

Council Improvement Proposal

(Existing structure)



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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 City Council

Date of Council resolution endorsing this submission: 17 June 2015

1.1 Executive Summary

As the regional city for South Western Sydney, the Liverpool local government area covers an area of 305 square kilometres. The City of Liverpool is a well-connected transport hub that is strategically positioned as the capital of South West Sydney. Council currently serves a population of approximately 200,000 people, which will grow significantly to around 295,000 by 2031. Liverpool is one of the largest and most diverse local government areas in Sydney, with continuing growth in population, housing, investment, industry and infrastructure.

In October 2014, the State Government's *Fit for the Future* (FFTF) program requested that Council consider the following two options:

1. Liverpool amalgamate with Fairfield City Council.
2. Create a 'Joint Organisation' in conjunction with (and requiring agreement from) Fairfield, Bankstown, Camden, Campbelltown and Wollondilly councils.

In-depth analysis, community consultation and research were undertaken regarding these various options. After careful consideration Council determined that:

- An amalgamation with Fairfield City Council (FCC) would be unlikely to generate sufficient financial savings and community benefits due to the competing priorities of the two organisations. Council's priority over the next five years is to plan for the projected growth, develop its city centre to attract jobs and investment which service the whole of the South Western Sydney region, and partner with the State and Australian governments to plan for the Western Sydney airport at Badgerys Creek. FCC's focus is to address its high levels of social disadvantage, provide accessible community services, programs and facilities and advocate against the airport.¹
- An amalgamation with a council in the South West Growth Centre would have more merit due to greater strategic alignment and population synergies.
- The development of a Joint Organisation has merit and could result in significant community benefits and shared services, however despite attempting to facilitate several meetings, it was difficult to secure agreement from the five proposed councils.

¹ Fairfield City Council – *Badgerys Creek airport proposal* – weblink: www.fairfieldcity.nsw.gov.au/default.asp?iDocID=11245&iNavCatID=3693&iSubCatID=3694

Financial sustainability — Fit for the Future benchmarks

In developing its Delivery Program and Operational Plan and Budget 2015/16, Council undertook a range of internal assessments and determined it was able to meet the FFTF benchmarks by 2018/19. Below is a table of Council's FFTF performance from 2013/14 to 2018/19.

	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
Operating Performance Ratio Benchmark $\geq 0\%$ - average over 3 years	-1.29%	-3.32%	-2.89%	-0.82%	-0.23%	0.02%
Own Source Operating Ratio Benchmark $> 60\%$ - average over 3 years	67.05%	70.40%	71.71%	71.87%	71.32%	72.24%
Building & Infrastructure Renewals Ratio Benchmark $> 100\%$ - average over 3 years	79.81%	80.51%	96.82%	100.66%	108.68%	100.23%
Infrastructure Backlog Ratio Benchmark $< 2\%$	5.2%	3.9%	2.9%	2.9%	2.3%	1.9%
Asset Maintenance Ratio Benchmark $> 100\%$ - average over 3 years	87%	93%	103%	113%	114%	114%
Debt Service Ratio Benchmark $< 20\%$ - average over 3 years	6.58%	6.14%	5.95%	5.71%	5.41%	4.84%
Operating expenditure per capita Benchmark – trending downwards	\$682	\$684	\$636	\$621	\$607	\$595

Completed improvement strategies

In order to improve its current financial sustainability Council has already implemented the following:

- Appointment of a new CEO with significant experience in managing leading, progressive councils in growth areas throughout Australia.
- Creation of a Business Improvement Directorate to manage major initiatives and the overall transformation of Council. Currently 53% of Council's processes have been mapped to identify efficiencies.
- Implementation of a range of efficiency improvements which have contributed to a forecast 30 June 2015 surplus of \$3.7m as at 31 May 2015 (compared to the \$8.3m deficit in 2013/14).
- Transformation of the Council's financial and performance reporting.
- Achievement of a "Strong" audit rating by TCorp Infrastructure for Council's asset management framework in 2013.

- Updating and integrating Council's Asset Management Plan and Workforce Management Plan with the Long-term Financial Plan that is forecast to achieve FFTF benchmarks.
- The implementation of a range of industry leading e-Planning software tools.
- Creation of panel arrangements for major trades.
- Independent review of all outdoor and building services.
- Creation of the Committee for Liverpool, a high-level advisory group providing expertise and input into the strategic direction of Liverpool.

Further planned improvement strategies

- Installation of a state-of-the-art wide area network that will increase the productivity of current systems, enable a new organisation wide cloud VOIP telephony/call centre system and enable better IT service from the cloud by Aug 2015.
- Investment of \$2.3m to transform its customer services to an innovative industry leading multi-channel customer contact service that will provide future commercial revenue by Oct 2015.
- In addition to increasing renewal funding to \$32m average per year, continued investment in improving asset management practices.
- Implementation of recommendations from the 2014 *Services to the Community* review to ensure frontline services to the community are performed efficiently as possible.
- Implementation of a community facilities strategy to consolidate council facilities.
- Reduction in the infrastructure backlog from 5.2% (2013/14) to less than 1.9% by 2018/19.
- Further rollout of e-Planning within Council and development of the service as a commercial offering.
- Strengthening of the Economic Development Unit in order to attract business and investment to the region.

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/No – No

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).

Liverpool City Council is a progressive Council that has been at the forefront of Local Government reform and transformation. Council has demonstrated significant scale and strategic capacity to deliver services, now and into the future.

A detailed response to how Liverpool meets the key elements of strategic capacity is attached to this document. A high level summary of the key points detailed in the response is outlined below:

- As the regional city for South West Sydney, Liverpool is one of the largest councils in NSW covering an area 305 square kilometres. Geographically, its size is consistent with the size of the preferred merged entities outlined in the Independent Local Government Review Panel's final report.
- With a projected population of 295,000 people by 2031, its population size is significantly larger than nine out of the eighteen proposed mergers and is similar to that of Penrith².

