

Blacktown City Council Improvement Proposal

(Existing structure)



Office of
Local Government



Council name: **Blacktown City Council**

Date of Council resolution endorsing this submission: **17 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.

The Independent Local Government Review Panel (ILGRP) did not recommend any merger for Blacktown City. Accordingly, Council prepared a *draft FFTF Improvement Proposal* for public consultation. Following exhibition, the draft proposal was adopted, with minor amendments arising from the assessment methodology published by IPART, at Council's Ordinary meeting of 17 June 2015.

Financial benchmarks

Full details of Blacktown City's current and projected performance against the FFTF financial indicators and benchmarks are provided in the relevant sections and in **Attachment 1 - Appendix 1**. Blacktown City presently meets the benchmark for only 1 of the 7 indicators as originally required. According to the revised IPART methodology announced in June 2015, Blacktown City would meet 2 of the 7 indicators. We are unlikely to meet several of the other benchmarks in the near future, for reasons detailed in this document. This does not indicate an unsustainable financial position, but rather reflects the need for a more appropriate and realistic assessment method for growth councils.

Some of the indicators are inappropriate for councils in high growth areas such as Blacktown City. Three of the indicators are impacted by depreciation, for which there is no state-wide standard (this is addressed in detail in **Attachment 1 - Appendix 2**). Overall, the FFTF financial benchmarks do not provide an adequate or complete indication of a council's performance or long-term sustainability.

The FFTF financial criteria have been fully addressed in **Attachment 1** in the proper context of Council's actual financial position. Council's external auditor, PricewaterhouseCoopers, has provided a detailed analysis attesting to Council's actual position as one of the financially strongest councils in NSW. This document is included as **Attachment 1 - Appendix 2**.

Blacktown City's *Long Term Financial Plan 2015-2025* which is provided as **Attachment 2** provides the detailed financial analysis and modelling to substantiate Council's position.

IPART has advised in its revised methodology that it will use an overall assessment of operating and capital expenditure sustainability to rate councils, rather than a benchmark pass/fail approach. On this basis, Blacktown City should clearly be assessed as 'fit for the future' and in fact, as one of the most sustainable councils in NSW.

Improvement action plan

The improvement action plan identified by this proposal is in keeping with the adopted and proposed plans of Blacktown City Council and does not represent any change of strategic direction for the City. Council's strategy encompasses the requirements for future operational efficiency, sound management of infrastructure and services and financial sustainability.

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?

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

Yes

Details are provided in Attachment 1 – section 1.2

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.

City Profile

Blacktown City is the largest local government area by population in NSW and the fourth largest in Australia, with an estimated resident population in 2014 of over 332,000. With most of Sydney's North West Growth Centre located in Blacktown, the City is expecting a further 25 years of sustained growth, to reach a total population of some 540,000 residents.

The Blacktown community is highly diverse in background, with residents from nearly 180 countries of origin speaking around 170 languages. 45% of the population is under 30 years of age and there are 135 schools located in the Blacktown local government area. There is also a significant aged population.

Blacktown City is an economic powerhouse of Western Sydney, with an economy measured at \$13 billion per annum (some 2.8% of the NSW Gross State Product) and extensive employment areas supporting approximately 110,000 local jobs and 18,000 businesses. There are 16 industrial estates and major commercial centres in Blacktown.

Extensive transport links (including 3 motorways and 10 railway stations) make Blacktown a regional hub of the metropolitan area. The road network consists of over 1,200 km of local roads and 90 km of regional roads.

The City currently consists of 48 suburbs, with distinct socio economic diversity between long established residential areas, including some of Australia's most disadvantaged urban areas, together with several identified urban renewal areas and new residential developments with very different needs and expectations.

Council profile

Blacktown City Council currently employs over 1,800 staff (approximately 1,400 FTE), of whom the majority are local residents. This makes Council one of Australia's largest local government organisations and a significant local employer.

