



Liverpool Plains Shire Council

Fit for the Future

An Agenda for Efficiency & Modernisation

Improvement Plan Framework

(Addendum to the LPSC Operational & Delivery Plans)

LPSC - Fit for the Future

What is *Fit for the Future*?

In 2014 the NSW State Government announced a significant local government reform program: ***Fit for the Future***.

The Fit for the Future (FFTF) agenda aims to:

- ◆ Improve the overall effectiveness and strength of local government in providing infrastructure and services that communities need;
- ◆ Provide benefits to ratepayers by ensuring that councils will be financially sustainable into the future; and
- ◆ Enable councils to be more effective strategic partners with other levels of government.

The NSW government has been working with *all* NSW Councils on FFTF since 2011. The state government has also recently announced that councils which are assessed as being FFTF will have access to a broad range of benefits. These include access to a State Government borrowing facility, priority for other government funding and grants, and greater planning powers.

The State Government has established four main criteria that it considers necessary for a council to be FFTF. These criteria have been developed around the work surrounding *Destination 2036*, the Independent Local Government Review Panel (ILGRP), the NSW Treasury Corporation (TCorp), in addition to input from the local government sector. The relevant criteria are:

- ✓ ***Scale and capacity*** to engage effectively across the community, government and industry.
- ✓ ***Sustainability***.
- ✓ Effectively ***managing infrastructure*** and ***delivering services*** for communities; and
- ✓ ***Efficiency***.



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How are Councils assessed as being fit (or not fit) for the future?

The Independent Pricing and Regulatory Tribunal (IPART) has recently been requested by the NSW Government to perform the role of the Independent Expert Panel to assess how council proposals meet the FFTF criteria. All NSW Councils (including Liverpool Plains Shire Council) are required to prepare proposals as to how they will meet the criteria over the medium term: 2019—2020. These submissions are required to be submitted to IPART by 30 June 2015. IPART's role is in line with overarching terms of reference and to ensure a consistent, impartial and balanced assessment of FFTF proposals.

IPART has developed a corresponding methodology for assessing proposals. Once council submissions are made, IPART will assess them and provide the NSW government with a final assessment report by **16 October 2015**.

How will LPSC's FFTF proposal address the scale & capacity criteria?

As detailed previously, the Government has established the scale and capacity criterion as the platform for council proposals. In making a FFTF proposal, councils must first assess their scale and capacity against the ILGRPs recommendations.

In the case of Liverpool Plains Shire Council (LPSC), the ILGRP recommended that LPSC was to remain a stand-alone council as a member of the Namoi Joint Organisation (JO) OR to merge with Gunnedah Shire Council. Given that the two options were available in the ILGRP report, Council asked the community what their preference would be. A comprehensive community consultation campaign was conducted which included a survey. This survey was distributed widely using a range of information channels including direct mail outs, distribution via local business houses, creation of a FFTF website with a corresponding online survey, community meetings at all of the Shire's population centres, pop-up stalls at a range of local events and functions, and the designated FFTF council liaison officer.

In addition to the above, the respective Mayors, Deputy Mayors and General Managers met to discuss the potential of a merger. Following this, both councils resolved to remain independent of one another. However, it was agreed that the General Managers explore additional areas of resource sharing to reduce costs and improve capacity of both councils. A Resource Sharing Agreement has been subsequently developed. These activities will greatly assist LPSC in expanding its capacity to provide efficient and effective services.

In making its decision to not proceed with a merger, the following additional factors influencing scale and capacity were also considered:

- A **positive population growth** has been predicted and demonstrated;
- The **emerging mining resource sector**—for example, the significant Shenhua Watermark Mine has been recently approved by the NSW Planning Assessment Commission (PAC). A 1,500 person mining workforce accommodation facility has also been recently approved in the Shire and is set to commence work in the near future;
- Council has a history of developing and implementing **innovative solutions**. It is multi-award winning in a number of areas particularly in the IT and project management areas. These significant achievements are being leveraged by other local government organisations and private enterprise. Examples include the Tr@cer EDMS system (being on-sold to Councils nationally), the Quipolly Dam Upgrade (winner of national project management and design awards) and the Liverpool plains Asbestos Management Program ('LAMP' - winner of national awards), and the LPSC ePlanning initiative with the successful development and implementation of the Electronic Housing Code and Online DA Tracking.
- The Shire's **competitive advantages**: being located in proximity to a regional capital (Tamworth); located at the confluence of major road and rail networks in the Kamilaroi/New England Highway and the great Northern Rail Line. The Shire is located 45 mins from a major regional airport and is less than 6 hours by road to Sydney.
- A **strong sense of local identity**: This is also reflected in the community consultation activities conducted during FFTF which are summarised overleaf.
- Council's participation in the pilot **Namoi Joint Organisation**.

What did the community say?

In the case of Liverpool Plains Shire Council (LPSC), the ILGRP recommended that LPSC was to remain a stand-alone council as a member of the Namoi Joint Organisation (JO) OR to merge with Gunnedah Shire Council. Given that the two options were available in the ILGRP report, Council asked the community what their preference would be. A comprehensive community consultation campaign was conducted which included a survey. This survey was distributed widely using a range of information channels including direct mail outs, distribution via local business houses, creation of a FFTF website with a corresponding online survey, community meetings at all of the Shire's population centres, pop-up stalls at a range of local events and functions, and the designated FFTF council liaison officer.

In response to the survey, a total 1102 residents responded—representing approximately 25% of overall eligible participants or a quarter of the surveyed population. In respect of question 2 of the survey:

The Council's current position is to stand alone. The NSW State Government has provided LPSC with two options:-

- Remain an **independent** (stand alone) Council, and work in partnership with the Namoi Councils Joint Organisation.

OR

- Merge with Gunnedah Shire Council.

Overall:

87.3% of total respondents indicated that they would prefer to **stand alone**.

8.3% of respondents indicated that they would prefer to **merge**

4.4% of respondents **did not answer** this question.

On the above basis, the FFTF submission to IPART will indicate Council's desire to remain a stand alone and independent. Notwithstanding, the identification of the costs and benefits to merging with Gunnedah Shire Council have been minimal to date. Therefore, Council will give further consideration to building into the FFTF proposal an independent analysis of the costs and benefits of a merger. A comparative examination of where each Council stands at Year 5 in its reform program versus the alternate option of a merger. Gunnedah Shire Council would need to formally agree to such a strategy.

Community consultation has been a key element of the Liverpool Plains Shire Council, in support of the evidence-based approach for the "Fit for the Future" submission. Consultation means listening. Listening properly is based on trust, good relationships and taking the time to allow people to determine how and where they want to contribute. In some cases, this meant taking extra time to seek out people who may not have had the confidence or interest to approach council directly. It also involved taking the time to talk to key individuals, groups and organisations one on one. Consultation with the community began in early March 2015. Consultation for the "Fit for the Future" project included more than 15 events which included meetings and pop up stalls across the Shire.

Consultative tools included:

- Presentations to organisations such as Lions, Rotary and Quota
- One on one meetings with key individuals and groups within the community.
- Meetings held with 355 Committees.
- Discussions held with key business owners in each village and town.
- Site specific website with all the details and updates on "Fit for the Future": <http://yoursayliverpoolplainsshirecouncil.com.au>
- A Fit for the Future hot line.
- Promotion of events and survey in the media, which included radio, print, TV, and social media. Along with advertising events and promoting the survey on the local radio stations, interviews were also conducted with ABC Radio, 88.9 and Prime Seven news. Posters and flyers were also placed strategically in each town and village along with flyers promoting "Fit for the Future" events and the survey. Flyers were also attached to community and school newsletters.
- Promotion of survey at local events including Relay for Life, Quirindi Canter, Werris Creek "Friends of the Library" monthly market stall and the Quirindi Heritage Rally.
- An online and paper-based "Fit for the Future" survey.

How will the other three criteria be addressed?

In keeping with the community's clear preference to stand-alone as a Council in a Joint Organisation (JO), Council's FFTF proposal will be based on the completion of **Template No. 2: Council Improvement Proposal**. The primary purpose of this template is for council to assess its current and projected performance against the FFTF benchmarks, and to develop strategies and actions to improve LPSC's performance against the criteria of **Sustainability, Infrastructure & Services**, and **Efficiency**. LPSC must demonstrate how it meets these criteria.

The Government has established certain measures with benchmarks for each of the FFTF criteria, which council must report against to show how it meets them. These measures and benchmarks are set out in the table below:

Fit for the Future Criteria and Measures (excluding Water and Sewer Funds)

Criteria and measure	Definition	Benchmark
1. Sustainability		
Operating Performance Ratio	Net continuing operating result (<u>excl capital grants and contributions</u>) Total continuing operating revenue (<u>excl capital grants and contributions</u>)	Greater or equal to break-even average over 3 years
Own Source Revenue Ratio	Total continuing operating revenue (<u>excl all grants and contributions</u>) Total continuing operating revenue (<u>incl capital grants and contributions</u>)	Greater than 60% average over 3 years
Building and Asset Renewal Ratio	<u>Asset renewals (building and infrastructure)</u> Depreciation, amortisation and impairment (building and infrastructure)	Greater than 100% average over 3 years
2. Effective infrastructure and service management		
Infrastructure Backlog Ratio	<u>Estimated cost to bring assets to satisfactory condition</u> Total (WDV) of infrastructure, buildings, other structures, depreciable land, and improvement assets	Less than 2%
Asset Maintenance Ratio	<u>Actual asset maintenance</u> Required asset maintenance	Greater than 100% average over 3 years
Debt Service Ratio	Cost of debt service (<u>interest expense and principal repayments</u>) Total continuing operating revenue (<u>excl capital grants and contributions</u>)	Greater than 0% but less than or equal to 20% average over 3 years
3. Efficiency		
Real Operating Expenditure	<u>Operating expenditure</u> Population	A decrease in Real Operating Expenditure per capita over time

Note: WDV = written down value

What are LPSC's Options?

Based on the overwhelming community sentiment that LPSC wishes to stand alone, Council's membership in a Joint Organisation will be a pivotal component of demonstrating that it is FTF. The ILGRP and the NSW Office of Local Government (OLG) has recommended that LPSC form part of the Namoi Pilot Joint Organisation (JO).

JO's are proposed to be a vehicle to connect ideas and priorities of local and State Governments at a regional level. They are designed to assist communities to prosper and are empowered to establish regional priorities through their following core functions:

- ◆ Strategic and sub-regional planning
- ◆ Inter-governmental relations and regional advocacy
- ◆ Information and technical exchanges between member councils
- ◆ Regional alliance of member council water utilities
- ◆ Road network planning and major projects
- ◆ Collaboration with state and federal agencies in infrastructure and service provision
- ◆ Strategic procurement (for example accessing state-wide contracts)
- ◆ Other joint activities as nominated by the member councils'

LPSC is already an active member of the Pilot Namoi JO. The Namoi JO comprises a total of seven councils: Moree Plains, Gwydir, Narrabri, Gunnedah, Liverpool Plains, Tamworth Regional Council and Walcha Shire, as generally shown on the map below:



The Namoi JO has specifically resolved into its Charter a responsibility to actively engage in a wide range of activities to ensure all of its member councils remain Fit for the Future. It is anticipated that following conclusion of a 'trial' period, JOs will become formally recognised and entrenched in legislation. The core functions enabled by this legislation are likely to be:

- ◆ Regional strategic planning
- ◆ Inter-governmental collaboration on both State and Federal levels
- ◆ Regional leadership and advocacy

The Namoi JO has already commenced the following projects:

- ◆ A Namoi Regional Investment Prospectus
- ◆ Namoi Regional Infrastructure Plan
- ◆ Namoi Regional Procurement Strategy
- ◆ Fit For the Future Strategies
- ◆ A B-Triple transport link within the Namoi Region to provide connectivity to markets.

What is LPSCs current financial sustainability rating?

In 2011, the Office of Local Government (OLG) appointed TCorp to assist them and NSW Treasury in the provision of a financial assessment and benchmarking report for each council. TCorp's key tasks in undertaking this work included:

- The creation of a definition of sustainability
- Establishment of a set of appropriate benchmark indicators
- Developing an assessment methodology including a rating scale and Outlook that could be used to compare Councils against a sustainability definition
- Reviewing both historical financial results and the long term (10 year) financial forecasts of each council.

