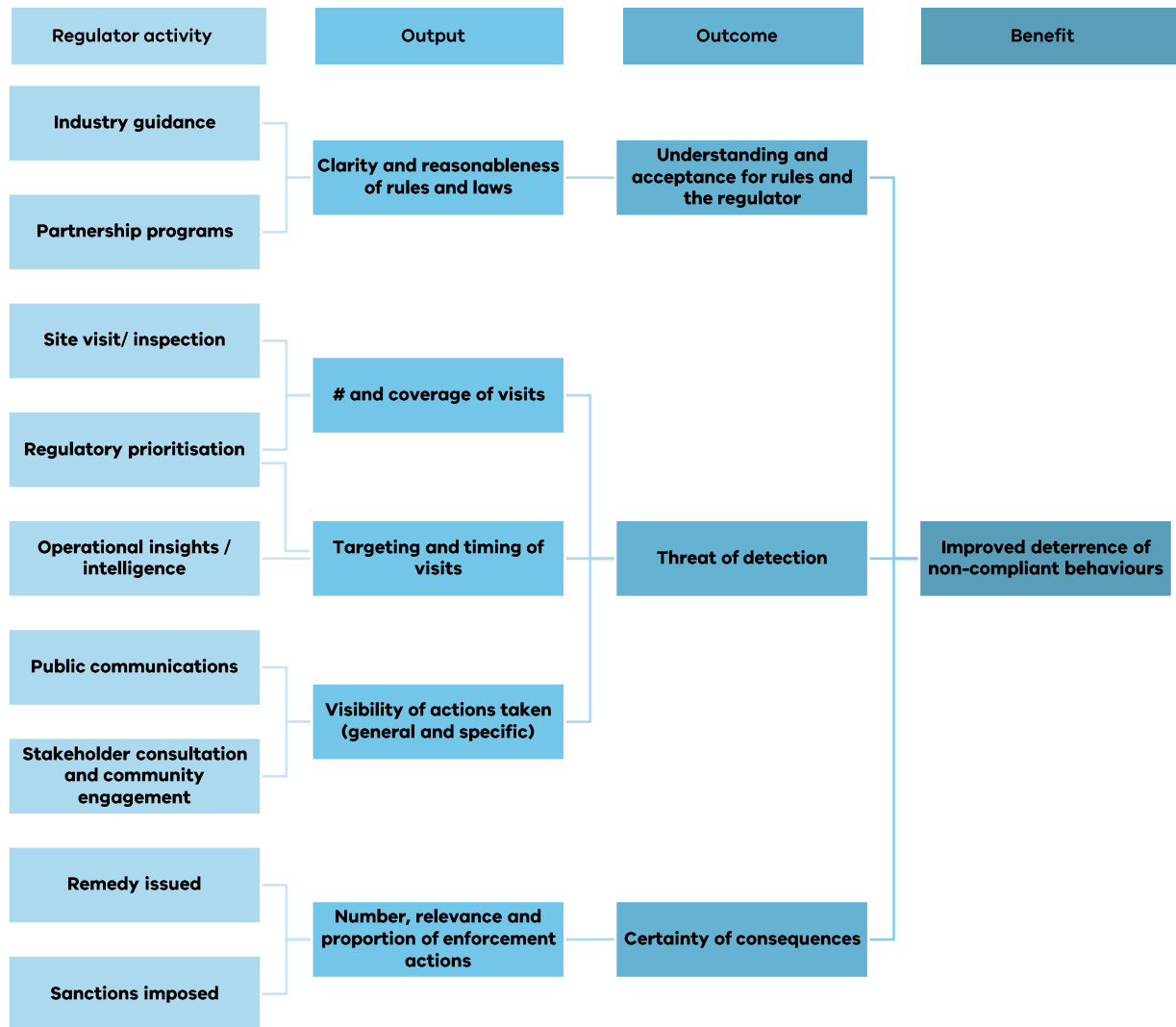
- a low threat of detection, you might evaluate if your inspection targeting and communications increase perception of detection
- a perception that the costs of compliance outweigh the benefits, you might evaluate if sufficient penalties are applied for non-compliance
- a perception that the consequences of non-compliance are low, you might evaluate sanctions issued, and how these were communicated.

Understanding these relationships can help you to focus your performance reporting and determine where you need to improve delivery.