² Revitalising Local Government – Final Report of the Independent Local Government Review Panel's Final Report – October 2013 (pages 97 & 104-107)

- Since the announcement of Liverpool as the regional city for South Western Sydney, Council's focus has been to conceptualise, strategically plan for, and deliver projects which are aimed at positioning Liverpool as the destination of choice for business, jobs, retail and investment. Council is not just focusing on communities in the Liverpool LGA, but the entire South West region.
- Council has a demonstrated track record of undertaking new functions and delivering major projects. It has the seventh largest expenditure on capital works for metropolitan Councils in NSW; its outlay in 2013-14 was \$47m, well above the metropolitan average of \$32m³. Council has also significantly improved its capacity to deliver capital projects with the forecasted expenditure on capital works for 2014/15 being \$70m.
- The announcement in April 2014 of the Federal Government's decision to proceed with the Western Sydney Airport at Badgerys Creek has generated strong local, national and international interest in development opportunities in Liverpool. Liverpool's population is growing much faster than the Sydney average – currently 2.3%, which is almost twice the NSW average. To ensure the delivery of optimum future outcomes, Council has adopted a strong, strategic leadership approach to planning across the LGA, including economic development, Greenfield areas in the South West growth corridor, revitalisation of the city centre and on the Georges River.
- Council is also playing a strong role at State and Federal levels in advocating for integrated, coordinated land use and infrastructure planning and 'big picture' thinking for South West Sydney, particularly in respect of Badgerys Creek Airport and the Moorebank Intermodal.
- Council has a proven track record working with both government and non-government bodies for the betterment of Liverpool. Most recently, Council established the Committee for Liverpool, a high-level advisory board that contributes expertise, networks and contacts across a range of sectors to support economic and social development activities in Liverpool. The first meeting of the Committee was attended by the Premier, Mr Mike Baird MP.
- In terms of strong leadership, Council has recently undertaken an extensive functional and structural review that has resulted in a substantial difference in the way that Council operates and is led. An expanded senior executive team has been formed over and above the traditional models of local government executive leadership. This includes appointment of a new CEO, FCPA qualified CFO and Director of Business Improvement.
- Liverpool is in the minority of Councils in NSW with a 4-year popularly elected Mayor. This has led to strong, visible leadership for Liverpool, ensuring that Liverpool has a strong standing in Sydney.

³ Attachment 1) Summary of capital expenditure taken from the Special Schedule 7 financial reports of 38 metropolitan Councils

- In recent years, Council has had a demonstrated track record of progressive political leadership attracting significant media attention, investment and growth to the region. Key achievements include; establishing sound relationships with the local Chamber of Commerce, state and federal government, strong advocacy for the Western Sydney Airport, establishing the Committee for Liverpool, a clear plan to revitalise the city centre, the development of a sound working relationship with Liverpool hospital, advocacy and relationship-building to establish a university campus in Liverpool and delivery of the \$38m Carnes Hill Community and Recreation Precinct.

2. Your council's current position

2.1 About your local government area

The Liverpool City Council area is one of the largest local government areas in metropolitan Sydney, covering 305 square kilometres and 42 suburbs. In 2014, Liverpool's population is estimated at 195,000 people from a diverse range of backgrounds. As a stand-alone organisation, it is projected that the population of Liverpool will increase to 295,000 in 2031, well above the mean populations of the mergers proposed in the ILGRP's final report, *Revitalising Local Government* (2013).

The *Plan for Growing Sydney* focuses on transforming Sydney from a single-centred city to a more connected, multi-centred city in which the regional cities of Parramatta, Liverpool and Penrith provide a greater proportion of jobs and services for large parts of the metropolitan area.

The State Government has identified Liverpool city as the regional city for South Western Sydney. Liverpool is geographically positioned as the capital to South Western Sydney. The area has undergone significant infrastructure upgrades and is host to the largest hospital in Australia, high-end retail facilities, and schools and tertiary education facilities (including TAFE and a teaching hospital). It has well established public transport links, major road networks, and a range of recreation and cultural facilities including Chipping Norton Lakes, Casula Powerhouse and Warwick Farm Racecourse and its cluster of equine industries.

Liverpool is also home to significant national infrastructure, in 2014 the Prime Minister announced the second airport at Badgerys Creek and a \$3.5b road upgrade infrastructure package. And it is proposed to develop a hub of intermodal terminals at Moorebank valued at \$1.5b over the next 10 years⁴. These large-scale developments cement Liverpool's position as a true transport city, servicing not just NSW and the South West but the wider national interest.

Council has one of the largest budgets in NSW, the majority of which is directed towards capital works, and one of the lowest operating expenditures per head (see Figure Three below).

⁴ Moorebank Intermodal Company Frequently Asked Questions - www.micl.com.au/faq.aspx#1706

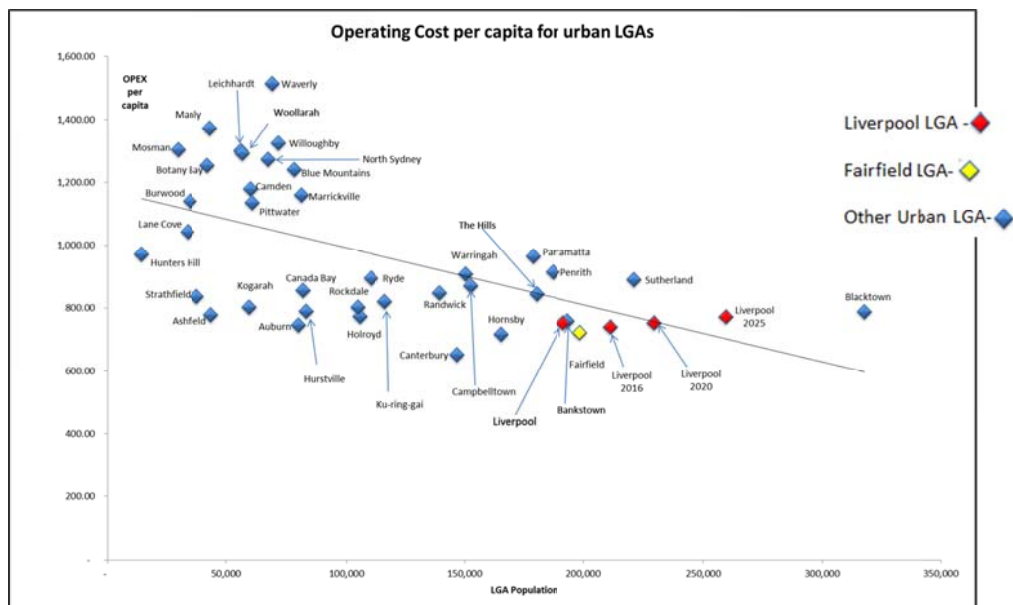


Figure Three: Operating cost per capital for urban LGAs.