Council is responsible for some \$2.8 billion in public assets (including road and transport infrastructure, community buildings and facilities, drainage networks and open space reserves). This asset base has grown by \$1 billion since 2001. With the development of the North West Growth Sector, a further \$2.5 billion worth of assets are expected to come under Council control.

Council provides over one hundred services to the community across 37 functional areas, as well as many essential internal support services. Council must change and evolve to meet the needs of its community and stakeholders. In this context, Council needs to ensure that as the City grows, its resources are used in the best way to provide optimum services.

The diversity of its community will require Blacktown City Council to continue to address the equity of service delivery to the different areas of the City. This will be an essential requirement of its future planning.

Blacktown City Council was a leader in the transition to local government Integrated Planning and Reporting in 2010. The formal adoption of this new framework was preceded by a long experience of strategic planning for the needs of the City, long term financial planning and strategic asset management.

2.2 Key challenges and opportunities

Strengths	Weaknesses
<p>Refer to Attachment 1 – section 2.2 (pages 8 – 13) for a summary of the key challenges and opportunities of Blacktown City.</p> <p>This information indicates relevant strengths, weaknesses, opportunities and threats. It also outlines the ‘trigger projects’ which are identified in the Community Strategic Plan <i>Blacktown City 2030</i> as transformational initiatives for the future of the City.</p>	
Opportunities	Threats

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)	-7.9%	No	-6.39%	No
Own Source Revenue Ratio (Greater than 60% average over 3 years)	62.80%	No	52.22%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	41.30%	No	43.15%	No

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

Operating Performance Ratio

The benchmark for this ratio is +0% or better, meaning the operating result excluding capital grants and contributions needs to be a surplus. Council's average operating performance ratio over the past 3 years was -5.1%. This ratio is significantly impacted by the annual depreciation expense of Council assets. This ratio has also not been adjusted for the impact of the Federal Government ceasing to pay the Financial Assistance Grant (FAG) in advance as had been the case in previous years. This has also had a negative impact on Council's ratio for 2013/2014.

Own Source Revenue (*excluding* Financial Assistance Grant)

Council exceeded the benchmark of 60% in 2013/14 with a ratio of 62.80%, however the 3 year average was below the benchmark at 58.1%. For Council, this indicator is largely affected by our high levels of development activity, which means a significant proportion of Council's revenue is from Section 94 developer contributions and non-cash contributions (works in kind). Whilst Council continues to experience the current extremely high level of development activity, it is unlikely in the short term that Council will achieve this indicator.

Note: **Attachment 1 – Appendix 1** page 28 provides the Own Source Revenue Ratio *including* Financial Assistance Grant – as provided for in IPART's assessment methodology page 16. As Blacktown City receives approximately \$18 million - \$19 million per annum in FAG revenue, this factor makes a substantive difference and the benchmark would currently be met including FAGs.

Building and Infrastructure Asset Renewal

Council's 3 year average was 37.82%. In 2013/14, the ratio was 41.3%, which was an increase on the previous year. This was because Council increased the amount spent on renewing existing assets from \$16.776 million in 2012/13 to \$19.330 million in 2013/14. Following the approval of Council's special rate variation for asset renewal, the amount to be spent on asset renewal will increase by more than \$10 million annually, however the ratio is unlikely to improve significantly due to the additional depreciation expense to be incurred with all the new assets being constructed in the North West Growth Centre over the next 10 to 20 years.

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%)	3.04%	No	0.97%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	90.80%	No	100.00%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	0.00%	No	0.00%	No

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

Infrastructure Backlog Ratio

The higher this ratio, the higher a council's relative backlog as a proportion of its total infrastructure portfolio. The benchmark for this ratio is for the backlog to be less than 2% of the fair value of council's infrastructure assets. Council's ratio for 2013/14 was 3.04%. This ratio will improve over the next few years due to Council's asset renewal funding strategy including the approved special rate variation.

Note: **Attachment 1 – Appendix 1** page 30 provides the Infrastructure Backlog Ratio calculated using Fair Value not Written Down Value – as provided for in IPART's assessment methodology page 17. This is the more appropriate industry standard, and further improves Blacktown City's performance against this benchmark.