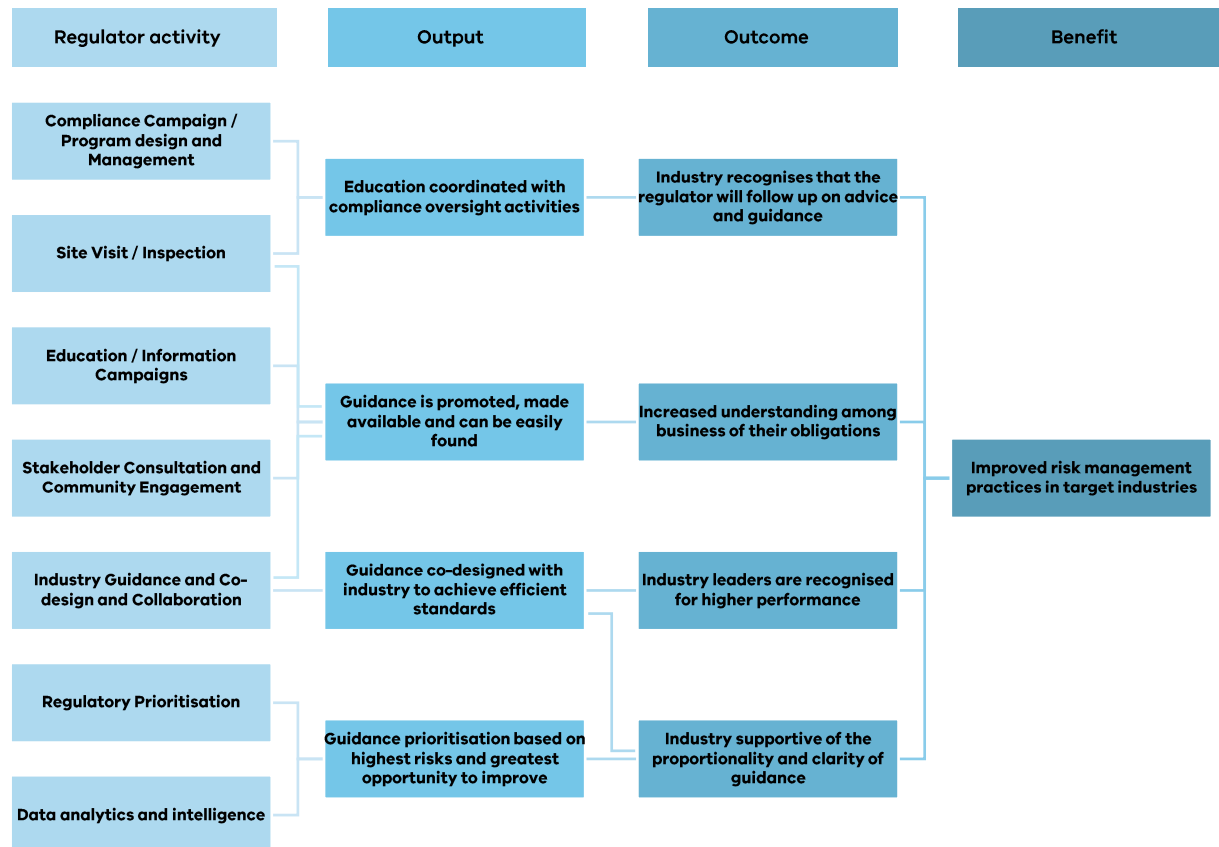
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The following figures illustrate how you might explain the relationship between different activities, the outputs they generate, and behavioural outcomes aligned to the *14 Questions* framework.