Source: Comparative Information on NSW Local Government (2012-2013) & Liverpool's Long-Term Financial Plan (2015)

Key demographic data on Liverpool

- It is culturally diverse, fewer than half of residents (44.4%) speak English at home and just over half (53.8%) of people were born in Australia.
- It is predominately home to families with children, the average household size is 3.4.
- There are currently 62,600 dwellings in Liverpool, which is expected to grow to 100,750 in 2031.

Community priorities as outlined in the Community Strategic Plan (CSP)

More than 3,500 people participated in the development of Council's CSP⁵, nominating as their main priorities for Liverpool:

- A city centre that is home to employment opportunities, entertainment, recreation and key services.
- An efficient planning system which provides access to diverse and affordable housing options.
- A clean, safe and attractive city.
- Easy access to high quality services, programs and facilities.
- Improved health and wellbeing outcomes for the whole community.
- A sense of community pride and identity.
- Increased community engagement and consultation on decisions which affect residents.
- A program of cultural events and activities.
- Environmental sustainability.
- A high quality road and traffic management network.
- A Council that provides business excellence and delivers services that meet community expectations.

⁵ *Growing Liverpool 2023 – the 10-year plan for Liverpool* – weblink: www.liverpool2023.com.au.

2.2 Key challenges and opportunities

Strengths	Weaknesses
<p>Scale & Capacity</p> <ul style="list-style-type: none"> - A robust revenue base, with 70.4% of revenue derived from non-grant sources, with projected increases as Council pursues revenue from a Joint Operation/shared services model with Propel Partnerships. - Home to the state-of-the-art CPAC, a nationally recognised leading cultural and creative institution. - Strong alignment between political and operational leadership. Since election of the Mayor and current Council in Sept 2012, Council has undergone a rapid transformation, appointing a new CEO to streamline Council's service delivery and implementing innovative technology-based solutions to address Liverpool's growth. - An award-winning specialist Economic Development Unit to develop an integrated economic development approach to attracting jobs and investment to the city. - Significant investment in cultural activities and services. - Delivery of a modern WAN resulting in one of the most advanced infrastructures for internet connectivity of any council in Australia. - Consistently on the list for top performing metropolitan councils in the state for diverting waste away from landfill and increasing recycling. - Sound skills in strategic planning, in particular land use, community planning and economic development. - Track record in regional collaboration, including shared services delivery model, Community Recycling Centre and development of a branding strategy for the region. - A progressive advocate for its community, with the objective of accommodating growth and ensuring access to jobs and employment underlying policy and advocacy positions. 	<p>Scale & Capacity</p> <ul style="list-style-type: none"> - A city fringe council that has the challenges of a rural area and urban area and needs to deliver services to a diverse population. - Boundaries for the South West Growth Centre are fragmented and cover several LGAs eg. Leppington is split between two councils and Edmondson Park boundaries fall within two councils. - Uncertainty of amalgamations impacts planning for the future and delivering change. - Performance reporting was not linked to budget and integrated planning documents. <p>Sustainability</p> <ul style="list-style-type: none"> - Utilising existing funds to maximise investment in assets. - Historically ad-hoc procurement and inefficient purchasing systems. - No systemic review of non-regulatory fees and charges with the aim of ensuring effective cost recovery. - Ageing workforce with difficulty attracting and retaining new talent, in particular in Planning and Growth department. - Competing ratepayer base requiring very different level of services, eg. the needs of urban vs rural communities. <p>Infrastructure & Service Management</p> <ul style="list-style-type: none"> - Sufficient funds have not been invested in asset renewals, resulting in a large backlog. - In prior years, Council's asset condition assessment standard has been higher than that provided by the Office of Local Government, resulting in higher estimated costs to bring infrastructure to a satisfactory condition and largely contributing to Council's 'negative' financial outlook by TCorp.

<ul style="list-style-type: none"> - Established working relationships with most State and Australian government agencies, ensuring a direct alignment of its CSP with state and local government planning frameworks. - Established the Committee for Liverpool, a high-level advisory board that contributes expertise, networks and contacts across a range of sectors to support economic and social development activities in Liverpool. The first meeting of the Committee was attended by the Premier, Mr Mike Baird MP. - Stable political leadership with a progressive popularly elected Mayor that has a track record of leadership in the region. - Sound track record of partnering with the State Government to deliver the priorities for Liverpool as listed in the <i>Plan for Growing Sydney</i>⁶ - Strong historical identity and culture. - Good local level representation and sovereignty over decisions. - In term of scale of area, geographic spread is already substantial. - <p>Sustainability</p> <ul style="list-style-type: none"> - Stable Council with an agreed strategy that is being implemented by a new experienced CEO and predominantly new, commercially focused executives. - Sound financial reporting framework. - Strong financial position. - TCorp 2013 FSR rating was sound (Top 25%) – achieved significant financial performance improvement since the rating (modest surplus is forecasted in 2014/15). - Development of a new Resourcing Strategy to align budget and workforce with long-term community goals. 	<ul style="list-style-type: none"> - High level of residential growth and green fill development requiring fast delivery of new infrastructure which competes with the requirement to maintain existing infrastructure and upgrade infrastructure for existing communities. - Council currently has numerous risk management processes, however, an integrated risk management approach that complies with ISO31000:2009 is yet to be achieved. <p>Efficiency</p> <ul style="list-style-type: none"> - Fragmented approach to procurement. - Purchasing systems onerous and out-dated. - Planning for community facilities.
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⁶ A Plan for Growing Sydney – weblink: www.strategy.planning.nsw.gov.au/sydney/the-plan/.

- Action Plan in place to meet FFTF benchmarks without applying for any rates increases above the rate peg.