Asset Maintenance Ratio

The benchmark for this ratio is for the 3 year average to be greater than or equal to 100%. That is a council should be spending at least the required expenditure on asset maintenance as shown in "Special Schedule 7 - Report on infrastructure assets" of their annual financial statements.

Council's 3 year average was 94.70%, this implies that Council is not currently spending enough on the maintenance of its assets, however this will improve over the coming years as indicated in the following section.

Debt Service Ratio

This indicator is not considered relevant when assessing Blacktown's Fit For the Future credentials. Blacktown is penalised by this indicator due to its strong long standing financial management strategies which have allowed Council to maintain a debt free status since 1999.

This indicator does not factor in our sound fiscal practices of maintaining an annual Infrastructure Sinking Fund, which was set up as a source of funding for major capital in lieu of debt, nor does it recognise the internal borrowings Council has approved to forward fund and expedite major capital works throughout the City.

IPART has advised in its revised FFTF assessment methodology that it will consider whether debt is necessary for the council's asset base.

Blacktown City has operated the Infrastructure Sinking Fund as an alternative mechanism to debt since 1996/97. Its importance and effectiveness as an alternative to debt was validated by IPART through Council's Special Rate Variation application which was approved in 2014/15.

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 <small>A decrease in Real Operating Expenditure per capita over time</small>	\$689.17	Yes	\$681.03	Yes

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

Real Operating Expenditure per capita

The basis for this indicator is that a council can realise natural efficiencies as population increases (through lower average cost of service delivery and representation). It can also assess how well a council is able to make the necessary adjustments to maintain current efficiency if population is declining (e.g. appropriate reductions in staffing or other costs).

For Council, this benchmark peaked in 2012 at \$709.29 per capita which has then declined over the past 2 years reaching \$689.17 as at the end of the 2014 financial year.

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.

This criterion includes the following 3 FFTF indicators and benchmarks:

- **Operating Performance Ratio (> or equal to break-even average over 3 years)**

The current position is not expected to improve, for the reasons detailed in **Attachment 1 - section 2.3**. The impact of depreciation on a high growth council makes this benchmark unrealistic for Blacktown City, as detailed in **Attachment 1 – Appendix 2**.

- **Own Source Revenue Ratio (> 60% average over 3 years)**

As noted in **Attachment 1 - section 2.3**, the inclusion of Financial Assistance Grant revenue substantially improves Council's performance against this benchmark, as Blacktown City receives some \$18 million - \$19 million per annum in FAGs.

The current position is not expected to improve within the FFTF timeframe, as Council will continue for many years to have very high developer contribution / works in kind income due to the development of the North West Growth Centre.

- **Building and Infrastructure Asset Renewal Ratio (>100% average over 3 years)**

Council is effectively managing its renewal backlog, following the adoption in 2014 of its asset renewal funding strategy, including a special rate increase and further significant allocations of funding in 2014/15 and planned for 2015/16. However, due to the very large quantum of new assets from NWGC development (which will not require renewal at this stage) the benchmark is not achievable.

Other key improvement initiatives

It is noted that the definition of 'sustainability' in the FFTF process is very narrow, in terms of the prescribed indicators and benchmarks. Council's *Long Term Financial Plan 2015-2025* (**Attachment 2**) and the analysis provided by our external auditors (**Attachment 1 - Appendix 3**) clearly demonstrate Blacktown City's financial sustainability.

- Quadruple Bottom Line (QBL) – The FFTF criteria do not provide for assessment of the long term sustainability and wellbeing of a city, measured against broader sustainability principles such as QBL, which is the basis for Integrated Planning and Reporting as provided by the Local Government Act. Blacktown City has adopted QBL as core to its strategic planning and is currently developing a leading practice framework for QBL measurement of both Council operations and City sustainability.

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.

The key assumptions that drive Blacktown City's financial performance in terms of each of the indicators are provided in the commentary on the indicators in **Attachment 1 – Appendix 1** and fully detailed in **Attachment 2 – LTFP Assumptions** (pages 4-13).