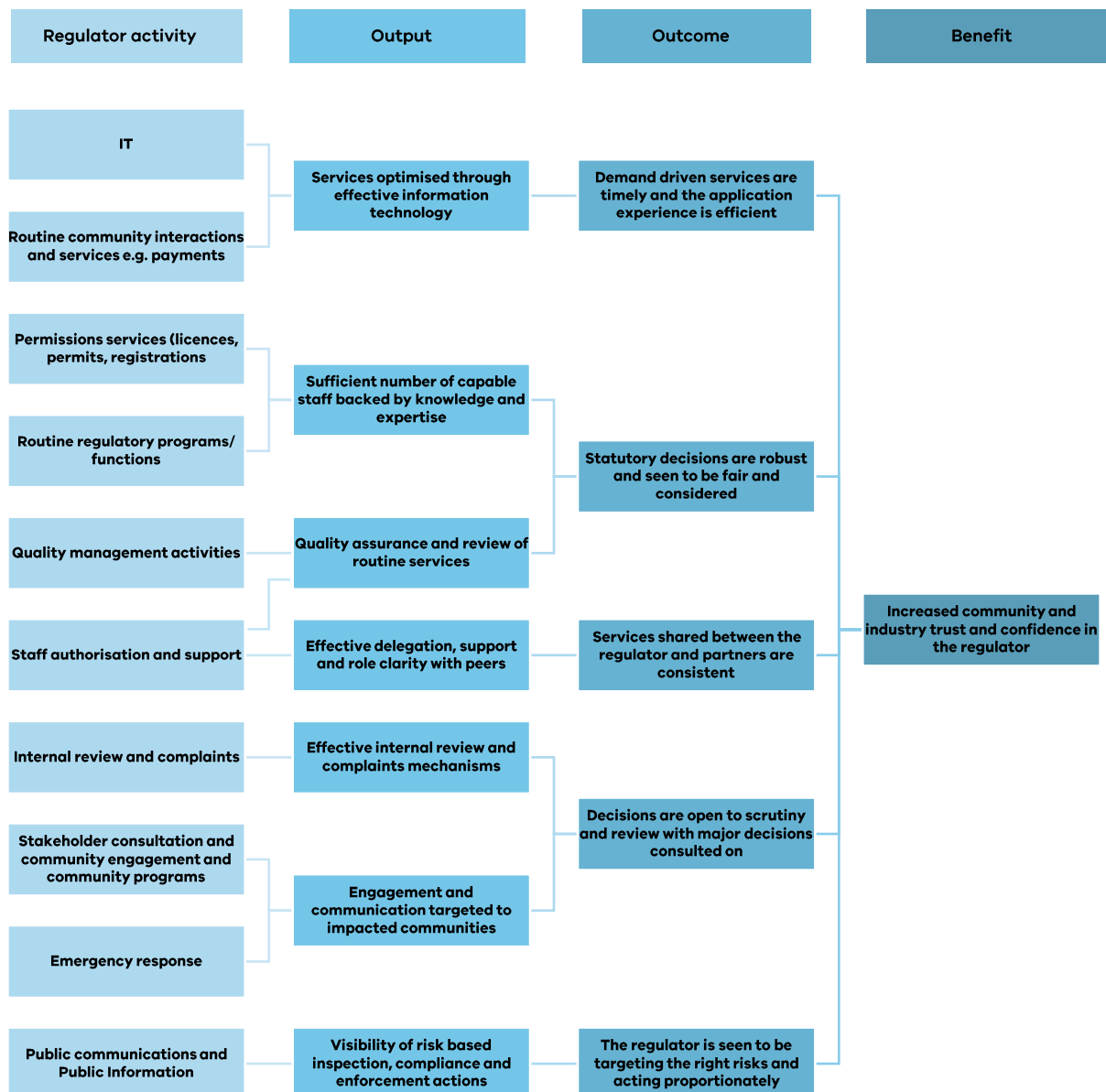
**Figure 2: Regulator activities and deterrence outcomes**



**Figure 3: Regulator activities and risk management outcomes**



**Figure 4: Regulator activities and confidence and trust**



# Developing a performance account

Performance accounts document how a regulator has contributed to outcomes or addressed a problem (sometimes called their “contribution story”). This is an opportunity for regulators to detail how they have sought to address a harm, with evidence to demonstrate their degree of success. A performance account can focus on either overall activity or a specific area of focus for the regulator.

For example, a performance account may involve regular reporting on activities, or case studies detailing the extent to which intervention objectives against a specific problem have been achieved. Annual reports and periodic board reporting often contain a mixture of operational data and case studies to build a picture of performance.

Regulators should develop and utilise fit-for-purpose performance accounts for general regulatory activities and their tailor-made interventions. This may require support from departments, ministers or boards to develop and expand on current measures or ways or reporting. Regulators should also seek to proactively innovate and develop their reporting to best reflect their impacts.

## Contents of a performance account

When developing a performance account, you should recognise that:

- tracking routine activities is only one component of developing a performance account. Underpinning these, you will usually need to:
  - develop risk assessment frameworks
  - explain how activities are directed on the basis of risk analysis (e.g. targeting poor performers).
- measuring effectiveness can be harder than tracking activities. Reporting on specific interventions or a subset of activities can help. This might include:
  - reporting on a tailor-made intervention (e.g. campaign or problem-solving project)
  - developing a special evaluation project
  - looking at a subset of routine activities (e.g. topic, region or a compliance focus area) and a suite of indicators that can help explain impact and results, supported by qualitative analysis.
- addressing specific regulatory problems has a specific approach. When developing a tailor-made intervention to a regulatory problem, you should:
  - nominate and isolate a specific problem to address
  - define the intended outcomes and how they will be measured from the outset.
  - report as a relatively straightforward exercise aligned to the plan for that intervention.