Accordingly, in April 2013, LPSC's Financial Sustainability Rating (FSR) was determined as follows:

FSR— Weak

FSR Outlook— Negative

In the short to medium term, Council's financial position has been established by TCorp as being weak. As a consequence, TCorp has recommended that there is a need to source additional revenue such as a Special Rate Variation (SRV), to improve financial flexibility and to assist in reducing the Infrastructure Backlog to zero.

Notwithstanding the TCorp recommendations, as a first step, Council is not intending to immediately pursue a SRV. Rather, focus will be provided on achieving further efficiencies in its operations and modernising the way that it does business. This process is being referred to as an **Improvement Plan**. **However while all potential efficiencies are being pursued Council has recognized that they maybe a need for additional revenue to be raised. This revenue would be used to maintain services at the standard indicated through the community consultation process and for infrastructure to be maintained at an adequate and sustainable level. The LTFP has therefore factored in a n SRV of 3.5% in years 3, 4 and 5, if required.**

TCorp have also recommended that councils like LPSC with a Negative Outlook need to investigate options to improve sustainability including:

- Consider using debt funding to reduce the Infrastructure Backlog and improve intergenerational equity
- Devising programs and strategies to contain costs and improve efficiencies
- Improve its Asset Management Plans and integration into the Long Term Financial Plan
- Increase spending on maintenance and infrastructure renewal, balancing this with the need for capital expenditure on new assets.

The feedback from the community received during the FFTF community consultation process strongly underpins the proposed LPSC Improvement Plan. The consistent and key messages received from LPSC residents during this process were:

- ⇒ The need for LPSC to find better ways of doing business → *refer to page 7 of this document.*
- ⇒ Cost recovery of services needs to be achieved → *refer to page 8 of this document.*
- ⇒ Innovative partnerships need to be fully explored → *refer to page 8 of this document.*
- ⇒ Resource sharing options need to be examined → *refer to page 9 of this document.*
- ⇒ Service level reviews could be undertaken → *refer to page 8 of this document.*

How will the LPSC Improvement Plan Work?

The LPSC Improvement Plan will be focused around the following key elements:

- ◇ A program of **Modernisation**;
- ◇ Building **Fiscal Responsibility**;
- ◇ Introduction of a **Service Review** program;
- ◇ Investing in its **workforce** and implementing a **cultural change program**;
- ◇ Providing greater structure around the **management of capital projects**; and
- ◇ Improving its interactions with the community and focusing on **community engagement**.

An Overview of the Proposed Modernisation Program

Liverpool Plains Shire has a strong desire and motivation to be 'fit for purpose' and to play a leading role in the provision of effective and efficient local government services. LPSC wants to shift its focus towards a more strategic view of its operations by developing a high capacity organisation. This revived entity will have the requisite knowledge, creativity and innovation to enable it to manage complex change and contemporary challenges.

The LPSC modernisation agenda comprises the following key components:

1. *The modernisation of management*—by making Senior Staff more strategic in focus and managers and their staff being directly accountable for operational outcomes. Staff will be encouraged to work more collaboratively and develop and apply innovations that are focused on the achievement of timely and tangible community outcomes;
2. *Modernising corporate governance*—through strong leadership and improved decision making based on appropriate and meaningful community consultation. Consideration will be given to streamlining current meeting arrangements;
3. *Modernising service delivery*—through the provision of best value services that are strategically targeted towards the greatest needs.
4. *Modernisation of systems using technological changes*—stakeholder consultation in the rollout of improved systems enabled by use of technology.

The requisite change and modernisation process is well underway at LPSC. Staff and its elected representatives are strongly focused on the need to improve efficiencies and effectiveness. This is also evidenced from the \$615,310 in demonstrated savings that it has made in the past 2 years. Council considers that it needs to significantly improve its financial and performance reporting. Whilst significant recent investment has been made, an ongoing commitment has been given to investing in new integrated financial and corporate reporting systems. Council has allocated an additional funding of \$80,000 in 2015/2016.

ACTION PLAN — Modernisation

STRATEGY	KEY MILESTONE	OUTCOME
Establish agreed core business functions	2015/2016	Policy position developed.
Identify & scope organisational corporate improvement requirements with the assistance of key stakeholders	2015/2016	Clearly identified and agreed project goals
Tendering & implementation	2016/2017	Corporate systems installed on time & within budget.

An Overview of the Proposed Fiscal Responsibility Program

Liverpool Plains Shire Council is committed to securing of its financial capacity and long term sustainability. The key to financial sustainability is by Council being committed to achieving and maintaining financial sustainability. More money is not always a panacea to solve financial problems. An additional commitment is needed to build technical knowledge and financial understanding of both staff and elected members. Council acknowledges that its decisions about service levels and revenue raising are critical factors in long term financial performance.

To often staff see their financial management responsibilities as primarily to ensure compliance with legislative requirements. Optimisation of outcomes and ensuring that decision makers are aware of the long-term implications of decision making are often overlooked.

The LPSC fiscal program agenda comprises the following ten (10) key components:

1. Break even annual operating positions;
2. Ensuring that any rate increases meet underlying costs as well as annual growth in expenditures;
3. Medium-term pricing paths for any ongoing adjustments to rates and charges;
4. Smart strategic planning processes and ‘real world’ documents;
5. Asset management planning prioritised and directly linked to the long term financial plan;
6. Councillor and management capacity and expertise developed and maintained;
7. Sound policies and guidelines around smart growth and use of restricted assets;
8. Smart use of borrowings for infrastructure when justified through a rigorous capital expenditure review and identification of revenue sources to meet any loan repayments;
9. Good accounting and fully integrated financial systems; and
10. Good-quality performance reporting systems to measure performance and operational efficiencies.

To embed LPSC’s new fiscal responsibility agenda Council will introduce the following requirements

- Include measures to promote efficiency improvements, productivity gains and fiscal responsibility measures;
- Ensure a fair and reasonable distribution of the rate burden across categories of ratepayers;
- Seek out all avenues to increase funding for infrastructure maintenance and renewal (where backlogs have been identified);
- Soundly justify any proposed increases in service levels or creation of new assets. These will be based on community consultation to determine desired service levels;
- Give effect to long-term financial and asset management plans prepared in full compliance with integrated Planning and reporting (IP&R) requirements;
- Establish reasonable timeframes as a revenue path for all categories of rates linked to specific proposals for infrastructure and services; and
- Contribute effectively to progressive elimination of an operating deficit.

The above items will be incorporated into a series of financial policies to guide its fiscal responsibility agenda. This mechanism will ensure conflicts, inconsistencies and gaps are identified in Council’s approach to financial management. The following specific actions are proposed:

ACTION PLAN — Fiscal Responsibility		
STRATEGY	KEY MILESTONE	OUTCOME
Adopt a range of new financial policies including Fiscal Responsibilities Principles and Restricted Assets	2015/2016	Policy framework to institutionalise fiscal responsibility
Formal implementation of a Councillor professional development program	Ongoing	Councillors having the information, skills and resources to undertake their roles and responsibilities effectively

An Overview of the Proposed Service Review Program

Liverpool Plains Shire Council is committed to improving its services. Council will introduce systematic and formal reviews of its services, both internally and externally, with the primary purpose of identifying and implementing service delivery improvements.

The LPSC service review program agenda includes the following key components:

1. *Conducting efficiency reviews* — through an Efficiency Review Group to conduct a full review of key operations commencing in 2015/2016. This efficiency analysis will be based on best practice concepts including zero based budgeting. The Group will comprise of nominated Councillors and staff and will address two (2) targeted areas each financial year.

Efficiency Works Pty Ltd (www.encyciencyworks.com.au), an accredited training company, have been recently engaged by LPSC to conduct Competitive Business System Training for 48 members of Council staff. The training program will focus on lean simulations, value stream mapping, problem solving, management strategies and change management fundamentals

2. *External service reviews* — to ensure best value external service delivery
3. *Leveraging better value services* —through the Namoi Joint Organisation (JO) and resource sharing activities with adjoining Councils. Evidence suggests that operating costs can be reduced by smart resource sharing and/or shared administration. Extensive resource sharing through regional organisations or Sub-Regional Alliances has proven to be successful for many councils. There is a wide range of possible activities for resource sharing, including:

- Community Strategic Plans
- Shared administrative services (including the sharing of senior/professional staff)
- A wide range of 'back office' governance functions
- Strategic financial planning & management
- Contract negotiation & management
- Procurement
- Library services
- Road network planning & major projects
- Engineering design & infrastructure project management
- Non-operational functions of local water utilities (strategic planning & management)
- Land use planning, development control, health & environmental regulation
- Tourism & economic development
- Children & aged services
- Regional alliances of local government water utilities

4. *Internal service reviews*— a review of existing Council corporate functions. A review of all committee functions (including section 355 committees) will be conducted. Options for improved cost recovery in service provision will be explored as well as optional service delivery models. There will also be a focus on building community capacity and Council will continue to work with communities to further identify which services are the most important, and those that are less important, or could be delivered to a revised standard.

ACTION PLAN — Service Review Program

STRATEGY	KEY MILESTONE	OUTCOME
Establish the Efficiency Review Group	2015/2016	Group operational
'Efficiency works' training conducted with key LPSC personnel	2015/2016	Training completed
Review two (2) operational areas per financial year	2015/2016 and ongoing	Completed efficiency reviews that meet defined targets
Resource sharing with adjoining Councils for key technical areas	2015/2016 and ongoing	Explore & implement resource sharing opportunities
Review of all Committee structures in consultation with key stakeholders	2015/2016	Committees reviewed and changed implemented

An Overview of the Proposed Workforce & Cultural Change Program

Liverpool Plains Shire Council has identified the need to improve the strategic directions of its Workforce Management Plan in order to build an organisational culture that will meet the challenges of being Fit for the Future.

There is a need to urgently modernise its organisational structure. In the first instance it will review the Community Strategic Plan (CSP) and corresponding Delivery Plan. The new structure will be consistent with the priorities set out in these plans.

Council recognises that it must make an urgent commitment to being an employer of choice and invest in efforts to improve its efforts surrounding Human Resource (HR) management. In this regard, opportunities for resource sharing with the adjoining Gunnedah Shire Council are currently being explored. New consultative systems and knowledge sharing initiatives are also being progressively developed with the view of forging stronger partnerships and collaborations within the organisation. Staff will need to be an integral part of these solutions and engaged throughout this process.

The quality of management at LPSC needs to be a core focus. LPSC recognises that it needs to ensure that managers have appropriate technical and professional skills AND possess desirable leadership qualities.

There is an identified need to capture and document corporate knowledge across the organisation. In accordance with the 2013 TCorp recommendations, in order to improve its long term sustainability, Council will need to ensure that it has quality management and staff and maintains a long term vision. This is reflected in Council's concurrent preparation of its FFTF submission and the ten (10) year financial plan.

ACTION PLAN — Workforce & Cultural Change

STRATEGY	KEY MILESTONE	OUTCOME
Review the Community Strategic Plan & Delivery Plan	2015/2016	CSP & Delivery Plan review completed
Develop & implement a change management program	2015/2016	Program developed & implemented
Complete the review of the LPSC Organisational Structure cognisant of resource sharing opportunities	2015/2016	Review complete & changes implemented
Review Council's salary system	2015/2016	Salary system is Award compliant, market competitive and meets needs
Review the LPSC Workforce Management Plan	2015/2016	Workforce Management Plan review complete
Link strategic outcomes to performance objectives of senior staff and managers	2016/2017	Management accountable for performance against strategic outcomes
Identify opportunities for addressing skill shortages through the offering of traineeships & cadetships	2016/2017	Opportunities identified and implemented
Identify skill gaps within the work force and develop an appropriate training plan.	2015/2016	Council wide training plan developed.

An Overview of the Proposed Capital Projects Management Program

The effective management of capital expenditure is crucial due to Council’s historical underperformance during the previous TCorp review process. Considerable inroads have been made to breaking down internal communication barriers, particularly between Departments, in respect to asset management.