3.1 Sustainability

Outline your strategies and outcomes in the table below.

3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
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Strategies and outcomes are detailed in **Attachment 1** (Blacktown City's adopted Fit for the Future Improvement Proposal) and supported by **Attachment 2** (Long Term Financial Plan 2015-2025).

The approach is explained and specific commentary and references are provided in the summary table for 3.1 above.

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.

This criterion includes the following 3 FFTF indicators and benchmarks:

- **Infrastructure Backlog Ratio (<2%)**

This benchmark is expected to be met within the next two years and to be maintained, due to Council's asset renewal funding strategy, including the permanent Special Rate Variation approved in 2014/15 and significant additional injections of funding from other sources in the past year.

- **Asset Maintenance Ratio (>100% average over 3 years)**

This benchmark is also expected to be met within the next two years and to be maintained, due to Council's asset renewal funding strategy.

- **Debt Service Ratio (>0 and less than or equal to 20% average over 3 years)**

Blacktown City Council has been debt free for over 15 years and has no current intention to use borrowings. Council operates an Infrastructure Sinking Fund as an alternative to debt. The formula for this indicator is too generic and not appropriate to all councils, as a debt free status is in general an indicator of financial strength, not weakness.

It is noted that IPART has recognised in its revised FFTF assessment methodology that it will, more appropriately, consider whether debt is necessary for the council's asset base and is feasible.

Blacktown City has operated an Infrastructure Sinking Fund as an alternative mechanism to debt since 1996/97. This fund was set up to be (in lieu of debt) a source of funding for major capital works, including infrastructure asset renewal. Its importance and effectiveness was validated by IPART through Council's Special Rate Variation application which was approved in 2014/15.

Other key improvement initiatives

- Infrastructure planning and asset management – Council's strategic approach to infrastructure planning and asset management is reflected in its Resourcing Strategy. This approach enables Council to efficiently apply its allocated resources to maintain and implement an asset renewal program of each category of infrastructure. The application of 10-year modelling of maintenance and renewal requirements is based on condition assessments, statistical analysis of historical asset investment, existing asset conditions, together with the prioritisation of new or upgraded services. This process forms the basis of the proposed annual Works Improvement Program (capital works program) and ensures that a longer term focus is maintained for works which will be required in future years.

The Asset Management Strategy and LTFP are aligned over the 10 year planning period to ensure that a robust financial model provides for the appropriate investment in assets and services.

- Better Practice Reviews – Council is implementing a comprehensive program to review the direction and performance of all services and consider the balance of its future services. This involves a consistent review method for analysis, including the engagement of all appropriate stakeholders and setting effective benchmarks. It is the basis for a structured program of continuous business improvement.

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

The key assumptions that drive Blacktown City's financial performance in terms of each of the indicators are provided in the commentary on the indicators in **Attachment 1 – Appendix 1** and fully detailed in **Attachment 2 – LTFP Assumptions** (pages 4-13).

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
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Strategies and outcomes are detailed in **Attachment 1** (Blacktown City's adopted Fit for the Future Improvement Proposal) and supported by **Attachment 2** (Long Term Financial Plan 2015-2025).

The approach is explained and specific commentary and references are provided in the summary table for 3.2 above.

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.

This criterion includes the following FFTF indicator and benchmark:

- **Real Operating Expenditure per capita over time (a decrease in real operating expenditure per capita over time)**

Council currently meets this benchmark and expects to continue to so, due to the growth of the Blacktown City population and the operational efficiencies which it will continue to make.