To best explain the effectiveness of your actions, annual reports or other periodic reporting should seek to go beyond reporting on volumes of activity by explaining how your efforts are aligned to the harms of concern.

This may mean reporting on a mix of routine activities and tailor-made interventions, as appropriate to context (see Towards Best Practice Principle 2). This may require staged changes under a continuous improvement approach.

### **Take a continuous improvement approach**

It is important to account for lessons learnt and areas for improvement when developing a performance account. For example:

- Acknowledging data gaps, unexpected findings, and implications for future activities when reporting a case study to a board
- Including a range of performance indicators to identify how changes or trends in one variable (e.g. number of inspections) correlate with other variables (e.g. detection rates). This can be used to help explore how well activities are performing, and adjust operational approaches over time
- Acknowledging uncertainty and the potential 'counterfactual' in reporting. For example, if compliance rates have increased, is this due to improved performance, or different site selection?

## **Concepts for measurement and reporting**

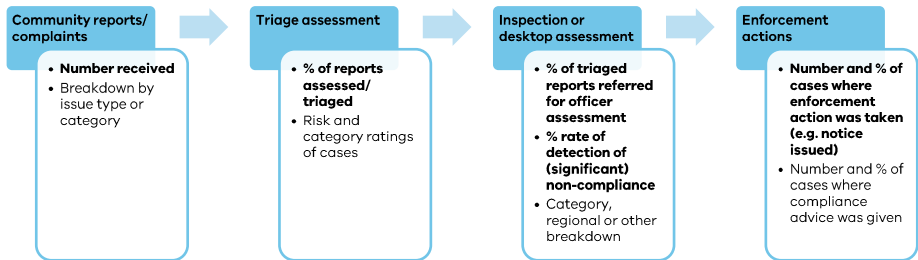
This practice note focuses on measurement of regulator performance. It sets out a library of model measures and approaches for monitoring, analysing and reporting on both your activities and outcomes.

These model measures may include:

- number of applications received
- number of reports about a harm or risk (e.g. complaints, tip offs etc)
- number of licensed site inspections
- number of notices issued
- number of high consequence/catastrophic events occurred
- impact of agency activity on the harm being addressed

In applying approaches, consider the following concepts.

<p><b>Consider all relevant values and objectives</b></p>	<p>Account for what to measure in terms of <b>effectiveness, efficiency</b> and <b>intrinsic values</b> in regulatory delivery. For example, in order to measure the:</p> <ul style="list-style-type: none"> <li>effectiveness of your activity, you might seek to account for whether: <ul style="list-style-type: none"> <li>efforts to monitor non-compliance were well-targeted, detected issues, and created a deterrent</li> <li>actions to respond to non-compliance created specific or general deterrence and addressed recidivism</li> <li>other enabling activity helped to increase industry understanding and performance (e.g. disseminating guidance).</li> </ul> </li> <li>efficiency of your activity, you might seek to account for whether: <ul style="list-style-type: none"> <li>resources were deployed to the right focus areas (e.g. monitoring higher-risk industry more than good performers)</li> <li>resources were productive, including the time and budget involved</li> <li>overheads were well managed and efficient</li> <li>rework was minimised (e.g. complaints were managed efficiently without having to be reopened).</li> </ul> </li> <li>intrinsic values in your delivery, you might seek to measure factors such as procedural fairness and transparency in decision-making, effective engagement with industry, and clarity of communications.</li> </ul>
<p><b>Advocate for a well-rounded approach to measurement</b></p>	<p>Standalone or single performance measures (e.g. inspection quotas) can lead to perverse outcomes, especially where they are applied as targets at a team or individual level. The incorporation of well-rounded measurements should provide a comprehensive understanding of your operations and how to improve them. Reporting should aim to:</p> <ul style="list-style-type: none"> <li>include relevant effectiveness, efficiency and intrinsic value measures</li> <li>measure both the quantity and quality of regulatory activities, and account for how these interact (e.g. increased quantity impacting timeframes)</li> <li>differentiate work within regulatory activities (e.g. account for how licence applications vary by risk, complexity, completeness or category as relevant)</li> <li>develop composite indicators that help to show how different attributes inter-relate (e.g. volume and quality measures in a single report)</li> <li>draw causal links between the regulatory activities and their contribution to duty holder behaviour change, in order to prevent or reduce harms.</li> </ul> <p>The full set of these approaches may not be attainable, or may be overly complex, for your situation and needs. Nonetheless, setting out a desired better practice approach can help to gain support for staged improvement or system or process investments.</p>