A review of asset management processes is currently underway. The integration of asset management systems with financial planning processes is significantly advanced. The commitment to this process is also demonstrated in the ongoing allocation of funding to manage this process in the Long Term Financial Plan. It is also intended to have this process independently audited.

Council will continue to ensure that practical and realistic asset management requirements will be reflected in budgets and financial forecasts. As part of this process, an integrated process will be delivered to ensure that all projects have sufficient reserves.

Budgetary pressures and increasing community expectations means that Council must ensure that capital projects are properly scoped and more effectively delivered. As part of Council’s new fiscal responsibility agenda is the introduction of a new Capital Projects Guidance Procedure for all capital projects. Such a framework is envisaged to include the following major elements:

- *An initial strategic assessment*—is the project consistent with Council’s Community Strategic Plan?
- *Development of a business case*—is there a compelling case for investment? Budgetary considerations? What are the recurrent costs?
- *Project development*—what are the project resourcing requirements? What approvals are required? Is there a suitable/desirable site?
- *Tender process*— selection, definition and evaluation of tender processes. Ensure tendering processes following adopted Policy (such as local procurement policies) and industry best practice guidelines (wherever available).
- *Contract Management*—Development and implementation of the contract management system for the construction phase.
- *Project Review*— Evaluation of the project outcomes and assessment of benefits.

ACTION PLAN — Capital Projects Management

STRATEGY	KEY MILESTONE	OUTCOME
Extend the principles of the Local Government Capital Expenditure guidelines to encompass projects less than \$10m whilst developing a tailored capital projects guidance procedure & framework	2015/2016	Procedure that is appropriately reflected in Policy
Integration of financial asset management systems with financial planning processes	2015/2016	Complete integration

An ongoing commitment to community engagement

During the FFTF consultation processes, the overwhelming community feedback was the need to maintain and enhance its communications and interactions with the community. There was also a clear desire for Council to be more **collaborative** and work in partnership with the community.

Council is keen to build on the considerable recent community consultation efforts by:

- Meeting with the community more frequently in an ‘informal’ fashion throughout the Shire— Councillors and Directors have committed to meeting with communities on an ongoing basis in various villages and townships
- Maintaining the FFTF website in perpetuity: <http://yoursayliverpoolplainsshirecouncil.com.au/>
- Developing internal staff communications skills through additional staff training
- Regularly and meaningfully engaging with the community and ensuring that the outcomes of those consultations are reported back to the communities
- Maintaining and enhancing key stakeholder relationships

ACTION PLAN — Community engagement		
STRATEGY	KEY MILESTONE	OUTCOME
Training of key personnel in customer service & communications management	2015/2016	All key personnel trained
Development of formalised & integrated consultation structures	2015/2016	Policies developed & implemented
Progressive development of improved community reporting structures	2015/2016	Support systems developed & implemented

How will we measure success?

Liverpool Plains Shire Council is intending to adopt a proactive role in the oversight and monitoring of its performance and compliance with all of its proposed reforms and initiatives adopted and contained within its 10 year FFTF proposal.

Council is intending to report progress on becoming FFTF on a regular basis. This information will be contained in the Annual Report It is also Council’s understanding that the Auditor General will be tasked with the responsibility of periodically assessing individual council performance as part of its new auditing role for the Audit Office of NSW.

Council is also fully committed to a further independent review of performance by adopting a review milestone whereby TCorp (or other similar organisation) would undertake a review of Council’s progress in the 5th year of Council’s performance in achieving the stated FFTF outcomes.

The following additional measures will be used to measure our success:

1. Core services will be adequately funded and encompass a range that is responsible in a rural location and can be funded from recurrent, untied reserves.
2. Core services will be clearly defined and understood, as are those services that are considered discretionary or are provided on behalf of third parties.
3. LPSC will have sufficient cash reserves to cover its needs for adequate working capital and restricted assets. Its cash flow will be reliable and adequate for its operational needs.
4. A core of permanent staff will be supplemented by outsourced and shared services and resources. LPSC will be regarded as an excellent example of a mixed services model delivering services through in-house resources and outsourced solutions.
5. LPSC will be compliant with all of its regulatory and statutory obligations and good governance will be considered the default position by councilors, management and staff.
6. The council, as an organisation will exhibit contemporary good practice in contract and project management, both as a purchaser of services and in the delivery of services for others.
7. The Council’s financial management and financial systems will deliver accurate and reliable information on a timely basis for decision-making purposes and that information will be used effectively
8. Decision will be made with due regard to financial sustainability and long term implications, among other factors.
9. LPSC will engage with its community, and conversely, Council will endeavor to educate and inform the community on Council’s role, its opportunities and constraints.

ACTION PLAN — Measuring success		
STRATEGY	KEY MILESTONE	OUTCOME
Commission TCorp to review Council’s progress in achieving the FFTF Improvement Plan & establish new sustainability benchmarks	2021/2022	Independent analysis of progress and status of sustainability
Preparation of a FFTF Review Report (incorporating items 1—9)	2021/2022	Completed report with recommendations implemented

Template 2

Fit for the Future

Council Improvement Proposal

(Existing structure)



Office of
Local Government

Getting started . . .

Before you commence this template, please check the following:

- You have chosen the correct template – only councils that have sufficient scale and capacity and who do not intend to merge or become a Rural Council should complete this template (Template 2)
- You have obtained a copy of the guidance material for Template 2 and instructions for completing each question
- You have completed the self-assessment of your current performance, using the tool provided
- You have completed any supporting material and prepared attachments for your Proposal as PDF documents. Please limit the number of attachments and ensure they are directly relevant to your proposal. Specific references to the relevant page and/or paragraph in the attachments should also be included.
- Your Proposal has been endorsed by a resolution of your Council.

Council name: **Liverpool Plains Shire Council**

Date of Council resolution endorsing this submission: **24 June 2015**

1.1 Executive Summary

Provide a summary (up to 500 words) of the key points of your Proposal including current performance, the issues facing your council and your planned improvement strategies and outcomes.

Liverpool Plains Shire Council: An Agenda for Efficiency & Modernisation

- Council has put forward an Improvement Plan that is fundamentally driven by an agenda based on the principles of fiscal responsibility & modernisation. This plan identifies a need for Council to become more efficient and to modernise its practices. (Annexure1).
- Liverpool Plains Shire Council (LPSC) is a 2004 merged council. Since proclamation LPSC has been dedicated to providing services and improved infrastructure for the newly merged communities. This is evidenced by numerous state and national awards achieved across all areas of Council's operations (Annexure 2). Having brought community services, facilities and infrastructure to a desirable and affordable level, Council is now focused on financial sustainability.
- Following extensive consultation with the community, LPSC is electing to stand alone. Regardless of this position, the adjoining Gunnedah Shire Council (GSC) has been comprehensively and collaboratively consulted throughout the FFTF review process. Like LPSC, GSC is intending to also stand alone and will complete Template 2. Notwithstanding, both councils will leverage off each other's individual expertise and unique circumstances and participate in an innovative resource sharing arrangement. This approach has been

formalised into an agreement (Annexure 3). This arrangement is further enhanced through both councils' participation in the pilot Namoi Joint Organisation.

- An improvement plan has been prepared in consultation with the community. The improvement strategy has been built upon a significant consultation effort as part of the FFTF reviews and is strongly underpinned by our community's expectations and desires. The improvement plan was exhibited with Council's IPR documentation. The plan provides the blueprint for further measures Council will be pursuing to ensure that it is Fit For the Future.
- A 'break even' operating performance will be achieved at Year 3 of Council's Long Term Financial Plan (LTFP) and all FFTF ratios will be achieved by 2017/18. This has been achieved in full consultation with the community, by internal reviews which include operational costs, service levels and efficiency creation, a special rate variation (SRV) and potential future SRV. An additional SRV of 3.7% was approved from the 2014/2015 year and significant cost reductions have been made. As part of an operational review approximately \$700,000 in savings has been made and there is a focus on achieving further savings and efficiencies. A future SRV of 3.5% in each of Y3, Y4 & Y5 will be pursued, if required.
- In September 2014 Council employed a Chief Financial Officer (CFO) whose role is not just to manage the finance section but to examine, like an auditor, all areas of council operations and look for efficiency gains and improvements to processes and systems.
- The economic outlook is promising. The Liverpool Plains will benefit from very significant mining investment. A nationally significant mining operation has been approved which will be supported by a 1,500 bed workforce mining accommodation facility. This position is supported by commensurate development trends such as the recent approval of a 154 allotment subdivision. LPSC will benefit from both the expansion of mining and agriculture.
- Council has participated in a range of performance management activities to monitor and manage its performance; including the Price Waterhouse Coopers (PWC) benchmarking, state of the assets surveys for multiple Federal and State agencies and numerous community and staff surveys undertaken by independent survey consultants. Benchmarking indicates that LPSC is performing to a higher level than average Local Government state benchmarks.

1.2 Scale and Capacity

Does your council have the scale and capacity broadly consistent with the recommendations of the Independent Local Government Review Panel?

(i.e., the Panel did not recommend your council needed to merge or become a Rural Council).

Yes

The Independent Panel's preferred option for LPSC (and highlighted) in the *Twenty Essential Steps Report* (p.43) was a "Council in the Namoi CC". In the Panel's final report entitled *Revitalising Local Government* (p. 116), in respect of LPSC it was stated, as follows, with no highlighted preferred option:

"Council in a Namoi JO or merge with Gunnedah".

In the same Report, Gunnedah is simply prescribed as "Council in Namoi JO". Therefore Council has not been recommended to merge with Gunnedah and is thus submitting Template 2 – Council Improvement Proposal.

The respective Mayors, Deputy Mayors and General Managers met on 10 November 2014 in Quirindi to discuss the potential of a merger. At this meeting it was agreed that the General Managers of each respective Council explore additional areas of resource sharing with the view of reducing costs and improving capacity within both councils. As stated previously, a copy of the Resource Sharing Agreement is attached as Annexure 3. A list of other resource sharing agreements that are already in place and that greatly assist in expanding the capacity of LPSC to provide efficient and effective services is attached as Annexure 4. These include the Northern Inland Regional Waste (NIRW) initiative, Central Northern Regional Libraries (CNRL), the Namoi Water Alliance (NWA), and the Northern Inland Weed Advisory Council (NIWAC).

In further addressing the question of scale and capacity the following information is provided:

1. More robust revenue base & increased discretionary spending:

- LPSC was successful in its additional 3.7% Special Rate Variation (SRV) application for 2014/2015 (and onwards). This, together with significant cost reductions in 2014/2015, in the order of \$700,000, provides Council with a greatly improved revenue base. A further SRV application will be submitted in 2017/18 (if required) with successive increases of 3.5% per annum for 3 years.
- As indicated by the ratio analysis LPSC's own source revenue is continuing to strengthen, with the benchmark being achieved by 2016/17.

2. Scope to undertake new functions & major projects:

- Since the 2004 amalgamation LPSC has undertaken a range of new significant functions and major projects including: construction of the Quipolly Dam upgrade (\$8m), The Willow Tree water pipeline (\$5m), Werris Creek Library (\$750,000), Willow Tree Visitor Information Centre (\$450,000), Eastside Child Care Centre (\$650,000), Wallabadah water supply upgrade (\$500,000), Australian Railway Museum upgrade at Werris Creek (\$500,000), Quirindi Main Street beautification (\$3.5m), Gap Road bridge replacement (\$800,000), Werris Creek Drainage project (\$2.2m), and numerous road construction projects.
- Council is currently working with the RFS to construct a regional Fire Control Centre; the estimated project cost exceeds \$4m.
- Active participant in the local government arena.

3. Ability to employ a wider range of skilled staff:

- LPSC employs a wide range of qualified and skilled staff in areas such as engineering, town planning, child care, finance, information technology, libraries, aged care, noxious weeds, regulatory inspections, recreation, water and sewer, waste management, tourism and administration and building surveying. There is a large number of staff with post graduate qualifications including graduate diplomas and masters degrees.