Infrastructure & Service Management

- Track record of undertaking new functions and delivering major projects, including \$42m Kurrajong Road upgrade and \$35m Carnes Hill Community and Recreation Precinct.
- One of the largest expenditures on capital works for metropolitan councils in NSW. Its outlay in 2013/14 was \$47m, well above the metropolitan average of \$32m⁷.
- Has recently undertaken a review to improve its asset management approach, resulting in a forecast expenditure on capital works for 2014/15 being \$70m.
- Industry leader in its approach to stormwater asset management, winning the NSW Stormwater Award for innovation and excellence in stormwater asset management in 2012.
- Council utilises a pavement management system (SMEC-PMS) that enables Council to develop renewal program based on asset condition, demand and risk.
- Council's asset management processes have been independently audited by TCorp and assessed as 'Strong'.
- Council has recently completed the implementation of a corporate asset management system across all infrastructure asset classes.
- From 2003/4 Council has continually performed systematic condition surveys of all infrastructure asset classes.

Efficiency

- Council has one of the lowest operational expenditure to population ratios with further reductions projected as the population continues to grow.

⁷ Attachment 1 Summary of capital expenditure taken from the Special Schedule 7 financial reports of 38 metropolitan councils.

<ul style="list-style-type: none"> - Entered into a long-term agreement with a commercial provider to boost productivity and improve customer service by creating a fully integrated customer service centre and deliver a major program of business transformation across most of council's front and back offices. - Introduced state-of-the-art technology to modernise the way it processes and determines development applications, including the introduction of dedicated fast-track resources and introduction of innovative e-planning software by October 2015. 	
Opportunities	Threats
<p>Scale & Capacity</p> <ul style="list-style-type: none"> - The capital of South Western Sydney, the fastest growing region in Greater Sydney.⁸ - Sydney's second international airport is to be located in the City of Liverpool. - The capital of a regional economy of \$33.5b. - The capital of a regional population growth of 36% over the next 30 years. - Anticipated future population allows for achievement of increased scale economies. - True 'transport city' including: connectivity via the M5, M7 and rail lines to the east, Cumberland Rail Line, Southern Sydney Freight Line, high bus frequency T-WAY and proposed extension to the South West Rail Link to the second airport. - Revitalisation of the city centre into a true regional city. - South West growth corridor and the airport. <p>Sustainability</p> <ul style="list-style-type: none"> - Improving the quality and efficiency of services to the community by implementing the recommendations from the 	<p>Scale & Capacity</p> <ul style="list-style-type: none"> - Disruption and transition costs of an amalgamation. - Competing strategic priorities of Fairfield and Liverpool LGAs and how this will impact on planning and creating a regional city. - Population growth creating significant pressures on finances, services and the infrastructure network. - Job growth slower than population growth. Liverpool LGA employment grew by 28% between 1996 and 2011 while the population grew by 50% (source: ABS – reference: SGS Report). <p>Sustainability</p> <ul style="list-style-type: none"> - Ageing infrastructure that requires significant renewal to maintain acceptable standards. - Increased operations and maintenance costs needed to support increase in infrastructure. - Most rates and charges are governed by legislation and regulation, preventing true cost recovery for the delivery of services. - Different approaches to parking fine revenue – Fairfield has the highest in the Western Sydney⁹, whereas Liverpool's approach

⁸ A Plan for Growing Sydney – weblink: www.strategy.planning.nsw.gov.au/sydney/the-plan/

<p><i>Services to the Community Review.</i></p> <ul style="list-style-type: none"> - Capitalise on commercial opportunities resulting from residential growth and the Western Sydney airport. - Perform a technology refresh of the Council networks and telephony systems to improve processes (internal and external), enable cloud offerings and increase commercial revenue. <p>Infrastructure & Service Management</p> <ul style="list-style-type: none"> - Centralised approach to building maintenance. - Full integration of asset maintenance expenditure in the total Asset Management Plan. - Reinvest operating surplus to further improve the renewal of existing assets and service delivery. - Integrate s94 planning and management with master planning. - Use of debt and sophisticated s94 funds management to ensure timely infrastructure exists for growing areas. - A maturity audit (best practice audit) of its asset management framework will be performed in 2016 to ensure industry best practice is achieved. - Implement predictive modelling for all asset classes to maximise the return from the asset renewal program. - Implement a demand management strategy to maximise the utilisation of existing assets. - Develop a consolidated asset program after reviewing building utilisation, asset condition and geographical location of all Council's buildings. - Capitalise on the infrastructure and investment from proposed intermodal. 	<p>has resulted in a downward trend and less reliance on parking revenue.</p> <p>Infrastructure & Service Management</p> <ul style="list-style-type: none"> - Conflicting demand on infrastructure due to competing strategic initiatives (South West growth corridor, airport, intermodal and Sydney's third city). - Possible amalgamation and conflicting asset management practices may reduce the effectiveness of all asset management programs. - Impact of the two intermodals at Moorebank on road networks and transport infrastructure. <p>Efficiency</p> <ul style="list-style-type: none"> - Projected efficiency savings from a Liverpool/Fairfield merger are minimal and could be better achieved through delivery of this Action Plan (SGS Economics modelled two options, finding 2.3% to 3.4% savings per year over the next 10 years).¹⁰ - Lower investment revenue due to lower interest rates and increased capital expenditure.
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⁹ *The Daily Telegraph*, Good news for motorists in Liverpool as the council slashes revenue from parking fines – weblink: www.dailytelegraph.com.au/newslocal/south-west/good-news-for-motorists-in-liverpool-as-the-council-slashes-revenue-from-parking-fines/story-fngr8hxx-1227020367326

¹⁰ SGS Economics and Planning - *Fit for the Future: Options for Liverpool* – March 2013 (pages 38-40)

<p>Efficiency</p> <ul style="list-style-type: none"> - Full integration of planning with performance reporting. - Implementation of the shared services delivery model to establish shared services arrangements and enable Council to deliver services on behalf of other councils and organisations. - Implementation of panel arrangements for trade services to streamline the procurement of core functions. - Implementation of Promapp, Council's process improvement software to eliminate red tape and unnecessary processes. - Contingency of increasing rates to address non-projected costs/asset deterioration exists. - Council continues to have the capacity to apply for a special rates variation or access long-term borrowings if required. 	
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2.3 Performance against the Fit for the Future benchmarks

Sustainability

Measure/ Benchmark	2013/14 performance	Achieves FFTF benchmark?	Forecast 2016/17 performance	Achieves FFTF benchmark?
Operating performance ratio (greater than or equal to breakeven average over 3 years)	-1.29%	No	-0.82%	No
Own source revenue Ratio (greater than 60% average over 3 years)	67.05%	Yes	71.87%	Yes
Building and infrastructure asset renewal Ratio (greater than 100% average over 3 years)	79.81% *	No	100.66%	No

* BIAR ratios reported as part of Special Schedule 7 in Council's published financial statements for 2013/14 and previous two years misrepresent the buildings and infrastructure asset renewals and related depreciation expenses. While the misrepresentations were not material, the ratios used for FFTF have been adjusted for these accounting errors.