<p><b>Develop reporting around risk and complexity of work</b></p>	<p>Regulatory activities are often not uniform. For example:</p> <ul style="list-style-type: none"> <li>• reports (e.g. community complaints or tip offs) may have a different urgency and response, depending on subject matter and risk</li> <li>• permission applications (e.g. licences) may vary by risk and complexity</li> <li>• inspections may vary by risk and the type of activity assessed.</li> </ul> <p>Aggregated reporting on activity (e.g. number of licences assessed and timeliness) can mask important information about how risk and complexity impacts on results. Therefore, your operational reporting may need to disaggregate results and account for any potential selection bias.</p> <p>This can also help when setting targets, such as different timeliness or resource goals, depending on the risk or complexity category of a case.</p> <p>Where summary external reporting is not able to account for fully disaggregated results, it may be possible to summarise key variables such as the percentage of high-risk cases assessed.</p>
<p><b>Take a systems view of your operations</b></p>	<p>Where a regulator has multiple functions, or activities that link to produce a result, it is important to explain how workflows across activities and assess whether it is efficient.</p> <p>For example, the mapping and measurement of a chain of events, from receiving community reports through to authorised officer assessment, can be illustrated as follows:</p>  <pre> graph LR     A["Community reports/complaints • Number received • Breakdown by issue type or category"] --&gt; B["Triage assessment • % of reports assessed/triaged • Risk and category ratings of cases"]     B --&gt; C["Inspection or desktop assessment • % of triaged reports referred for officer assessment • % rate of detection of (significant) non-compliance • Category, regional or other breakdown"]     C --&gt; D["Enforcement actions • Number and % of cases where enforcement action was taken (e.g. notice issued) • Number and % of cases where compliance advice was given"]   </pre> <p>Try to diagram your key activities and how they relate. Consider how to measure the flow of work, and how this could provide insight into delivery and whether efforts are aligned and efficient.</p> <p>You can use this reporting to improve dialogue between functions and improved coordination.</p>
<p><b>Make the most of existing records</b></p>	<p>Existing reporting often only reports on activities within one functional area (e.g. education, guidance, triage, inspectorate, investigators or legal services). Therefore, you may need to examine how to link records to gain a view of end-to-end activities. This might include:</p> <ul style="list-style-type: none"> <li>• linking unique identifiers for one activity (e.g. reports) to the corresponding record in another (e.g. officer case assessment) to report on relationships</li> <li>• building risk ratings into assessments by related teams (e.g. report triage, inspectorate) and tracking how that risk rating was picked up by downstream activities, and the resulting activity.</li> </ul> <p>Link records using a fit-for-purpose approach, accounting for the scale of your operations and your management systems. It may be possible to develop workable solutions without needing to reform your systems.</p>

<b>Consider what information is needed at each level</b>	<p>Select indicators and reporting dashboards to suit different audiences and their needs. Consider the minimum information required for each audience, recognising that further detail can be provided as required.</p> <p>Consider different groups, such as:</p>	
	<b>Governance bodies such as boards</b>	<p>May only require key indicators to understand where resources are deployed, and if efforts are aligned to the greatest risks. High-level reports or dashboards for these bodies will likely not communicate the full picture of delivery.</p> <p>However, reports should provide sufficient explanation of the end-to-end processes to support oversight and development of organisational strategy.</p> <p>Regulator executive will need to be prepared to respond to queries, or proactively provide select additional information (e.g. narrative accounts or analysis) to help explain delivery against key indicators.</p>
	<b>Executive leadership teams</b>	<p>Will need the same information as governance bodies, as well as data against outcomes relevant to the performance account. This may include aggregate information on how types of cases or activities were conducted (e.g. applications received, reports assessed, inspections conducted).</p> <p>Should seek to understand if there are key differences in activities and delivery approaches depending on risk ratings or subject matter category.</p>
	<b>Accountable executive</b>	<p>Should be able to explain summary reports to executive leadership teams or boards, with insights into how activities are performing and any underlying resource or capacity issues.</p>
	<b>Managers of delivery teams</b>	<p>May need to understand further information around team productivity and variation in resource usage. May need to draw on this analysis to explain changes in higher-level results.</p>
	<b>All parties</b>	<p>Should adopt a risk perspective in categorising and differentiating activities and how they are conducted.</p> <p>Should aim to develop baselines and measure trends in results, accounting for how variables interact (e.g. an increase in activity volume may redirect work to lower risk sites and reduce focus on high-risk sites).</p>
<b>Continuously improve your operations</b>	<p>Principle 10 in the <i>Towards Best Practice</i> handbook provides a guide on how to improve operational delivery, by adopting a learning culture, improving delegations frameworks, enabling officer discretion and setting targets.</p> <p>Account for these goals in your measurement approach by using measurement to improve understanding and to help refine the policies and business rules that guide delivery.</p>	