4. Knowledge, creativity and innovation:

- Council has a history of developing and implementing innovative solutions. It is multi-award winning in a number of areas particularly in the IT and project management areas. These significant achievements are being leveraged by other local government organisations and private enterprise. Examples include the Tr@cer EDMS system (being on-sold to councils nationally), the Quipolly Dam Upgrade (winner of national project management and design awards) and the Liverpool Plains Asbestos Management Program ('LAMP' - winner of national awards), and the LPSC ePlanning initiative with the successful development and implementation of the Electronic Housing Code and Online DA Tracking. Refer to Annexure 2.
- LPSC's IT staff has developed an Electronic Document Management System (EDMS) and Weed Management System (known as Tr@cer) which has been on-sold to various councils, County Councils and Local Land Services throughout NSW. With over 20 software licences sold these entrepreneurial activities provide Council with a significant source of ongoing revenue through annual maintenance fees and are a great example of innovation within LPSC. Both of these systems, along with the recent development of an App for smart phones, have seen LPSC achieve a number of state and national awards (refer Annexure1). The Australian Centre of Excellence for Local Government (ACELG) has also used the Tr@cer Weeds Mobile Mapping Program as a case study in its September 2012 Paper: Innovation, Ingenuity and Initiative. Refer to Annexure 2.

5. Advanced skills in strategic planning and policy development:

- Council has very well developed strategic planning capabilities which are evidenced in its Regional Water Supply Scheme. The Scheme aims to 'drought proof' the townships of Quirindi, Werris Creek and Willow Tree by making available two water supply sources: Quipolly Dam and alluvial water from Quirindi. Should one source fail for any reason, the other source is sufficient to supply all three settlements. This \$35m project includes the upgrade of the storage capacity for Quipolly Dam, a new water treatment plant, new holding tanks, pipelines and associated pumping stations. In the coordination and planning of this significant project, water security is acknowledged as a key area of community concern and a fundamental requirement for the attraction of new industry and residents. This project will place the Shire ahead of most regions of Australia as a place to live and invest. Once again LPSC has been successful in attaining numerous state and national awards for this project as detailed in Annexure 2.

6. Effective regional collaboration:

- Council, as a long-standing member of Namoi Councils, has excellent working relationships with its neighbouring regional councils. The strength of the ROC Council relationships was recognised through Namoi Councils being selected by the NSW Government as a pilot Joint Regional Organisation. This is undoubtedly due to a history of effective regional collaboration on a series of significant issues including the impacts of mining. LPSC is also a founding member of the Minerals and Energy Working Group which comprises Namoi Councils, State Government Agencies and resource companies which regularly meet to consider the potential impacts of mining in the region.
- Membership of the Namoi JO will comprise an important component of Council's ongoing improvement initiatives. The Namoi JO has specifically resolved into its Charter a responsibility to actively engage in a wide range of activities to ensure its entire member councils remain Fit For the Future. It is anticipated that following conclusion of a pilot period, JOs will become formally recognised and entrenched in legislation. The Namoi JO comprises a total of seven councils: Moree Plains, Gwydir, Narrabri, Gunnedah, Liverpool Plains, Tamworth Regional Council and Walcha Shire.
- Resource sharing with Gunnedah Shire Council. The senior members of LPSC and Gunnedah Shire Council are exploring additional areas of resource sharing to reduce costs and improve capacity of both councils. A Resource Sharing Agreement has been subsequently developed (refer Annexure 2). These activities will assist LPSC in enhancing its capacity to provide efficient and effective services.

7. Credibility for more effective advocacy:

- LPSC has been an effective advocate for local and regional issues through Namoi Councils. Examples include additional police being allocated to the Shire (and region), additional police housing constructed to retain police in the Shire, expansion of CountryLink Rail Services between Newcastle and Tamworth, ensuring that the rich 'black soil' plains area is both protected and excluded from mining, thus achieving a sustainable balance between mining and agriculture, gaining additional General Practitioners, ensuring that funding was allocated for the expansion of the Quirindi Hospital and successfully advocating for the replacement of the ageing Werris Creek Hospital with a new \$10m Multi-Purpose Health Centre.

8. Capable partner for State and Federal agencies:

- LPSC is a capable partner with State and Federal Agencies for the provision of many community services. Examples include:
 - The State and Federally funded Home and Community Care (HACC) service, with Council offices and staff based in Quirindi, Werris Creek and Willow Tree.
 - Council also hosts the Roads and Maritime Services (RMS) Agency in Quirindi. This agency is one of the busiest in NSW in terms of transaction numbers and is amongst the 1st group of Rural RMS Agencies to be offered a contract with Service NSW.
 - Council also partners with the RMS in the provision of RMCC maintenance contracts for maintenance of State Highways within the Shire and has assisted the RMS with maintenance activities on the New England Highway such as roadside mowing and vegetation control between Willow Tree and Bendemeer.
 - LPSC's Werris Creek Library is also an Agent of the Federal Government for Medicare, Centrelink, Child Support, CRS and Australian Hearing.
 - Emergency services support including provision of assistance to the NSW Police Service via recordings from Council's CCTV camera network and providing accommodation to emergency services organisations including the NSW Rural Fire Service (RFS), State Emergency Services (SES) and the Volunteer Rescue Association (VRA). Council is also embarking on an ambitious project to co-locate these organisations in a state of the art emergency services precinct.
 - Membership of the Minerals and Energy Working Group providing advice to the NSW Government and several of its agencies.
 - Liaison with NSW Trade and Investment in respect of the attraction of industry and new businesses within the Shire including the establishment of a Friendship City relationship with Jimo, China (a city of 8 million persons).
 - The Acting General Manager is a member of the New England North West Regional Leadership Network which meets quarterly to discuss regional issues. This network comprises State Government Agency Managers and Council General Managers.

- Joining with The NSW Environment Protection Authority (EPA) in hosting contaminated land workshops.
- Requested by The NSW Department of Planning and Environment to participate in a case study for ePlanning (specifically online DA Tracking and the Electronic Housing Code).
- Provision of various responses to governments on Green and White Papers (including IPART). Some of LPSCs responses are referenced and/or plagiarised in other much larger council submissions. Annexure 5 provides some examples.

9. Resources to cope with complex and expected change:

- LPSC has the resources to cope with complex and unexpected change. Natural disasters such as floods, droughts and bushfires can have a significant impact on any council's resources, regardless of its location. For example, the Shire comprises many black soil floodplains which, after flooding rainfall, require immediate and urgent repairs to affected roads and associated infrastructure costing up to \$3m. This means Council's resources have to be redirected from its planned works program. LPSC has a Risk Management Plan in place which details a number of potential risks across the organisation and how they might be managed and mitigated so that there are no 'unexpected' events. Supporting this, LPSC also has an Emergency Management Plan developed in conjunction with key emergency services organisations and a Business Continuity Plan.

10. High quality political and managerial leadership:

- LPSC is comprised of seven (7) Councillors: three (3) business owners, an agricultural professional, a qualified accountant and two experienced educational professionals.
- Council's five (5) member Senior Management Executive Team have over 170 years combined experience and knowledge in local government and private enterprise.
- LPSC has won numerous State and National Awards across all sectors of Council operations and this exemplifies the high quality political and managerial leadership within the organisation.

If No, please indicate why you are not proceeding with a voluntary merger or creation of a Rural Council as recommended by the Independent Panel and demonstrate how your council has scale and capacity (up to 500 words).

N/A

2. Your council's current position

2.1 About your local government area

Explain the key characteristics of your local government area, your community's goals and priorities and the challenges you face in the future (up to 500 words).

You should reference your Community Strategic Plan and any relevant demographic data for this section.

Liverpool Plains Shire Council (LPSC) was established in 2004 and is an amalgam in both whole and part of the former Local Government areas of Quirindi, Parry, Murrurundi and Gunnedah Shire Councils. It is strategically located approximately midway between Brisbane and Sydney on the NSW North West slopes and plains and has an area of 5,002 square kilometres. The Shire has a population of approximately 8,000 persons with a steady growth rate. Other demographic data is available at pp. 5-9 of Council's Community Strategic Plan (community profile snapshot fact sheet Annexure 5).

The predominant industry is agriculture; however major mining operations and their supporting industries are of emerging importance. These industries are likely to be major employers within the Shire within the next five (5) years. These companies include BHP Billiton, China Shenhua, Aurizon, Pacific National and Civeo (workers' accommodation village). Once these are in place, this will bring the Shire's population to over 10,000 persons.

Council has conducted independent bi-annual surveys of the community since 2004 and has an appreciation of the community's needs, goals and aspirations. Key items are:

- Road maintenance.
- Protecting the black soil plains and underground aquifers from adverse impacts.
- Maintaining the unique character of the Shire.
- Securing town water supplies.
- Increasing employment opportunities.
- Providing more youth facilities.
- Encouraging economic and population growth.

The Community's Vision and Mission statements are contained at page 14 of the Community Strategic Plan.

There are a number of challenges facing LPSC in the future including:

1. Mining in the Liverpool Plains. A number of proposed nearby projects will see substantial growth in the Region. These include the Shenhua Watermark Coal Mine and the BHP Carooona Coal Mine. The provision of infrastructure, such as rail bypasses, will be critical for our communities.
2. Water availability to maintain and grow industries – many of the Shire's agricultural industries are dependent on the maintenance of water supply. This is threatened by government policy such as the Murray Darling Basin Plan and potential impacts on aquifers.
3. More frequent extreme weather events will require a change in the way Council operates and provides infrastructure in the future.
4. Global commodity prices – fluctuations in the price of agriculture and mining products could affect future growth within the region.
5. Demand for better health services. Many specialist services are not available within the shire. Regional growth will necessitate an increase in GPs and local specialist services.
6. Additional cost of road construction on the black soil plains – the highly expansive soils, whilst great for agricultural production, present challenges for road building and maintenance.
7. Maximising community benefits through the voluntary planning agreement (VPA) negotiation processes with major mining companies.
8. LPSCs financial sustainability to satisfy community demand for better roads

The results of the comprehensive community survey conducted as part of Council's FFTF consultation activities are enclosed as Annexure 6.

2.2 Key challenges and opportunities

Strengths	Weaknesses
<ul style="list-style-type: none"> • Strong existing partnerships with government organisations (including a pilot JO) • A focused & committed governing body & staff • Strong stocks of regional local government leadership & strategic capacity • Effective & unified Regional Joint Organisation • Strong relationships with indigenous community (Kamilaroi nation) • Location – central to Sydney and Brisbane, 3 hours from the Mid North Coast beaches • Lifestyle – strong community spirit, involvement and sense of identity • National rail hub at Werris Creek • Transport links – road, rail, air in close proximity • Diverse agricultural base of international significance • Multi-skilled personnel – staff in smaller councils have a greater range of responsibilities and skills due to wider PDs • Water availability in towns and villages • Regional water supply scheme underway • Tamworth Airport and Tamworth Base Hospital proximity • Existing health and recreation infrastructure (1 x hospital and 1 x Multi-Purpose Centre) • Historic/largely intact main streets supported by beautification programs • Scenic amenity • Mt Helen telecommunications site (also an income-earner) • Tourism – Australian Railway Museum, Rural Heritage Village, First Fleet Gardens, Quipolly Dam Recreation Area, Bird Watching, Gateway to the Kamilaroi Highway Trail 	<ul style="list-style-type: none"> • Black soil and challenge of building roads • Minimal national parks to attract visitors • No daily return passenger services to Newcastle • Ageing population • Current shortage of employment opportunities and government agencies in the Shire • Absentee landlords with investment properties not being maintained • Marginal population growth without mining development • Flood prone land • Railway lines dissecting towns causing congestion with long coal trains • Limited range of training courses at TAFE • Reducing volunteer numbers • Employment varieties for youth are presently limited

- Low cost residential, commercial and industrial land and large lot sizes
- New revenue sources generated by the resource sector
- Telecommunications availability
- Natural resources – forests, coal, natural gas, black soil, underground water
- Environmental initiatives and a focus on sustainability
- High quality local visitor accommodation
- Proven capabilities to innovate
- Upgraded highway to Newcastle (shortening travel times and improving regional linkages)
- Transport logistics hub
- Community is well-serviced by medical professionals
- Excellent equestrian facilities including two equine hospitals, racecourse and international standard 3 day eventing course (proximity to the Australian Equine and Livestock Events Centre and Hunter Valley)
- Climate – temperate with more sunny days than the coast
- Grain storage availability within the Shire
- Staff live locally and work hard to improve their local community
- Black soil plains productivity
- Quirindi Retirement Home – provider of modern aged care facilities
- Royal Theatre – 3D cinema and facility for a range of cultural experiences
- Excellent passive and active recreational facilities – including golf courses, racecourses and high quality local parks
- Strong stocks of social capital
- Access to a variety of quality educational opportunities
- Childcare facilities
- Low crime rates