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

2.3 Performance against the Fit for the Future benchmarks

- Operating Performance Ratio — forecast result for the year ending 30 June 2015 is -3.3%. This is a three-year average; the annual result is forecast to be -1.7%. Note, Council will be in a surplus in 2014/15, however, non-continuing items have been removed to calculate the ratio. Council has taken a responsible and orderly approach to ensure a positive ratio is not only achieved, but maintained.
- Own Source Revenue — forecast results for the year ending 30 June 2015 is 73.4%, which is well above the 60% benchmark. The current and future outlook for this ratio is favourable due to current and forecast rate base.
- Building and Infrastructure Asset Renewal Ratio – forecast results for the year ending 30 June 2015 is 80.5%, which is below the benchmark of 100%. Council has now aligned its Asset Management Plan with the Long-term Financial Plan and increased renewal funding to achieve the benchmark in 2016/17.
- General strategies implemented in 2014/15 to improve FFTF performance.
 - From December 2015, monthly performance reporting reconciles Council's cash position to the accrual position and against FFTF sustainability benchmarks.
 - Each month the year ending operating position is forecast by Directorate with relevant commentary that supports the change in the year end forecast.
 - As at the 31 May 2015 reporting period, Council is forecasting an operational surplus of \$3.7m, which is a significant improvement \$8.885m deficit for 2013/14. We acknowledge that the forecast operating results include accounting and non-continuing results of:
 - \$4m adjustment for depreciation that aligns the depreciation of infrastructure assets with the expiration of assets. The ongoing depreciation is consistent with our benchmark Councils – this adjustment is a continuing adjustment throughout the LTFP.
 - \$2.7m adjustment settlement received as a result of a prior year investment write-off.
 - \$4.8m gain on sale of surplus assets, including land.

- A program has been implemented that is consistent with the Victoria Local Government approach that links operational performance with the principle activities in the Delivery Program.¹¹ As this program commenced in 2014/15, further enhancements are planned to ensure performance is linked to expected service outcomes and not simply the previous year's expenditure escalated for the CPI.
- For the 2015/16 Budget and beyond, the budget process integrates with the Workforce Management Plan and the Asset Management Plan, thereby ensuring strategic objectives, FFTF benchmarks and operational targets are aligned and achievable.
- During 2014/15, Council has placed a significant focus on governance. The Ethics and Audit Committee and Risk Committee were combined into the Audit and Risk Committee (ARC) to ensure a single committee was overseeing the governance framework and annual internal audit plan. Two independent members sit on the committee. Also during 2014/15, an integrated enterprise risk and operational risk system was implemented to automate tracking and actioning online.

¹¹ Liverpool City Council – 4-year Delivery Program, Operational Plan and Budget 2015/16.

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%)	5.2%	No	2.9%	No
Asset Maintenance Ratio (Greater than 100% average over 3 years)	87%	No	113%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	6.58%	Yes	5.71%	Yes

- Infrastructure Backlog Ratio — Council will progressively decrease its ratio from 5.2% in 2013/14 to 1.9% in 2018/19 by increasing renewal funding to an average of \$32m per year.
- Asset Maintenance Ratio — Council is forecast to achieve over the LTFP horizon (Note, the 2013/14 Special Schedule 7 figure was 85%, however, the calculation was assessed as incorrect.)
- Debt Service Ratio — forecast results for the year ending 30 June 2015 is 6.14%. This is well within the preferred range of 0% to 20%. Council is currently forecasting a net decrease of \$9.4m over the 10 years, which still takes into account significant borrowing of \$13m in 2015/16, \$3.4m 2017/18, \$10m in 2020/21 and \$20m in the remaining four years. As the rate of growth within the LGA accelerates in the next 10 years, Council will still have the capacity to borrow material amounts if required. This is also consistent with the inter-generational equity philosophy that is adopted by Council and the ILGRP.

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

N/A — the Infrastructure Backlog Ratio will be achieved by 2018/19 and the Asset Maintenance Ratio achieved in 2014/15. Council currently achieves the Debt Service Ratio and will continue to do so.

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	\$682	Yes	\$621	Yes

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

Council is currently one of the most efficient Real Operating Expenditure per capita performers. With expected population growth, this efficiency will further improve without any amalgamations. Refer to Section 2.1.

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.

Prior to 2014/15 Council was focusing on balancing its funds budget. As a result, Council was in a strong cash position, however, there was minimal integration of performance reporting with sustainability strategic outcomes. Refer below for the previous five years' Net Operating Result Before Grants & Contributions For Capital Purpose.

2009/10	2010/11	2011/12	2012/13	2013/14
\$12.3m	\$7.5m	\$7.1m	\$0.01m	-\$8.3m

Specific measures to address the benchmark shortfalls are addressed in Section 3 below, the SWOT analysis in Section 2.2 and the Action Plan in Section 3.4. In addition to the specific measures proposed, Council is implementing an improved performance reporting framework that commenced in 2014/15 and will be further refined in 2015/16 and onward years.

Operating performance ratio

Due to the significant deficit in 2013/14 of \$8.3m and a systemic approach to structural reform, the three-year average will not be positive until 2017/18. Note, from 2015/16 Council is predicting a near breakeven position (2015/16 – \$0.345m, 2016/17 – \$0.888M and 2017/18 – \$0.125m). The Year 2 performance is slightly worse than Year 1 due to lower investment returns resulting from lower interest rates and Council's significant capital expenditure from 2014/15 onwards. The revenue figures are conservative as external commercial revenue has not been forecast.