<b>Aim to build out from existing high-level measures</b>	<p>Regulators often must report against key high-level measures (e.g. for budget or program reporting). While important for accountability and tracking use of resources and associated outputs, these measures can be problematic when used in isolation. For example, they can create unintended incentives or present a skewed perspective of operations.</p> <p>If your existing measures are problematic, you may need to:</p> <ul style="list-style-type: none"> <li>• work with other parties to refine your measurement approach</li> <li>• propose improved high-level measures</li> <li>• develop a set of internal indicators to support high-level measures, to provide a better picture of delivery.</li> </ul>
<b>Consider periodic research to check on delivery</b>	<p>It may be important to evaluate how staff, or external parties, experience or perceive regulatory activities and services. This can include staff sentiment, such as whether they feel effort is being appropriately applied, or their work is valuable. For example, this could include assessing whether staff feel that resources are applied to the most significant problems rather than the most vocal parties.</p> <p>Aim to account for these important values, such as through questions in internal pulse surveys.</p>
<b>Link functional delivery to external measurement</b>	<p>A well-rounded approach will include external measurement, such as surveys of entities who interact, or may likely interact, with the regulator.</p> <p>Aim to link these results to the relevant service delivery area, to ensure accountability of relevant leaders for their effects on outcomes.</p> <p>Be mindful that:</p> <ul style="list-style-type: none"> <li>• results may require collaboration and alignment between functions</li> <li>• other external factors may impact on results</li> <li>• duty holder 'satisfaction' is not always a goal in regulatory delivery</li> <li>• community reports may represent that person's knowledge of an issue, and their capacity to advocate – but may not represent the harm or its full impacts on the community.</li> </ul>

## Example: building out from existing high-level measures

The following hypothetical example illustrates how a regulator might address challenges with high-level measures by defining potential issues and suggesting an alternative approach.

### Scenario

- A regulator had to report on approval timeliness and inspection volumes, but quality of effort was not captured, and unintended incentives were undermining objectives.
- The regulator developed and proposed a more robust alternative framework which was used to mature the external reporting requirements.
- The outcome was increased accountability with reduced risk of impact on service delivery. Internal measures helped tell a 'fuller picture' of activities and results.

Example high-level measure	Issues	Improved approach
<p><i>Percentage of approvals meeting a statutory deadline</i></p> <p>(While this may be the correct measure for most cases, it may not account for occasional, higher complexity 'outlier' cases)</p>	<p>May lead to unintended incentives for staff to 'stop the clock' on complex applications to meet the target.</p> <p>Creates a risk of hiding underperformance for decision-making on low-complexity approvals, which could be done well within statutory targets.</p>	<p><i>Percentage of all approvals meeting the timeliness target set for the relevant risk category of application</i></p> <p>Supported by a suite of internal KPIs such as measuring number of applications, percentage of applications assigned by risk category, timeliness by category, number of requests for further information by category, and throughput by month.</p>
<p><b>Total number of inspections, or percentage of all approved activity inspected</b></p> <p>(May be important to account for resource outputs, and level of field presence, but doesn't account for risk-targeting or quality)</p>	<p>Risked a bias towards low value 'tick and flick' inspections.</p> <p>Obscured the trade-offs between targeting inspections to higher-risk (with greater time investment and follow up) and meeting volume targets.</p>	<p><i>Percentage of high-risk sites visited</i></p> <p>Supported by a suite of internal KPIs such as measuring total volume of inspections, percentage of inspections by risk category, percentage detecting non-compliance by risk type, and percentage or number of advisory or enforcement actions taken during inspections.</p>

## Model measures to consider

Table A outlines model measures for designing a suite or 'composite' of indicators to evaluate your performance. Draw on these as appropriate to your circumstances. Note that many are indicators of demand and as such may be subject to a range of outside factors – appropriate metrics in this instance are indicators of quality as per the table below. For example, a regulator does not have direct control over the number of complaints it receives or the topic of those complaints.

The final column in Table A suggests how to develop indicators of quality, which might be obtained through research (e.g. consultation with operational staff in a regulator, or social research with operational staff or regulated parties).