Opportunities	Threats
<ul style="list-style-type: none"> • Sister cities Blacktown and Jimo (China) – opportunities for trade and investment, staff and cultural and educational exchanges • Housing and development – subdivisions awaiting mining development, increased rate income and economic development • Tourism and trade partnerships with China • Coal resources to provide economic stimulus and employment • Grain production – overseas markets • Worldwide resource demand – coal and grain • Renewable energy – long hours of sunlight suitable for solar • Resource sharing – Joint Organisation (JO) and Gunnedah Shire Council • Timber industry – timber processing plant available for rejuvenation and expansion • Heavy industry associated with mining suppliers (proximity to the Hunter Valley and western mining areas) • Equine industry (proximity to AELEC Tamworth & the Hunter Valley) • Poultry industry (proximity to processing facilities in Tamworth) • Freight terminal (at confluence of major rail/road networks) • Government funding • Quipolly Dam Recreation Area • Eco Tourism • Jobs in aged care • Regional Planning • Provision of smaller acreage housing lots • Railway overpasses or bypasses • Promotion of Tamworth Airport 	<ul style="list-style-type: none"> • Cost shifting by higher levels of government • Resistance to change • Amalgamation with other councils • Government decisions • Terrorism for major trading partners • World economic downturn • Commodity prices / \$AUD • Low police numbers • Climate change • Worldwide demand for resources • Water utility review • Road network due to rail closures

- | | |
|---|--|
| <ul style="list-style-type: none">• Biotechnology• Accommodation for mining and resource sector workers• Culture, arts, innovation and youth activities• Showground redevelopment to attract more events | |
|---|--|

2.3 Performance against the Fit for the Future benchmarks

Sustainability

Measure/ benchmark	2013 / 2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-4.67%	No	-3.12%	No
Own Source Revenue Ratio (Greater than 60% average over 3 years)	58.8%	No	62.57%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	104.8%	No	91.35%	No

If the Fit for the Future benchmarks are not being achieved, please indicate why.

For example, historical constraints/context, one-off adjustments/factors, council policies and trade-offs between criteria.

Council has taken a structured & ordered approach to achieving the Fit For the Future Benchmarks and by 2019/20 all sustainability ratios will be met.

The approach Council has taken to achieve sustainability is multifaceted:

- Review current practises and identify cost savings to be made. Savings in the order of \$700,000 have been identified over the review period.
- A successful permanent SRV increase of 3.7% from 2014/15.
- Continuing reviews of Council to ensure that practices are efficient and modern.
- An additional permanent SRV increase of 3.5%, in excess of rate pegging, in each of years 3, 4 and 5, if required.

The projected result is a gradual improvement in Council's sustainability. These changes will not create instant achievement of the required benchmark but place Council in a favourable position going forward.

Care has been taken not to place too great an impost on a rural community suffering from the effects of a drought. An SRV increase of the magnitude that would have been required to place Council in a sustainable position within this time frame was considered counter productive in the current economic climate. The impact of efficiency and productivity gains need to be determined before raising rates.

Council has also considered the multiplier effect of reductions in Council spending on the community (in the order of .86 total GRP impact (\$m) and total job impact (FTE) 8.9 – per AURIN/University of Adelaide EIAT tool for the Public Administration Sector)

2.3 Performance against the Fit for the Future benchmarks

Infrastructure and service management

Measure/ benchmark	2013 /2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
Infrastructure Backlog Ratio (Less than 2%)	1.67%	Yes	2%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	88.1%	No	102.3%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	1.78%	Yes	.71%	Yes

If the Fit for the Future benchmarks are not being achieved, please indicate why.

All benchmarks are achieved.

2.3 Performance against the Fit for the Future benchmarks

Efficiency				
Measure/ benchmark	2013 /2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	\$2,285 per capita	Yes	\$1,902 per capita	Yes

If the Fit for the Future benchmarks are not being achieved, please indicate why.

All benchmarks are achieved.

2.4 Water utility performance

NB: This section should only be completed by councils who have direct responsibility for water supply and sewerage management

Does your council currently achieve the requirements of the NSW Government Best Practice Management of Water Supply and Sewerage Framework?

No

If NO, please explain the factors that influence your performance against the Framework.

Performance monitoring report shows LPSC compliance at 89% for sewer and 80% for water. Currently outstanding Best Practice Management Plans include the completion of the Integrated Water Cycle Management Plan and Strategic Business Plan which will now be engaged for compilation following the finalisation of the comprehensive review of these BP guidelines undertaken by the NSW Office of Water recently. A review of Council's current Drought and Demand Management Plan is also due and is being updated in 2015/16.

How much is your council's current (2013/14) water and sewerage infrastructure backlog?

Recent past and current budgeted investments in infrastructure upgrades have reduced the water and sewerage backlogs to significantly lower levels than previous years. Specific maintenance on items such as sewer pipe relining has reduced infiltration and delayed required larger infrastructure spends based on capacity inadequacies. Currently water infrastructure backlog on Water for 2013/14 is \$150,000, with Sewer \$201,000.

2.4 Water utility performance

Identify any significant capital works (>\$1m) proposed for your council's water and sewer operations during the 2016-17 to 2019-20 period and any known grants or external funding to support these works.

Capital works

Proposed works	Timeframe	Cost	Grants or external funding
Regional water scheme	2 years	\$24.1M	\$20M
Willow Tree water transfer scheme	1 year	\$4.8M	\$4.8M
Quirindi STP upgrade	4 years commencing 2019	\$3.8M	NIL
Werris Creek STP upgrade	2 years	\$10.1M	\$8M

2.4 Water utility performance

Does your council currently manage its water and sewerage operations on at least a break-even basis?

Yes

Council currently operates its water and sewer businesses to achieve an Economic Real Rate of Return of 1.3% for Water and 1.8% for Sewer. Both funds have been developing reserves towards upcoming infrastructure upgrades.

If No, please explain the factors that influence your performance.

N/A

2.4 Water utility performance

Identify some of your council's strategies to improve the performance of its water and sewer operations in the 2016-17 to 2019-20 periods.

Improvement strategies

Strategy	Timeframe	Anticipated outcome
1. Drought proofing vulnerable water supplies (Willow Tree, Werris Creek and Quirindi)	2017/18	Alternate water sources developed to mitigate drought shortages
2. Cater for growth pressures (Quirindi and Werris Creek water)	2017/18	Augmented headworks projects with increased delivery capacity
3. Regulatory compliance and cater for growth (Quirindi sewer)	Commencing 2019/2020	Augmented treatment plant with capacity and improved discharge parameters
4. Regulatory compliance and cater for growth (Werris Creek sewer)	2017/18	Augmented treatment plant with capacity and improved discharge

		parameters
5. Pressure delivery upgrade (Spring Ridge and Premer)	2017/18	Improved level of service
6. Full Best Practice compliance	2016/17	Fully compliant Best Practice water service delivery

3. How will your council become/remain Fit for the Future?

3.1 Sustainability

Summarise your council's key strategies to improve performance against the Sustainability benchmarks in the 2016-20 period, including the outcomes you expect to achieve.

Council has taken a multifaceted approach to becoming Fit For the Future. Success will only come from our ability to maximise the potential of our Council and continue to modernise the way we do business. The ongoing challenge Council faces will be to maintain the improvements achieved and build on those successes in the future. Many of the strategies required are addressed directly in the attached Improvement Action Plan. Refer to Annexure 1.

Key Strategies Summary.

Ensuring adequate funds to maintain the desired service levels and required Infrastructure maintenance and renewal programs. This will be achieved by:

- Increasing Council's revenue base by:
 - use of special rate variations (SRVs) – an SRV of 3.5% p.a. will be applied for in years 3, 4 and 5 if required
 - investigating additional external revenue i.e. creation of a Business Services Division to capitalise on the strengths of LPSC. Currently LPSC derives external income from in-house developed software, environmental staff contracted on weeds projects, private works projects and resource sharing with other councils.

- Rationalising Council's Expenditure. This will be achieved through:
 - review of our purchasing strategy
 - encouraging innovative work practises
 - adopting modern technology and business best practices
 - developing innovative business partnerships outside of Council
 - leveraging off membership of the Namoi JO
 - resource sharing with other councils, in particular Gunnedah Shire Council.
- Benchmarking Council costs and expenses against external sources. An example of benchmarking that has taken place is an extensive review of council cleaning costs undertaken in 2014/15.
- Introduction of efficiency programs – it is proposed that Competitive Business training will be rolled out across all levels of council staff and all departments.
- Effective monitoring of our performance to ensure that any deviations from a sustainable path are identified and rectified in a timely fashion.
- Service level reviews – in accordance with our community consultation we will focus on providing services at the level desired and expected by our community.
- Use of debt funding to maintain and renew Infrastructure, achieving equity between the generations of community members who share in the use of Council's long term assets.

Local Government holds a unique place in our communities. Any plan to achieve sustainability in Local Government must look beyond the classic accounting solutions. Critical to the success of our Improvement Plan is to look at Council's place in the wider community. Council's Annual Report outlines many of these strategies:

- Advocacy for an increase in the resources committed by the commonwealth and state governments to local government and LPSC in particular is important. Council will lobby Local Members of Parliament, support the Namoi JO and any other proposals in an endeavour to access additional funding. Of particular importance is the allocation of FAG grants.
- Increase the success rate of grant funding applications. We will engage experts to review and mentor our grant fund applications and increase research into grant availability.
- Increase levels of local social capital stocks and forge greater community partnerships.
- Encourage vitality and growth in our community.
- To seek constitutional recognition of local government to enable direct funding from the Commonwealth Government. Council

will actively support constitutional recognition of local government via media campaigns in conjunction with the ALGA.

- Council will continue to leverage from its long term internal audit program. Council engaged an external accounting firm in 2008 to act as internal auditors. This program has been successful in identifying areas for improvement and providing Council with the methodology to achieve the required outcomes. Council will continue with this independent internal audit program.

Explain the key assumptions that underpin your strategies and expected outcomes.

For example the key assumptions that drive financial performance including the use of SRVs, growth in rates, wage increases, Financial Assistance or other operating grants, depreciation, and other essential or major expense or revenue items.

- Efficiency gains of \$700,000 already identified are maintained into the future
- A conservative position has been taken on gains from future efficiencies and these have not yet been recognised
- Rate pegging at 2.4% in 2015/16 and 2.5% onwards
- User fees and charges increase annually at 2.8%
- Wage increases at 2.7% p.a.
- Minor depreciation reduction on roads post revaluation
- Expense movements in line with the current and projected future inflation rates
- FAG grants consistent with current levels (indexation freeze and then indexed at 2.5%)
- Interest rates of 3.8% on Investments (Council has high rate medium term investments)
- All other grants consistent with historical levels and indexed at the current and projected future inflation rates

3.1 Sustainability

Outline your strategies and outcomes in the table below.