Other key improvement initiatives

- Operational budget savings – Council operates a long established discipline in the preparation of its annual budget of limiting operating costs, other than employment related costs, at the previous year's level. It is estimated this discipline has helped achieve savings in the order of \$1 million per year in the last decade. This practice helps ensure annual operational efficiencies are maximised, and opportunities are provided to allow for the expansion of functional areas in a prioritised approach.
- Service efficiencies – The Better Practice Reviews program noted above has a primary goal to ensure that Council provides the community with the services which it determines to deliver in the most effective and sustainable manner. While service improvement and best practice delivery is the fundamental aim of the program, every review will examine the impact of reduced or increased budget allocations through robust testing. Reviews will also be expected to identify any potential for significant operational savings.
- Development Application processing – Council will continue to make specific improvements and efficiencies in many of its operations over time. One significant example in 2015/16 is the target to improve processing performance for more complex planning applications by 50% over the level achieved in 2014/15. Blacktown City has the highest volume of development applications in NSW and is already highly efficient in processing complying and routine applications. Through the introduction of a planning 'gateway' approach, more complex applications will be streamlined and dealt with more efficiently.

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

The key assumptions that drive Blacktown City's financial performance in terms of each of the indicators are provided in the commentary on the indicators in **Attachment 1 – Appendix 1** and fully detailed in **Attachment 2 – LTFP Assumptions** (pages 4-13).

3.3 Efficiency

Outline your strategies and outcomes in the table below.

3.3 Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
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Strategies and outcomes are detailed in **Attachment 1** (Blacktown City's adopted Fit for the Future Improvement Proposal) and supported by **Attachment 2** (Long Term Financial Plan 2015-2025).

The approach is explained and specific commentary and references are provided in the summary table for 3.3 above.

3.4 Improvement Action Plan

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

Action plan

Actions

Actions are detailed in **Attachment 1** (Blacktown City's adopted Fit for the Future Improvement Proposal) and supported by **Attachment 2** (Long Term Financial Plan 2015-2025).

The approach is explained and specific commentary and references are provided in each of the relevant tables in sections 3.1 – 3.3 above.

*** Please attach detailed action plan and supporting financial modelling**
Refer to Attachments 1 and 2.

Milestones

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.

Blacktown City's draft FFTF Improvement Proposal was developed by staff in response to the Government's requirements and approved by Council. No external assistance was engaged in the preparation of this proposal.

The draft proposal was exhibited for comment by the Blacktown City community and its stakeholders in the period 6 May – 2 June 2015. This

was carried out in conjunction with the exhibition of Council's *Long Term Financial Plan 2015-2025* and the draft *Delivery Program 2013-2017 and Operational Plan 2015/16*.

Following consideration by Council of all these finalised documents, including the results of the consultation, the FFTF Improvement Proposal (**Attachment 1**) was adopted by Council at its Ordinary meeting of 17 June 2015 and submitted to IPART by 30 June 2015.

As the financial modelling (including costs/benefits, risks and assumptions) which supports the Improvement Action Plan is largely provided by the *Long Term Financial Plan 2015-2025* (**Attachment 2**), this document also forms part of Council's proposal.

The actions to be undertaken by Blacktown City to respond to FFTF are as described in **Attachment 1 - sections 3.1 – 3.3** and in **Attachment 1 - Appendix 1**.

The Improvement Action Plan is in keeping with the policy settings and directions of Blacktown City as documented in its Integrated Planning and Reporting Framework documents, particularly Council's *Long Term Financial Plan 2015-2025* (**Attachment 2**). The action plan also incorporates adopted or already intended enhancements to Council's management approaches and service delivery. These are noted in the commentary on "Other key improvement initiatives" in tables 3.1 – 3.3 above.

It is not considered that Blacktown City needs to undertake, in order to satisfy the FFTF requirements, any actions which are otherwise outside Council's existing strategic directions and Integrated Planning and Reporting Framework documents.

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.

In order for Blacktown City to meet all of the FFTF benchmarks, it would be necessary for Council to depart from its well-considered strategy and to undertake actions which may not be prudent or realistic. This is discussed in terms of each of the indicators and benchmarks in **Attachment 1 - Appendix 1**.

As Council considers that the benchmarks overall do not provide an adequate or complete indication of a council's performance or long-term sustainability, it does not propose to pursue strategies which are not otherwise justified by their merit.