- For inspections, Appendix A provides an approach for categorising and reporting on inspections. Further detail about improving inspections is provided in BRV's [Better Practice Inspections Playbook](#).
- For permissions, the [Better Practice Permissions Playbook](#) provides example measures of success that also account for other aspects of service delivery.

**Table A: Model measures**

Common questions or indicators	Questions to develop the indicator	Example measures to assess quality	Concepts for assessing quality through research
How many applications were received? (Number of applications)	How did we triage applications? Is the categorisation working? Did we efficiently stream applications by risk category?	Number of monthly applications received, as per cent of average monthly (12 months rolling) Per cent of approvals finalised within expected timeframes, by risk category Percentage of approvals streamed as 'high' or 'low' risk (with level of assessment based on risk) (12 month rolling measure) Number of requests for further information by risk category Applications under assessment (time series) Resources applied to servicing 'failure demand' or rework (where initial assessment services were not sufficient, and revisiting applications was required)	Staff assessment of suitability of triage categories Applicant assessment of timeliness, suitability of assessment category Staff assessment of ability to deliver quality/appropriately considered application reviews Staff satisfaction with level of customer service provided Stakeholder assessment on how well initial needs were met, or whether rework or escalation was required

Common questions or indicators	Questions to develop the indicator	Example measures to assess quality	Concepts for assessing quality through research
How many reports (e.g. complaints or tip offs) did we get about the harm/risk? How many reports did we get by category or type of harm? (Number of reports)	Are we properly looking at community concerns? Are we allocating scarce resources wisely and achieving results? Are complaints or reports representative of the significance of the problem, or more of individuals or groups ability to advocate? Are we appropriately prioritising industry tip-offs and insights? Can we justify our non-attendance for some reports based on risk and intelligence?	Number of monthly/quarterly reports Number of inspections, desktop assessments closed with no further assessment Percentage of inspections detecting non-compliance Percentage of desktop assessments detecting a breach Percentage of breaches resulting in action (remedial, enforcement) Resources applied to servicing 'failure demand' or rework (where allocation of resources to service reports was not sufficient, and escalation of these was required) Comparing data on the significance of non-compliances, in relation to the number or source of complaints or reports (e.g. community or industry)	Caller satisfaction with lodging reports of a breach/non-compliance/risk Caller satisfaction with feedback provided on outcomes/actions taken Staff assessment of the value of work allocated and undertaken Staff satisfaction with 'making a difference' through the sites inspected or issues actioned – and whether these are the right things to focus on Level of staff concern with allocation of effort and concern over potentially missed risks/problems Regulated party views on whether inspections and follow up actions were justified and proportionate
How many licenced site inspections did we do? (Number of inspections)	What was the compliance profile of these inspections (e.g. good performers, non-compliers, unknown)?	Number of proactive inspections Percentage of inspections by type (e.g. extensive audit, overview) Percentage detecting a non-compliance, significance of non-compliance Percentage of voluntary compliance undertaken during inspection (e.g. issue willingly fixed in officer presence)	Staff assessment of the value of work allocated and undertaken Staff satisfaction with 'making a difference' through the sites/issues actioned Regulated party views on whether inspections and follow up actions were justified and proportionate Feedback (e.g. requests for internal review) on suitability of operational staff actions

Common questions or indicators	Questions to develop the indicator	Example measures to assess quality	Concepts for assessing quality through research
How many notices did we issue? (Number of notices)	Are we remediating harms when we find them? Are we re-issuing notices to the same parties for repeat breaches?	Number of notices issued Percentage of regulatory activity breakdown leading to notice (e.g. proactive, reactive, strategic) Percentage followed up and monitored	Staff assessment of how proportionate and targeted efforts are Internal reviewer assessment of quality and proportionality of notices/remedies drafted Changes in recidivism and longitudinal assessment of improvement in problem cases
How many high consequence/ catastrophic events have occurred? (# of events)	What are the potential causes of these events? How can we measure these causes? What proxy indicators of 'at risk' situations can we obtain?	Amount and recurrence of near misses or other failures (indicating activity that could lead to catastrophic events) reported (complaints or self-reporting) Uptake of duty holder (anonymous if applicable) reporting schemes for near misses, as % of regulated population Amount of audits identifying failures that could lead to catastrophic events	Industry attitudes towards compliance and prioritising maintenance/monitoring etc. Examples of near misses or other failures Industry feedback on their internal quality management systems and how well local regulations recognise or promote these
What is the impact of agency activity on the harm(s) we are aiming to address? (# of breaches or of recidivism)	Are harms reducing or increasing? Is there a clear causal or, at least, contributory link between agency activities and changes in the harm?	Percentage of reduction in harms correlation with agency output performance Impact of control trials demonstrating causal impact of agency activity	External stakeholder perceptions of changes in risk or quality of the environment/condition/issue External stakeholder perceptions of performance of regulator Case studies or location-based assessment of change in condition

## Appendix A: Inspection measurement

Inspections are usually subject to significant scrutiny and measurement, often in the form of targets for activity. Such measures can however have unintended impacts on inspection delivery, in part because they do not usually account for the different kind of inspection activities performed and their objectives.