3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Building a Fiscal Responsibility Agenda.	a) Adopt a range of new financial policies including Fiscal Responsibility Principles.	2015/16 & onwards.	Policy framework to institutionalise fiscal responsibility.	Improve infrastructure, service management & resource allocations.
	b) Continuation of a Councillor professional development program.	Ongoing.	Councillors having the information, skills and resources to undertake their roles and responsibilities effectively.	Improve infrastructure, service management & resource allocations.
2. Measure our success.	a) Commission TCorp to review Council's progress in achieving the FFTF Improvement Plan & establish new sustainability benchmarks.	2021/2022.	Council's adherence to and success of the Improvement Plan is independently monitored.	Impacts positively on efficiency and infrastructure management.

	b) Performance Agreements of the General Manager, Executive Staff and Senior Management will be amended to incorporate respective directorate FFTF action responsibilities.	2015/16.	Ownership and accountability entrenched in Councils culture.	Impacts positively on efficiency and infrastructure management.
	c) Establish a FFTF review committee comprising all key stakeholders – the community, the councillors and staff from all levels and departments within council.	2015/16 & ongoing.	Council's adherence to and success of the Improvement Plan will be monitored by all stakeholders.	Impacts positively on efficiency and infrastructure management
	d) Integrate FFTF progress reporting into the fabric of council reporting.	2015/16 & ongoing.	Council's progress will form part of the Annual Report program. Half yearly reports will be made to Council on our progress.	Impacts positively on efficiency and infrastructure management
3. Foster Community engagement and participation.	a) Training of key personnel in customer service & communications management.	2015/16 & ongoing	All key personnel trained.	Council is "user friendly" and seen as approachable by the public.

	b) Development of formalised & integrated consultation structures. Create opportunities for informal interactions between Councillors and these groups e.g. Councillors' annual road inspection tour.	2015/16 & ongoing.	Policies developed & implemented.	Impact on the service levels provided.
	c) Progressive development of improved community reporting structures.	2015/16 & ongoing.	Support systems developed & implemented, e.g. revamped website and council intra-net.	Greater transparency in Council process will impact on all areas.
4. Modernisation of Council activities.	a) Identify & scope organisational corporate improvement requirements with the assistance of key stakeholders.	2015/2016.	Clearly identified and agreed project goals.	Improve infrastructure, service management & resource allocations.
	b) Tendering process continually reviewed.	Ongoing.	Corporate systems installed on time & within budget.	Improve infrastructure, service management & resource allocations.
	a) Establish agreed core business functions.	2015/2016.	Policy position developed.	Improve infrastructure, service management & resource allocations.

5. Ensure Council has adequate funds to support required service levels by strengthening the Revenue Base.

Service Levels:
a) Soundly justify any proposed increases to service levels or creation of new assets and focus on core services.

2015 & ongoing - continue with effective community consultation.

Community consulted regarding service levels. Reduction in over & under servicing.

Improved infrastructure & service management & resource allocations.

Increase Revenue:
a) Ensure that services provided by Council which are on charged to external parties are costed and charged on a commercial basis.

2015/16 & ongoing - continue benchmark costing of provision of services both internal and external against those available from the private sector or other government agencies.

Council expenses and income benchmarked against an external source.

Impact on Council's overall efficiency & sustainability.

b) SRV – applied for y3, y4, y5 -if required.

SRV approved.

Additional funding acquired.

Ensures funding to sustainably manage infrastructure.

Reduce Expenses:
a) Cost savings through efficiency measures.

2015 & ongoing - continual review of budgets and spending.

Reductions identified and implemented on an ongoing basis.

Impacts on efficiency and infrastructure management.

	<p>b) Gain purchasing power through partnerships with other entities.</p>	<p>2015 & ongoing – Membership in Namoi JO.</p> <p>2015 & ongoing – Resource sharing with Gunnedah Shire Council and other shire councils.</p>	<p>Purchasing power improved and access to additional resources.</p>	<p>Impacts on efficiency and infrastructure management.</p>
	<p>c) Innovative partnerships with external organisations.</p>	<p>2015 & ongoing - current discussions are subject to Commercial in Confidence restrictions.</p>	<p>Benefits gained for the community funded from sources outside Council.</p>	<p>Efficiencies gained as projects are shared with a wider group.</p>
	<p>d) Cost centre based reporting.</p>	<p>2014/15 & ongoing Change to the structure of the Long Term Financial Plan to readily report on cost centre basis.</p>	<p>Ease of reporting on the cost of core and non-core services.</p>	<p>Impacts on efficiency and infrastructure management.</p>
	<p>e) Review the procurement system to ensure that Council is gaining the maximum</p>	<p>2015/16 commencement of a review of procurement and accounts payable</p>	<p>Increased robustness in the procurement and accounts payable</p>	<p>Impacts on efficiency and infrastructure management.</p>

	possible value for its expenditure.	systems leveraging off the internal audit process.	systems.	
	f) Promote ownership and accountability of staff.	2015/16 – establish a transparent, accurate and timely cost centre based reporting system.	Ease of reporting on the cost of core and non-core services.	Impacts on efficiency and infrastructure management.
	g) Apply for funding under the \$4m Innovation Fund FFTF.	November 2015 – application lodged.	Additional funding received, facilitating faster progression of the FFTF program.	Impacts on implementation of the FFTF improvement plan.
6. Intergenerational Equity	a) Use debt funding to improve intergenerational equity	Ongoing review of Council's debt structure.	Long term borrowings to fund some major projects.	Efficient use of available funding.
7. Ensure that Council Infrastructure is effectively managed.	a) Continue to Improve Asset Management Plans and their realistic integration with the Long Term Financial Plan.	Ongoing.	Sustainable use and maintenance of infrastructure.	Improved infrastructure management.

8. Ensure that long term planning is truly reflective of the requirements to service and maintain assets at the desired level.

a) Establish a system of “budget buddies” - with members of the finance team partnered with staff from other departments to jointly develop Council budgets.

2015/16 and ongoing.

All Council sectors involved in and having ownership of the budget process. This will help ensure that budgets are set at a realistic level and give accountability and fiscal responsibility across multiple levels of Council hierarchy.

Promotes a concept of accountability and fiscal responsibility throughout Council.

3.2 Infrastructure and Service Management

Summarise your council's key strategies to improve performance against the Infrastructure and service management benchmarks in the 2016-20 period, including the outcomes you expect to achieve.

Council recognises the importance of an effective infrastructure management system to its long term sustainability. Without effective asset management Council cannot be sustainable.

In 2007/2008 Council implemented a comprehensive Asset Management System and progressively developed an Asset Management Policy, Strategy and Asset Management Plans for the long term management of Council's various assets (Annexure 1). This process identified a number of objectives with the following key issues and key aims:

Key Issues

The key issues identified in this plan are:

1. The OLG requires the valuation of Council's assets at fair value. To calculate this value, a complete asset register is required.
2. Cost shifting by other tiers of government, the regulatory environment, and increasing expectations by the community are increasing the burden on Council's resources.
3. A large number of assets built in the early to mid 1900's are reaching the end of their lives and require renewal. With Council's current funding, the renewal of these assets must be well managed to ensure sustainability and value for money. .
4. Liverpool Plains Shire Council has a large asset base, over a large spatial area, and a relatively small population to support it.

5. Strategic planning of growth areas to prevent adhoc asset creation.
6. Community needs and expectations change over time.

Key Aims

The key aims of this Asset Management Strategy are to further implement asset management and incorporate the processes into Liverpool Plains Shire Council's business structure. This plan formalises the strategies that have been progressing over previous years. The following aims have been identified:

1. An Asset Management Committee was formed to ensure asset management is incorporated into Council business processes.
2. Record asset data into Council's GIS system to ensure current and relevant asset information is readily available and easily accessible.
3. Develop asset management plans for all asset portfolios.
4. Continuously review and update asset management plans to ensure maturity of the AMS and address changing needs.
5. Develop and implement inspection programs for each asset portfolio.
6. Develop Maintenance Management Systems (MMS).
7. Continuously evaluate the condition of the assets to document how the different asset categories are consumed over their lifecycle.
8. Provide tools to display the information on Council's assets and thus improve the decision making process.
9. Train Council staff in asset management, new business processes, and business systems to improve efficiency.
10. Promote non-asset solutions and/or new technologies to reduce the gap between current renewal costs and actual funds available.
11. Evaluate and trial new construction techniques, and/or materials for the potential to reduce the gap between current renewal costs and actual funds available.
12. Continually record the utilisation rates for various assets over time to predict changes in community requirements, and therefore service levels.

Council continues to work toward the objectives of this strategy.

Explain the key assumptions that underpin your strategies and expected outcomes.

- Specific purpose grants are consistent with levels and indexed at the current and projected future inflation rates.
- Minor depreciation reduction on roads post revaluation.
- Expense movements in line with the current and projected future inflation rates.
- FAG grants consistent with current levels (indexation freeze and then indexed at 2.5%).
- Efficiency gains of \$700,000, already identified, are maintained into the future
- Wage increases at 2.7% p.a.
- Materials and contracts are indexed at the current and projected future inflation rates.
- A conservative position has been taken on gains from future efficiencies and these have not yet been recognised.
- The recently announced increase in Roads to Recovery funding has not been included.

3.2 Infrastructure and Service Management

Outline your strategies and outcomes in the table below.

3.2 Infrastructure and service management

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Building the Fiscal Responsibility Agenda.	a) Asset management planning prioritised and directly tied to the LTFP including smart use of borrowings.	2015/16 & ongoing.	Prudent management of assets.	Positive impact on asset management.
2. Effective Management of Capital Projects.	a) Introduce Major Capital Projects Policy & Guideline Procedures.	2015/16.	Capital projects effectively managed.	Increase sustainability & efficiency.
3. Align Engineering and Financial asset records.	a) Engage all parties (engineers, finance staff, auditor & software providers) in an open and frank dialog.	Feb 2015.	Work done to date reviewed. A work plan agreed.	Completion of this project will put Council in a positive position to move forward.
	b) Reconciliation of engineering & finance records.	June/July 2015.	All variances identified and correct balances nominated.	Reliable asset data and effective communication between all sectors of Council will allow long term planning to be

	<p>c) Auditor signs off on reconciliations.</p> <p>d) Asset database revamped and required adjustments to financial records complete</p> <p>e) Procedure to formalise co-ordination of asset changes between engineering and finance on a regular basis.</p>	<p>July/August 2015.</p> <p>August 2015.</p> <p>August 2015.</p>	<p>Corrected balances verified.</p> <p>Database cleansed and error free.</p> <p>Ensure that all future asset changes are correctly recorded</p>	<p>done on a realistic and factual basis.</p> <p>Alignment of Council records.</p> <p>Alignment of Council records.</p> <p>Efficiency gains from interdepartmental cooperation</p>
<p>4. Ensure that asset records are kept in an optimal manner</p>	<p>a) Review of Council's Assetic records by an external party on a regular basis.</p> <p>b) Regular training of both engineering and finance staff to ensure that available asset software is being effectively utilised.</p>	<p>April 2016 and then every four years or as required.</p> <p>August 2015 and then as required.</p>	<p>Ensure that records maintained in an optimal state.</p> <p>Ensure that records maintained in an optimal state.</p>	<p>Ensures Council has accurate data for planning purposes.</p> <p>Ensures Council has accurate data for planning purposes.</p>

<p>5. Ensure that Council has access to readily available information on which to base long term infrastructure planning.</p>	<p>a) Integrate Assetic myPredictor with the current Assetic myData asset records.</p>	<p>2015/16 & ongoing.</p>	<p>Council will have access to an easy to use predictive modelling tool for planning. This will provide analysis of different scenarios based on live council data.</p>	<p>Assists in planning by defining the total cost of ownership of an asset portfolio and optimising capital treatments and maintenance costs. Provides reports in an assessable and comprehensible format.</p>
<p>6. Facilitate clear lines of communication between engineering and finance staff</p>	<p>a) Continue with the Asset Management Committee to ensure that asset management is incorporated into Council's business processes but incorporate small group monthly meetings to reconcile asset changes on a regular basis.</p>	<p>2015/16 and ongoing.</p>	<p>Ensure all sectors of Council are "on the same page".</p>	<p>Helps ensure that asset data and plans are relevant and strategies are "live".</p>

7. Ensure that long term planning is truly reflective of the requirements to service and maintain assets at the desired level.

a) Establish a system of “budget buddies” – with members of the finance team partnered with staff from other departments to jointly develop Council budgets.

2015/16 and ongoing.

All Council sectors involved in and having ownership of the budget process. This will help ensure that budgets are set at a realistic level and give accountability and fiscal responsibility throughout multiple levels of Council’s hierarchy.

Promotes the concept of accountably and fiscal responsibility throughout Council.

3.3 Efficiency

Summarise your council's key strategies to improve performance against the Efficiency measures in the 2016-20 period, including the outcomes you expect to achieve.