In summary, the strategies which could be undertaken by Council to meet the FFTF benchmarks (but are not presently proposed) include the following:

- Increasing own source operating revenue by \$20 million to \$30 million per annum (or in regard to other indicators, reducing operating expenditure) by methods such as:
 - significantly increased user fees and charges
 - discontinuing services or significantly reducing the level of services provided
- Special Rate Variation – Council has already undertaken a special variation application in 2014/15 which was approved by IPART and entirely directed to infrastructure asset renewal. This is fundamental to Council's asset renewal funding strategy for the next 10 years.
- Use of debt - While Council may further consider the appropriate use of borrowings in the future; there is no current intention to change Council's long standing debt free status. The use of debt to fund any operational or recurrent expenditure is not considered appropriate or necessary. Council has operated an Infrastructure Sinking Fund as an alternative mechanism to debt since 1996/97.

Overall, Council has not considered a significant change of its strategic direction or of its Long Term Financial Plan to be reasonable or necessary for Blacktown City to become and remain a strong and sustainable local government entity.

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)	-4.16%	-4.30%	-6.39%	-7.58%	-8.32%	-9.17%	No
Own Source Revenue Ratio (Greater than 60% average over 3 years)	72.71%	58.96%	52.22%	50.95%	49.39%	51.18%	No
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	40.38%	46.36%	43.15%	40.82%	38.41%	36.59%	No
Infrastructure Backlog Ratio (Less than 2%)	2.24%	1.58%	0.97%	0.54%	0.25%	0.13%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	100%	100%	100%	100%	100%	100%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	No
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	\$700.55	\$694.43	\$681.03	\$689.72	\$688.29	\$687.22	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.

Council's anticipated improvement in performance against the Fit for the Future benchmarks over the period 2015/16 to 2019/20 is provided in detail in **Attachment 1 - Appendix 1**.

Detailed supporting information to verify these forecasts is provided by Councils *Long Term Financial Plan 2015 – 2025*, which is provided as **Attachment 2**.

Attachment 1 – Section 2.4 addresses in detail the other key financial information and indicators which should be taken into account in an adequate assessment of councils, particularly high growth councils such as Blacktown City. The indicators used as part of FFTF apply a one size fits all methodology. This is not necessarily appropriate for all councils which will have different local factors that impact the results.

Depreciation is a key factor impacting 3 of the indicators. The current lack of consistency in NSW local government practice and reporting means that councils with a conservative policy regarding depreciation, such as Blacktown City, are disadvantaged by some of the FFTF benchmarks. This issue is addressed in detail in **Attachment 1 - Appendix 2**).

Other indicators that should be considered for FFTF:

- Available and projected working capital balances
- Liquidity ratios such as the unrestricted current ratio
- Year end results against budget
- Re-votes of expenditure (assesses capacity issues and ability to deliver key projects)
- Debtor management

5. Putting your plan into action

How will your council implement your Improvement Action Plan?

For the reasons detailed in this proposal, it is not considered that Blacktown City requires any change in strategic direction to become 'fit for the future' or to remain a strong and sustainable local government body.

The Improvement Action Plan which is identified in this proposal is therefore in keeping with the policy settings and directions of Blacktown City Council's Integrated Planning and Reporting Framework, particularly its *Long Term Financial Plan 2015-2025* (provided as **Attachment 2**) and with adopted or planned enhancements to Council's management approaches and service delivery.

No initiatives are proposed which are not in accordance with Council's strategy for Blacktown City, as reflected in its IP&R documents.

Council's *Delivery Program 2013-2017 and Operational Plan 2015/16* identifies the accountability of Council officers for each aspect of Council's program, including the response to the FFTF criteria as detailed in this document.

To reflect the importance of the Fit for the Future process, a coordinating action to respond to the reforms has been included in the 2015/16 Operational Plan, as follows:

Strategic Direction 6 – Action 3.1.1
Implement Council's Fit for the Future improvement proposal

This action will be regularly reported to Council and the community through the normal quarterly review process.