To develop more suitable measures in your context, consider the following for inspection categorisation and measurement. This guidance can inform planning and design of inspection programs, and their associated technology systems and data requirements. It covers general concepts that can be applied to most inspection contexts, and accounts for other kinds of compliance monitoring such as a desktop assessment.

Further detail about improving inspections is provided in BRV's [Better Practice Inspections Playbook](#).

### Objectives

This guidance provides some suggested approaches relating to inspection activity, including volume and 'conversion' measures (as percentage rates) that can help to understand and manage fieldwork. For example, conversion could examine what percentage of observed non-compliances was acted on, and the type of enforcement action taken. Adopting this approach can help understand whether inspection activity is appropriately delivered, in terms of:

**Targeting:** Whether inspections are achieving their intended purpose(s) including detection of non-compliance, supporting license performance, etc

**Impact:** Whether visits deliver outcomes such as remedy or guidance, depending on the purpose of the inspection

**Delivery:** Conversion of observed non-compliances to enforcement action, including remedy and sanction as appropriate.

This approach requires you to consider the categories or types of inspections that you perform, and the types of objectives (and therefore measures) most applicable to you. For example, inspections for educating or raising awareness would not have a primary objective of detecting non-compliance, whereas response inspections or investigations would.

In general, inspections might be either 'responsive' (e.g. following up on reports or incidents), 'planned' (e.g. scheduled against a body of permitted activities), or 'strategic' (designed under a program with a specific objective). With an appropriate approach to categorising inspections, you should be able to isolate and report on key measures according to inspection category, to give performance insights. For example, reporting could help to explore questions such as:

1. Are we being effective when targeting responsive inspections (allocating resources effectively)?
2. Are we detecting harms when we seek to?
3. Is sector performance improving as the result of a campaign or follow up pressure?
4. How effective is our planned/maintenance work in improving performance?
5. What activities flow from an initial responsive or planned inspection (and how do they promote outcomes)?

## Model measures

Draw on the following measures to build an approach that suits your circumstances. These measures should be developed within an overall approach to directing inspections on the basis of risk, such as developing a risk profile of industry sectors or individual sites.

Category	Model measures	Rationale and issues to consider
<b>Increased adoption of risk controls in target sectors</b>	Percentage of duty holders inspected with management systems/controls in place, e.g. consistent with relevant standards (as observed in inspections or desktop assessments)	Allows you to baseline and show improvements in duty holder performance (e.g. applying controls), by sector or legislative scheme. The figure should improve over time, but also help you to show performance improvements as you target new sectors or topics. It is important to account for the population of sites or entities inspected when using this measure.
	Amount of compliance guidance or information given, and remedial notices/direction issued by officers – by category of inspection type (e.g. education focused vs compliance monitoring inspection)  Also as percentage of inspections where guidance/directions issued	Provides information showing that officers add value through guidance or issue of remedial notices, to build compliance.  This may require policies on decision-making where there is a non-compliance, e.g. when to give advice versus when to issue a notice, or to refer to sanction.
<b>Improved targeting and compliance outcomes</b>	Amount of non-compliances detected by inspection category (e.g. planned versus responsive)  Also as percentage of inspections where non-compliances detected	Shows targeting of effort, especially whether response work is well targeted to problems. The main areas of focus would be responsive inspections, planned inspections (announced and unannounced) and strategic project inspections (e.g. a specific blitz on an issue).  There is a 'tension' in this measure between the <i>number</i> of response/reactive inspections, and the <i>detection rate</i> of those inspections. For example, a team may have a higher detection rate but more aggressively triage issues to respond only to the most severe cases. Therefore, reporting both inspection volume trends and detection rates is needed, to calibrate triage and dispatch settings.
	Proportion of significant non-compliances detected, converted into compliance and enforcement pathways  (e.g. of all non-compliances, what % were closed out with advice, vs. a penalty issued)	You may need to consider what 'significant' means in your context, so staff aren't driven to enforce where issues are trivial, especially in the context of education of a new sector or topic. It also links to the second measure as looking at 'detection rates', and how detection flows to enforcement outcomes.