Own source revenue (excluding grants)

Revenue has been and will remain strong. This is predominantly the result of a large ratepayer base that is also increasing. This forecast is again conservative as it does not include external commercial income. More detail appears in the attached Long-Term Financial Plan.

Building and infrastructure renewals (averaged over three years)

This ratio has traditionally been challenging. Council has invested significant resources to ensure the Asset Management Plan is integrated with its other Integrated Planning and Reporting documentation. As a result of this renewed focus, the FFTF benchmark will be achieved in 2017/18.

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 forecast result for the year ending 30 June 2015 is -3.3%. This is a three-year average; the annual result is forecast to be -1.7%. Note, Council will report a surplus in 2014/15, however non-continuing items have been removed to calculate the ratio. Council has taken a responsible and orderly approach to ensure a positive ratio is not only achieved, but maintained.

- In real terms, employee costs will remain relatively flat over the next six years even though the population will increase by greater than 2% per annum. It is assumed that efficiencies implemented in 2014/15, combined with the efficiencies identified in the Action Plan (Section 3.4), will counteract the upward pressure on employee costs as a result of population increases.
- From 2021/22 Council acknowledges that population upward pressure on costs will be greater than the efficiencies identified and, as such, employee costs and direct material costs are forecast to increase in real terms.
- The forecast conservatively assumes no additional revenue will be obtained from Joint Organisation or shared services activities.

3.1 Sustainability

Outline your strategies and outcomes in the table below.

3.1 Sustainability

Objectives	Strategies	Key milestones	Outcome	Impact on other measures
Performance reporting	<ul style="list-style-type: none"> - Maintain cultural change program to ensure councillors/management understand the IP&R interrelationships and the importance of achieving FFTF benchmarks. 	<ul style="list-style-type: none"> - Briefing attendance. - Budget & Finance Committee attendance (completed). 	<ul style="list-style-type: none"> - All key stakeholders talking the same language and ensuring FFTF benchmarks are achieved. 	<ul style="list-style-type: none"> - Strategic focus on all measures.
	<ul style="list-style-type: none"> - Implement monthly reporting that ensures the organisation is regularly held accountable for achieving FFTF benchmarks. 	<ul style="list-style-type: none"> - Monthly reporting focuses on the organisation's forecast FFTF year end and long-term position (completed). 	<ul style="list-style-type: none"> - Variances to FFTF targets identified and alternate strategies documented to ensure accountability. 	<ul style="list-style-type: none"> - Strategic focus on all measures.
	<ul style="list-style-type: none"> - Further align the Workforce Management Strategy (WMS) and the Asset Management Strategy (AMS) with IP&R. 	<ul style="list-style-type: none"> - IP&R adjusted as changes occur in WMS and AMS (ongoing). 	<ul style="list-style-type: none"> - Strategies will be further integrated into the IP&R cycle. 	<ul style="list-style-type: none"> - Independent review during 2015/16.
Effective governance framework	<ul style="list-style-type: none"> - Review governance framework to ensure risks and fiduciary obligations are effectively managed. 	<ul style="list-style-type: none"> - Audit Risk Committee (ARC), Budget & Finance Committee, Enterprise Risk Management and 	<ul style="list-style-type: none"> - Consistent organisation wide approach that ensures operational and strategic objectives are being met in a 	<ul style="list-style-type: none"> - Ensures measures are being accurately measured.

		Operational Risk Management are operating effectively (self and independent assessment (completed)). - Implemented IT Investment Committee (completed).	correct and consistent manner.	
Adoption of panel procurement approach	- Establish panel arrangements for major trades and pre-qualify suppliers with the aim of developing long-term strategic relationships.	- Panels to be in place by 01 July 2015.	- Annual spend across 8 trade services reduced by \$700,000.	- Operating Performance Ratio. - Building & Infrastructure Ratio. - Asset Maintenance Ratio. - Real Operating Expenditure.
Improved efficiency in all frontline services to the community	- Implement recommendations from the 2014 <i>Services to the Community</i> review to ensure frontline services are operating as efficiently as possible.	- Re-engineer the delivery of outdoor and building services.	- Maximise economies of scale and industry best practices to improve services at a lower cost.	- Operating Performance Ratio. - Building & Infrastructure Ratio. - Asset Maintenance Ratio. - Real Operating Expenditure.
Improved asset management of community facilities	- Analyse all community facilities and forecast future use. - Develop a long-term strategic plan for Council's community facilities such as libraries, childcare centres and community centres.	- A 10-year community facilities plan by 31 May 2016.	- After reviewing all facilities spend, location and utilisation, determine which facilities should be replaced, improved or decommissioned.	- Operating Performance Ratio. - Building & Infrastructure Renewal ratio.

Improved business processes and implementation of efficiency, time and cost savings by mapping all corporate processes	<ul style="list-style-type: none"> - Map all Council processes using online software tool to identify efficiency savings and implement process improvement. 	<ul style="list-style-type: none"> - 75% 'As-Is' and 'To-Be' mapped by December 2015. - \$ processes improvement realised. 	<ul style="list-style-type: none"> - Improved process within directorates and across directorates that enable the realisation of efficiencies. 	<ul style="list-style-type: none"> - Operating Performance Ratio. - Asset Maintenance Ratio. - Real Operating Expenditure.
<ul style="list-style-type: none"> - Increased Operating Revenue 	<ul style="list-style-type: none"> - Review all non-regulated fees and charges in 2015/16. 	<ul style="list-style-type: none"> - Updated fees and charges approved by Council resolution in June 2016. - External services contract signed. - Construction of a \$2.3m state-of-the-art customer service facility is complete by October 2015. 	<ul style="list-style-type: none"> - Higher fees that represent cost to provide services. - Additional sources of Other Revenue. 	<ul style="list-style-type: none"> - Operating Performance Ratio. - Own Source Operating Revenue.

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.

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

Council adopted its Asset Management Policy in 2011. Since then, Council has developed an asset management framework, Strategy and Asset Management Plans for all infrastructure and building assets. These documents are updated on regular basis and were updated in April 2015 to reflect the recent changes on the improvement actions, asset information, asset condition and revaluation results as well as Council's new approach to renewal funding and Long-Term Financial Plan.