Reduce waste:

Waste is a key indicator of inefficiency's within systems. Council will strive to reduce waste in all areas of council operations. Waste to be identified is not only financial but also environmental and social, following the principles of multiple bottom line reporting. In particular:

- Council will use its resources wisely to reduce its ecological footprint. We will carry out and implement the results of water, waste and energy audits.
- Seek grants to lower energy consumption in council buildings.
- Competitive Business training to help each person in our organisation be on the lookout for waste in transport, inventory, over production, over processing and defects.

Save money:

A structured approach to achieving financial savings is required. Council will attain this through:

- Review of systems and processes by both management and staff, mapping them, identifying areas of improvement and creating ideal future state maps. This will provide a blueprint for system change in which all levels of Council have ownership.
- Stores inventories held by Council play a significant role in Council's efficiency. The ability to supply the required materials to carry out projects in a timely fashion is key. The store staff will be trained in 6S to simplify, better organise and provide a sustainable productive work environment. The 6S process involves: sorting - to remove clutter, set in order – to organise what is left behind, shine – to ensure the area can be cleaned easily, standardise – use standards to ensure that the area achievements in the first 3 steps are maintained, sustain – maintain through empowerment, commitment and discipline, safety – WH&S standards are met and the environment is safe to operate in.
- Mistake proof systems.
- Train staff in problem solving techniques.

- Increase total proactive maintenance programs across all areas of Council. Council currently has well established proactive maintenance programs across key areas of infrastructure and plant. These maintenance programs will be gradually extended to encompass all Council assets.

Cultural Change:

Council has identified the need to build a new organisational culture to meet the challenges of being Fit For the Future.

Staff are an integral part of Council's Fit For the Future solutions and they must be engaged throughout the process. This will be attained by:

- A review of department and internal organisational structure is currently being undertaken. We are modernising Council's long standing internal organisational structure to ensure it is capable of sustaining and supporting Council's new future direction. The results of this review will be implemented in the first half of 2015/16.
- Review of the Community Strategic Plan (CSP) and corresponding Delivery Plan to ensure that it is reflective of changes to be implemented.
- There is an urgent commitment to become an employer of choice. Human Resource management is an identified area where immediate improvements need to be made. In this regard opportunities for resource sharing with Gunnedah Shire Council are currently being explored.
- Encourage a greater sense of ownership and accountability among staff. This will be addressed in part by a revamp of the current accounting program and change to the general staff interface with that program. Council is currently nearing completion of a modernisation of its general ledger and the introduction of a work order system. This will enable easy access to real time actual income and expenditure and comparison to budgeted amounts. This will further be facilitated by a system of "budget buddies" to share financial knowledge to other areas in Council.
- A focus on training must be maintained. Council needs to ensure that staff have the required technical and professional skills to work effectively. Directors and managers are effective leaders of our workforce and are able to provide inspiration to the Council and our community.

Embrace technological changes:

Council already has an exceptional reputation for the development of innovative software in its Tr@cer products.

- Council operations will be reviewed to ensure that technological advances have been incorporated into Council practices across the organisation. These reviews must ensure that all internal and external stakeholders are consulted in any changes. This will ensure changes are taken up in the most efficient and effective manner. Consultation will also minimise any negative attitude towards change.
- An example of this is the planned integration of a combined electronic timesheet/plant sheet to directly upload into Council's payroll and plant management programs.

Explain the key assumptions that underpin your strategies and expected outcomes.

- Efficiency gains of \$700,000 already identified are maintained into the future
- In keeping with a conservative approach financial gains from any as yet unidentified efficiencies have not been recognised in our budgeting process.

3.3 Efficiency

Outline your strategies and outcomes in the table below.

3.3 Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Embrace the opportunities arising from resource sharing.	a) Continue to pursue the benefits arising from agreements with other councils.	Current & ongoing Membership of Namoi JO. Resource sharing with other councils and groups continued.	Increase in Councils scale and capacity.	Impacts on sustainability & assets management.
2. Encourage participation of all members of staff.	a) Each Directorate to establish an Efficiency Review Group at the operational level.	2015/2016 & ongoing.	Group operational and demonstrated savings identified.	Buy in of all staff will impact on sustainability.

3. Benchmark Council's costings.	a) A minimum of two (2) operational areas per financial year to be benchmarked against independent costings.	2015/2016 and ongoing.	Completed efficiency reviews that meet defined targets.	Impacts on sustainability and transparency.
4. Ensure effective use of the time and skills of Councillors & Staff.	d) Review of all Committee structures in consultation with key stakeholders.	2015/2016.	Committees reviewed and changes implemented.	Impacts on sustainability.
5. Reduce waste.	a) Council will use its resources wisely to reduce its ecological footprint.	2015 & ongoing - carry out and implement the results of water, waste and energy audits.	Council's ecological footprint reduced.	Impacts on sustainability.
	b) Investigate grant opportunities to lower energy consumption in council buildings.	2015 & ongoing - review of and application for relevant grants.	Additional funding received.	Impacts on sustainability.
6. Save money.	a) Review of systems and processes by both management and staff, mapping them, identifying areas of improvement and creating ideal future state	2015/16 system reviews commence. Up-skill staff to achieve outcome.	A blueprint for system change in which all levels of Council have ownership.	Impacts on sustainability and asset management.

	maps.			
	b) 5S + safety (6S) system implemented in council's store.	<p>2016 – 6S system in store</p> <p>Up skill staff to achieve outcome.</p>	<p>Materials required to complete are available when required.</p> <p>Council funds are used effectively as surplus stores are not held.</p> <p>Reduction in redundancy of old stores.</p>	Impacts on sustainability.
	c) Develop mistake proof systems.	<p>2015/16 & ongoing - Council staff trained in the art of mistake proofing systems</p> <p>Up skill staff to achieve outcome.</p>	Systems designed to reduce waste through mistakes.	Impacts on sustainability.
	d) Train staff in problem solving techniques.	Up skill staff to achieve outcome.	Real causes of problems are identified – time and resources are not wasted on patching, but are used for responsive problem	Impacts on sustainability.

			solving.	
	e) Increase total proactive maintenance programs across all areas of Council.	2015/16 proactive maintenance program established for all council buildings – this will be integrated into the Assetic asset management system.	These maintenance programs will be gradually extended to encompass all areas of Council.	Impacts on infrastructure.
7. Cultural Change.	a) A review of department and internal organisational structures.	2015/16 review completed and changes implemented.	An internal organisational structure to ensure that Council is capable of sustaining and supporting the future direction.	Impacts on sustainability.
	b) Review Council's salary system.	2015/16.	Salary system is Award compliant, market competitive and meets future needs.	Impacts on sustainability.
	c) Review & enhance the LPSC Workforce Management Plan.	2015/16.	Workforce Management Plan review complete and meets future needs.	Impacts on sustainability.

	d) Link strategic outcomes to performance objectives of senior staff and managers.	2015/16.	Management accountable for performance against strategic outcomes.	Impacts on sustainability.
	e) Identify opportunities for addressing skill shortages through the offering of traineeships & cadetships.	2015/.16	Opportunities identified and implemented.	Impacts on sustainability.
	f) Ensure that the Community Strategic Plan (CSP) and corresponding Delivery Plan are reflective of changes to be implemented.	2015/16 review completed and changes implemented.	Community Strategic Plan (CSP) and corresponding Delivery Plan are reflective of changes to be implemented.	Impacts on sustainability.
	g) Commitment to become an employer of choice through greatly improved Human Resource Management.	2015/16 & ongoing extend resource sharing with Gunnedah Shire Council. Reviewed structure may include a level of effective in-house HR management.	HR resources available to LPSC.	Impacts on sustainability.

	h) A greater sense of ownership and accountability for staff through increasing their access and understanding of financial performance of their activities.	2015/16 rewrite of chart of accounts completed, work orders implemented, integration and reporting software installed and training completed.	A culture of ownership and accountability fostered throughout Council.	Impacts on sustainability and asset management.
	i) Focus on training.	2015 & ongoing.	Staff have the required technical and professional skills to work effectively.	Impacts on sustainability and asset management.
	j) Competitive Business training will be rolled out across all levels of council staff and all departments.	2015/16 training courses commenced these will be rolled out across Council.	A “çan do” culture fostered. This training will provide outcomes to a multitude of efficiency measures covering <ul style="list-style-type: none"> - system mapping - problem solving - mistake proofing - 6S (5S + safety) - visual performance measurement - change management. 	Impacts on sustainability.

	k) Develop & implement a change management program.	2015/16.	Program developed & implemented.	Impacts on sustainability.
8. Embrace technological change.	a) Ensure that technologic advances have been incorporated into Council practices with effective consultation of the end users.	2015/16 & ongoing – review of Council practises to ensure that the most effective use is being made of technical changes.	Increase take up of technological efficiencies.	Impacts on sustainability and asset management.
	b) Incorporate integrated electronic timesheets and plant sheets into LPSC systems.	2015/16 - design and implement.	More efficient and timely recording of data.	Impacts on sustainability and asset management.

3.4 Improvement Action Plan

Summarise the key improvement actions that will be achieved in the first year of your plan.

Action plan

Actions	Milestones
Building a Fiscal Responsibility Agenda through adopting a range of new financial policies including Fiscal Responsibility Principles.	2015/16 & onwards.
Building the Fiscal Responsibility Agenda through asset management planning prioritised and directly tied to the LTFP including smart use of borrowings.	2015/16 & onwards.
Continuation of a Councillor professional development program.	Ongoing.
Commission TCorp to review Council's progress in achieving the FFTF Improvement Plan & then establish new sustainability benchmarks.	2021/2022.
Performance Agreements of the General Manager, Executive Staff and Senior Management will be amended to incorporate respective directorate FFTF action responsibilities.	2015/16.

Establish a FFTF review committee comprising all key stakeholders – the community, the councillors and staff from all levels and departments within council.	2015/16 & ongoing.
Integrate FFTF progress reporting into the fabric of council reporting through integration in Annual Reports and half-yearly reports to Council.	2015/16 & ongoing.
Continue to integrate the asset management and asset reporting	2015/16 & ongoing.
Integrate Assetic myPredictor with the current Assetic myData asset records. Giving access to an easy to use predictive modelling tool for planning.	2015/16 & ongoing.
Review, revamp and modernisation of Council organisational structure	2015/16.
Training of key personnel in customer service & communications management.	2015/16 & ongoing.
Development of formalised & integrated consultation structures. Create opportunities for informal interactions between Councillors and these groups e.g. Councillors' annual road inspection tour.	2015/16 & ongoing.
Progressive development of improved community reporting structures - revamped website and council intra-net.	2015/16 & ongoing.
Identify & scope organisational corporate improvement requirements with the assistance of key stakeholders. Develop clearly identified & agreed project goals.	2015/2016.

Establish agreed core business functions and soundly justify any proposed increases to service levels or creation of new assets and focus on core services. Continue to develop cost centre based accounting and reporting systems.

2015/2016 & ongoing.

Benchmark costing of provision of services both internal and external against those available from the private sector or other government agencies.

2015/2016 & ongoing.

Review of budgets and spending to establish further cost savings through efficiency measures.

2015/2016 & ongoing.

Continue to explore innovative partnerships with external organisations

2015/2016 & ongoing.

Apply for funding under the \$4m Innovation Fund FFTF.

November 2015 – application lodged.

Commencement of a review of procurement and accounts payable systems leveraging off the internal audit process.

2015/2016 & ongoing.

Establish a system of “budget buddies” - with members of the finance team partnered with staff from other departments to jointly develop Council budgets. Helping ensure that budgets are set at a realistic level and giving accountability and fiscal responsibility across multiple levels of Council hierarchy.

2015/2016 & ongoing.

Embrace the opportunities arising from resource sharing. We will continue to pursue the benefits arising from agreements with other councils.

Current & ongoing

- Membership of Namoi JO.