Council also undertook a revaluation of its infrastructure assets using an independent consultant. Review and benchmarking of asset design life in line with the current asset performance and adopted design life for similar assets by neighbouring councils was also undertaken as part of the revaluation process.

Fair value assessment is carried out using the depreciated replacement cost approach as per AASB113. Annual depreciation is estimated based on the depreciable value of each asset component and its estimated useful life. Estimated useful life of each asset component is the combination of its actual age and remaining useful life derived from its current condition.

Key assumptions supporting Council's asset management framework include:

- Forecasted depreciation in the 10-year plan is derived from:
 - Current (2014/15) annual depreciation and written down value.
 - Future capital works program.
 - Expected developer funded assets.
 - Respective depreciation rates.

- Depreciation methodology will remain unchanged; useful life will remain consistent and comparable with our peers.
- All infrastructure-related sustainability and infrastructure service ratios required for the FFTF submission are calculated based on Council's latest revaluation information, updated Asset Management Plan and latest long-term capital works program and financial plan.
- No material Fair Value adjustments will occur.
 - Assets are required to meet 'satisfactory' ratings.
- The backlog ratio denominator will remain as Written Down Value.

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
<i>Building and infrastructure renewal ratio</i>				
Maintain renewal ratio at 100% average Replace and renew assets in an optimal way so as to minimise whole-of-life costs of assets and thus costs effectively maintain service levels Keep overall average asset conditions stable over the long term	<ul style="list-style-type: none"> - Funding capital expenditure on renewal and replacement of assets will be maintained at levels to ensure assets are replaced cost effectively and in a timely manner. - All available funding sources will be explored to ensure required levels of annual funding are maintained. 	<ul style="list-style-type: none"> - Council's forecast of renewal ratio over the 3-year period from 2016/17 to 2018/19 is 100%. - The average ratio forecast over the 4-year period from 2016/17 to 2019/20 is 104%. Council will consistently maintain renewal ratio to >100% from 17/18. 	<ul style="list-style-type: none"> - Sustainable asset renewal ratio in medium to long-term assets. - Improved customer satisfaction. 	<ul style="list-style-type: none"> - Increased renewal funding will assist to reduce infrastructure backlog ratio.
	<ul style="list-style-type: none"> - Renewal programs up to-date and systematic use of asset condition data will be used to develop and implement asset renewal programs that support service 	<ul style="list-style-type: none"> - Council will be spending \$32m/year on average over the next 4 years on its renewal program. - Long-term average 	<ul style="list-style-type: none"> - Improved level of service. - Reduced maintenance burden and hence better operational performance. 	<ul style="list-style-type: none"> - Debt servicing ratio. - Operating ratio.

Objective	Strategies	Key milestones	Outcome	Impact on other measures
	delivery in the most effective manner.	renewal expenditure over the next 10 years is \$34m/year.		
	<ul style="list-style-type: none"> - Asset valuation and depreciation — asset condition data will continue to be used to determine updated asset remaining lives to ensure asset depreciation and valuation are current and accurate. 	<ul style="list-style-type: none"> - Council recently completed revaluation of its infrastructure assets using an independent consultant. Revaluation of building and parks assets will be completed in 2017/18. 	<ul style="list-style-type: none"> - Accurate representation of Council's asset values. - Improvement on Council's Asset Renewal Ratio based on improved asset information. 	<ul style="list-style-type: none"> - Asset Renewal Ratio
	<ul style="list-style-type: none"> - Systematic approach to asset management, the current comprehensive suite of asset management documentation comprising Asset Management Policy, Strategy and Plans will continue to be used to guide asset management practices at Council. 	<ul style="list-style-type: none"> - The independent rating of Council's asset management framework of 'Strong' by TCorp will be maintained and improved. 	<ul style="list-style-type: none"> - Better allocation of limited council resources. - Improved alignment of assets with services and community expectations. - Improved understanding of service level options, costs and risks, resulting in improved risk management and more sustainable decisions. - Reduced demand for new Council assets through better integration of service planning and asset planning. 	<ul style="list-style-type: none"> - Infrastructure Backlog Ratio. - Asset Maintenance Ratio. - Debt Service Ratio.

Objective	Strategies	Key milestones	Outcome	Impact on other measures
			<ul style="list-style-type: none"> - More effective use and maintenance of Council assets. - Improved processes and accountability for capital and recurrent works. - Use of non-asset solutions to meet service demand. - Improved governance and accountability through improved decision making based on better understanding of the benefits and costs of alternatives therefore actions and decisions are optimal and focused on real needs. 	
	<ul style="list-style-type: none"> - Effective demand management and appropriate demand management strategies will continue to be used to provide alternatives to the creation of new assets in order to meet demand. - Utilisation of existing assets will be maximised and demand for new assets will be deferred or reduced. 	<ul style="list-style-type: none"> - Council will develop and fully embed demand management strategy in asset management decision making by June 2016. - Council is currently reviewing building asset utilisation, demand and geographical location to develop 	<ul style="list-style-type: none"> - Optimised utilisation and performance of existing assets. - Reduced or deferred need for new assets. - Better understand long-term maintenance and operation costs (including depreciation) associated with service delivery. - Improve resource planning, leading to sustainable service delivery. - Better meet customer needs. 	<ul style="list-style-type: none"> - Asset Renewal Ratio