<ul style="list-style-type: none"> Resource sharing with other councils and groups continued. 	
Each Directorate to establish an Efficiency Review Group at the operational level.	2015/2016 & ongoing.
Ensure effective use of the time and skills of Councillors & Staff. Review of all Committee structures in consultation with key stakeholders.	2015/2016.
Reduce Council's ecological footprint by carrying out and implementing the results of water, waste and energy audits.	2015 & ongoing.
Investigate grant opportunities to lower energy consumption in council buildings.	2015 & ongoing.
Review of systems and processes by both management and staff, mapping them, identifying areas of improvement and creating ideal future state maps.	2015/16 & ongoing.
5S + safety (6S) system implemented in Council's store.	2016
Efficiency Works training courses in Competitive Business Systems commenced. Developing skills in mistake proof systems, problem solving, system mapping, 5S and proactive systems maintenance across all levels in Council.	2015/16 & ongoing.
Increase total proactive maintenance programs to cover building maintenance.	2015/16 & ongoing.

Review Council's salary system.

2015/16.

Review & enhance the LPSC Workforce Management Plan.

2015/16.

Identify opportunities for addressing skill shortages through the offering of traineeships & cadetships.

2015/.16

Ensure that the Community Strategic Plan (CSP) and corresponding Delivery Plan are reflective of changes to be implemented.

2015/16 review completed and changes implemented.

Commitment to become an employer of choice through greatly improved Human Resource Management.

2015/16 & ongoing.

A greater sense of ownership and accountability for staff through increasing their access and understanding of financial performance of their activities. Rewrite of chart of accounts completed, work orders implemented, integration and reporting software installed and training completed.

2015/16.

Develop & implement a change management program.

2015/16.

Review of systems to ensure technologic advances have been incorporated into Council practices where applicable. Develop new systems where required. Consultation of stakeholders both internal and external to be an integral part of this process.

2015/16 & ongoing.

Incorporate integrated electronic timesheets and plant sheets into LPSC systems.

2015/16 - design and implement.

Develop & introduce Major Capital Projects Policy & Guideline Procedures.

2015/16.

Review of Council's Assetic records by an external party.

April 2016 and then every four years or as required.

Outline the process that underpinned the development of your Action Plan.

For example, who was involved, any external assistance, consultation or collaboration, and how the council has reviewed and approved the plan.

Significant community engagement was undertaken throughout the FFTF consultation process. This process included, but was not limited to, the creation of a FFTF website (<http://yoursayliverpoolplainsshirecouncil.com.au/>), stalls at community events, numerous community meetings, distribution of a survey, consultation with key local industry groups and businesses, mail out surveys with 27.55% of local households participating in the survey (a significant response rate), use of social media, preparation and distribution of media releases utilising a range of communication mechanisms, appointment of a FFTF contact person, FFTF hot line, preparation and distribution of flyers, photography/poster competitions with local school children and pop up stalls. The results obtained in response to the community consultation were collated in a representations report. The key recommendations contained within this report were used to inform the Council Improvement Plan. This Improvement Plan was publicly exhibited with Council's Long Term Financial Plan and IP&R documentation for 28 days.

The conclusion of this comprehensive community consultation program was:

1. An overwhelming number would like to remain independent and form a joint organisation with Namoi Councils.
2. A large majority of our community agrees with efficiency strategies, such as resource sharing with other Councils.
3. The majority of the participants were either unsure, did not answer the questions, or agree with Council undertaking service level reviews that may involve a reduction in the service levels that Council currently provides.
4. The top six overall most valued services identified were:
 - Roads and Bridges,
 - Emergency Services,
 - Community Services,
 - Waste Management,
 - Sporting and Recreation Centre,
 - Parks and Gardens.

In addition to this it is important to note that a number of the villages and surrounds rated Noxious Weed Control and Street Cleaning in the top five services.

5. A large majority of the survey participants agree that if Council is to continue to be involved in providing services of a semi-commercial nature under contract for both state & federal government, it is essential that it is done on a cost recovery basis.
6. Just under half of the survey participants support council continuing to provide accommodation for doctors.
7. Of the participants, 47.5% surveyed agreed with council continuing to support caravan parks.

8. Over 50% of the respondents to the survey agree with council continuing to support the Royal Theatre.
9. The large majority of the survey participants support the Council in providing childcare services.
10. Over 70% of the participants surveyed support Council investigating innovative partnerships with the private sector in its long term strategic plan.

Council has not changed service levels at this time. The results of the community survey indicate that our community wish Council to pursue efficiency strategies before changing service levels or increasing rates. In the event council has exhausted all efficiency measures and there is a demonstrated need to increase revenue, 35.8% surveyed prefer a rate rise in comparison to 33.5% who would prefer a reduction in services. It is important to note that 30.6% of those surveyed did not make a decision either way.

The conclusions from the community consultation were integrated into the Improvement Plan.

No queries were raised during public exhibition and the Improvement Plan was formally adopted at Council's 24th June 2015 Ordinary Meeting.

Council employees, councillors and executive management were all actively involved and consulted in the preparation of the Improvement Plan. Members of the executive management team attended various meetings and bootcamps and consulted with peers within Local Government circles.

The resultant Improvement Plan and Template 2 submission is a truly collaborative document which will underpin our success and ensure we are "Fit For the Future".

In the conduct of its community consultation activities, Council engaged the services of a community engagement specialist, Ms Cate McMahon of Invigor Consulting.

3.5 Other actions considered

In preparing your Improvement Action Plan, you may have considered other strategies/actions but decided not to adopt them. Please identify what these strategies/actions were and explain why you chose not to pursue them.

For example, neighbouring council did not want to pursue a merger, unable to increase rates or increase borrowing, changes in policy or service standards.

- Following extensive consultation with the community, LPSC is electing to stand alone. The results of the extensive community consultation process are shown at Annexure 6.
- Regardless of this position, the adjoining Gunnedah Shire Council (GSC) has been comprehensively and collaboratively consulted throughout the FFTF review process. Like LPSC, GSC is intending to also stand alone and will complete Template 2. Notwithstanding, both councils will leverage off each other's individual expertise and unique circumstances and participate in an innovative resource sharing arrangement. This approach has been formalised into an agreement (Annexure 3). This arrangement is further enhanced through both councils' participation in the pilot Namoi Joint Organisation.
- Service levels have not been changed at this time. The results of the community survey indicate that our community wish Council to pursue efficiency strategies before changing service levels or increasing rates. In the event council has exhausted all efficiency measures and there is a demonstrated need to increase revenue, 35.8% surveyed prefer a rate rise in comparison to 33.5% who would prefer a reduction in services. It is important to note that 30.6% of those surveyed did not make a decision either way.
- Immediate request for an increase in the SRV to a level that would achieve the benchmarks was considered counterproductive in the current economic climate. Care has been taken not to place too great an impost on a rural community suffering from the effects of a drought.

4. How will your plan improve performance?

4.1 Expected improvement in performance

Measure/ benchmark	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-7.89%	-3.81%	-3.12%	-.14%	1.76%	4.18%	No
Own Source Revenue Ratio (Greater than 60% average over 3 years)	55.77%	58.97%	62.57%	62.94%	63.25%	63.41%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	88.31%	90.9%	91.35%	93.02%	95.4%	100.11%	No
Infrastructure Backlog Ratio (Greater than 2%)	.02	.02	.02	.02	.02	.02	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	101%	101%	101%	102%	102%	102%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	1.49%	.66%	.71%	.7%	.67%	.68%	Yes
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	\$2,167 per capita	\$1,992 per capita	\$1,902 per capita	\$1,849 per capita	\$1,816 per capita	\$1,774 per capita	Yes

4.1 Expected improvement in performance

If, after implementing your plan, your council may still not achieve all of the Fit for the Future benchmarks, please explain the likely reasons why.

For example, historical constraints, trade-offs between criteria, longer time required.

Council has taken a structured and ordered approach to achieving the Fit For the Future Benchmarks.

By 2019/20 all ratios will be met.

A longer time will be required to meet the benchmarks time scale (average over a number of years) with all benchmarks achieved by 2021/22.

Liverpool Plains Shire Council
10 Year Financial Plan for the Years ending 30 June 2025
KEY PERFORMANCE INDICATORS - GENERAL FUND
Scenario: Option 1 - 3.5% rate increase y3, y4, y5

		Current Year 2014/15	Projected Years									
			2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
New Note 13 Ratios												
Operating Performance Ratio 1)	Snapshot											
	Actual Ratio	-7.89%	-4.27%	-3.01%	0.34%	2.64%	5.39%	5.41%	6.70%	6.67%	7.21%	6.64%
Own Source Operating Revenue Ratio 1)	Snapshot											
	Actual Ratio	55.77%	58.47%	62.11%	62.66%	63.13%	63.46%	63.71%	63.81%	63.84%	63.85%	64.26%
Building & Infrastructure Renewals Ratio	Snapshot											
	Actual Ratio	88.31%	93.13%	95.94%	97.17%	99.78%	102.37%	103.78%	103.95%	101.63%	103.80%	102.99%
Infrastructure Backlog Ratio	Snapshot											
	Actual Ratio	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Asset Maintenance Ratio	Snapshot											
	Actual Ratio	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23
Debt Service Ratio	Snapshot											
	Actual Ratio	1.49%	0.67%	0.72%	0.70%	0.68%	0.68%	0.66%	0.67%	0.65%	0.63%	0.62%

The projected result is a gradual improvement in Council's sustainability, efficiency and effective Infrastructure and service management.

The changes made under the Improvement Plan need to be carefully monitored to ensure that they are effective. The Improvement Plan itself must be considered to be a living document and should be subject to constant scrutiny and public accountability.

Care has been taken not to place too great an impost on a rural community suffering from the effects of a drought. An SRV increase of the magnitude that would have been required to place Council in a sustainable position within the required time frame was considered counterproductive in the current economic climate.

The impact on Council's performance as the improvement process takes effect must also be measured. Should the benefits gained through the improvement process meet expectations the proposed SRV may be reduced, however in the spirit of prudent planning a conservative approach has been taken.

Council has also considered the multiplier effect of reductions in Council spending on the community (in the order of .86 total GRP impact (\$m) and total job impact (FTE) 8.9 – per AURIN/University of Adelaide EIAT tool for the Public Administration Sector). In a smaller rural community the importance to the local economy of its Council cannot be underestimated. Care must be taken that as efficiencies are achieved it is not at the cost of the financial viability of the community we serve. As we move forward with the improvement process effective community consultation will continue.

Council also operates both water and sewer funds. The overall performance of Council using the required analysis methodology presents a positive picture for all ratios.

Operating Performance and Building & Infrastructure Renewals Ratios:

Liverpool Plains Shire Council

KEY PERFORMANCE INDICATORS - CONSOLIDATED

Scenario: Option 1 - Variation 3.5% in Years 3, 4 & 5

		Current Year	Projected Years				
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Council's Target Benchmarks							
Operating Performance Ratio 1)	Snapshot	↓					
	Actual Ratio	-5.79%	1.63%	2.22%	4.33%	6.40%	8.74%
Building & Infrastructure Renewals Ratio	Snapshot	↓					
	Actual Ratio	97.56%	99.67%	111.08%	124.47%	121.28%	110.65%

5. Putting your plan into action

How will your council implement your Improvement Action Plan?

For example, who is responsible, how the council will monitor and report progress against achieving the key strategies listed under Section 3.

Council has taken the FFTF process very seriously, as has been demonstrated in its significant efforts to date. Council is very committed to seeing the process through to ensure the projected outcomes are delivered.

A whole of Council approach will be pursued to the delivery of the Improvement Action Plan.

A steering committee comprising members from all stakeholders groups (Councillors, Community and Council Staff of all levels) will be set up.

The actions stated in this template will be used as the initial benchmarks for Councils performance. As the Improvement Plan is integrated into Councils culture new benchmarks will evolve.

Half yearly reports will be prepared and presented to Council ensuring that dedicated milestones are being met by the responsible stakeholders.

The performance agreements of the General Manager, Executive Staff and Senior Management will be amended to incorporate respective directorate FFTF action responsibilities.

Additional transparency into Council's progress as it implements its Improvement Plan will be provided for all stakeholders through Councils intranet and website.

FFTF progress reports will form part of Council's Annual Report program.

There is a very strong commitment to the action plan recommendations across the entire organisation as staff have been actively 'brought along' throughout the FFTF consultation process.

Council is also fully committed to a further independent review of performance by adopting a review milestone whereby TCorp (or other similar organisation) would undertake a review of Council's progress in achieving the stated FFTF outcomes by year 5 2020/21.