Objective	Strategies	Key milestones	Outcome	Impact on other measures
		a consolidation strategy which will be completed by Dec 2015.		
- Infrastructure Backlog Ratio				
Progressively reduce infrastructure backlog ratio to < 2% Maintain all asset conditions to at least average or better	- Funding - capital expenditure on renewal and replacement of assets will be maintained at levels to ensure assets are replaced cost effectively and in a timely manner. All available funding sources will be explored to ensure required levels of annual funding are maintained.	- Council will progressively reduce its infrastructure backlog from current 5.2% (2013/14) to less than 1.9% by 2018/19. Council aims to achieve no backlog by 2022/23.	- Reduce infrastructure backlog to manageable levels.	- Infrastructure Backlog Ratio. - Asset Maintenance Ratio.
	- Renewal programs - up to date and systematic use of asset condition data will be used to develop and implement asset renewal programs that supports service delivery in the most effective manner. This will ensure that assets in poor or very poor condition will have priority for replacement.	- Council will be spending \$32m/year on average over the next 4 years on its renewal program. Long-term average renewal expenditure over the next 10 year is \$34m/year.	- Achieve agreed level of service or better. - Maintain all assets at average or better condition.	- Infrastructure Backlog Ratio. - Building and Infrastructure Renewal Ratio.
	- Asset valuation and depreciation, asset condition data will continue to be used to determine updated asset	- Council completed revaluation of its infrastructure assets in 2015 using	- Accurate representation of Council's asset values. - Improvement on Council's backlog ratio based on	- Infrastructure Backlog Ratio. - Asset

Objective	Strategies	Key milestones	Outcome	Impact on other measures
	fair value and accurate depreciation rate.	independent consultant. Revaluation of building and parks assets will be completed in 2017/18.	improved asset information.	Maintenance Ratio.
	<ul style="list-style-type: none"> - Systematic approach to asset management - the current comprehensive suite of asset management documentation comprising Asset Management Policy, Strategy and Plans will continue to be used to guide asset management practices at Council. 	<ul style="list-style-type: none"> - The independent rating of Council's asset management framework of 'Strong' by TCorp will be maintained and improved. 	<ul style="list-style-type: none"> - Better allocation of limited Council resources. - Improved alignment of assets with services and community expectations. - Improved understanding of service level options, costs and risks resulting in improved risk management and more sustainable decisions. - Reduced demand for new council assets through better integration of service planning and asset planning. - More effective use and maintenance of Council assets. - Improved processes and accountability for capital and recurrent works. - Use of non-asset solutions to meet service demand. 	<ul style="list-style-type: none"> - Infrastructure Backlog Ratio. - Asset Maintenance Ratio.

Objective	Strategies	Key milestones	Outcome	Impact on other measures
			<ul style="list-style-type: none"> - Improved governance and accountability through improved decision making based on better understanding of the benefits and costs of alternatives therefore actions and decisions are optimal and focused on real needs. 	
	<ul style="list-style-type: none"> - Effective demand management - appropriate demand management strategies will continue to be used to provide alternatives to the creation of new assets in order to meet demand. Utilisation of existing assets will be maximised and demand for new assets will be deferred or reduced. 	<ul style="list-style-type: none"> - Council will develop and fully embed demand management strategy in asset management decision making by June 2016. Council is currently reviewing building asset utilisation, demand and geographical location to develop rationalisation and disposal strategy which will be completed by December 2015. 	<ul style="list-style-type: none"> - Optimised utilisation and performance of existing assets. - Reduced or deferred need for new assets. - Better understand long-term maintenance and operation costs (including depreciation) associated with service delivery. - Improved resource planning leading to sustainable service delivery. - Better meet customer needs. - Reduced backlog by disposal of underperforming assets. 	<ul style="list-style-type: none"> - Infrastructure Backlog Ratio. - Asset Maintenance Ratio.
- Asset Maintenance Ratio				
Maintenance ratio > 100%	<ul style="list-style-type: none"> - Funding - current expenditure on maintenance of assets will 	<ul style="list-style-type: none"> - Current level of maintenance 	<ul style="list-style-type: none"> - Maintained or improved useful life of the assets. 	<ul style="list-style-type: none"> - Maintenance Ratio

Objective	Strategies	Key milestones	Outcome	Impact on other measures
	be sustained to ensure assets perform at their desired service level within their design life without renewal intervention.	funding will be maintained.	<ul style="list-style-type: none"> - Better asset condition. - Reduced or deferred need for asset renewal. 	
	<ul style="list-style-type: none"> - Systematic approach to asset management — the current comprehensive suite of asset management documentation comprising Asset Management Policy, Strategy and Plans will continue to be used to guide asset management practices at Council. 	<ul style="list-style-type: none"> - The independent rating of Council's asset management framework of 'Strong' by TCorp will be maintained and improved. - Implement strategic maintenance planning for Carnes Hill Community Centre on its operation in 2016 and progressively rollout to other key building and infrastructure assets. 	<ul style="list-style-type: none"> - Better allocation of limited council resources. - More effective use and maintenance of council assets. - Improved processes and accountability for capital and recurrent works. 	- Maintenance Ratio
	<ul style="list-style-type: none"> - Effective demand management strategies will continue to be used to provide alternatives to the creation of new assets in 	<ul style="list-style-type: none"> - Council will develop and fully embed demand management strategy in asset 	<ul style="list-style-type: none"> - Optimised utilisation and performance of existing assets. - Reduced or deferred need for new assets. 	<ul style="list-style-type: none"> - Infrastructure Backlog Ratio. - Asset Maintenance

Objective	Strategies	Key milestones	Outcome	Impact on other measures
	order to meet demand. Utilisation of existing assets will be maximised and demand for new assets will be deferred or reduced.	management decision making by June 2016. - Council is currently reviewing building asset utilisation, demand and geographical location to develop rationalisation and disposal strategy which will be completed by December 2015.	<ul style="list-style-type: none"> - Better understand long-term maintenance and operation costs (including depreciation) associated with service delivery. - Improved resource planning leading to sustainable service delivery. - Better meet customer needs. - Reduced maintenance burden by disposal of underperforming assets. 	Ratio.

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.

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

- The Shared Services Alliance will meet its contracted key performance indicator improvements and also realise savings by not increasing headcount (or increasing headcount at a lower % their population increase) over the contracted 10 years for customer services, community standards, strategic planning, records, waste administration, rates and printing.
- Although Liverpool River precinct is expected to grow considerably over the next 10 years, this has not been factored into our forecast. This provides upside to Council's Real Operating Expenditure benchmark.

3.3 Efficiency

Outline your strategies and outcomes in the table below.

3.3 Efficiency				
Objectives	Strategies	Key Milestones	Outcome	Impact on Other measures
Ensure the growth of expenses are at a lower rate than population growth	<ul style="list-style-type: none"> - Achieve the sustainability ratios and reduce population derived upward pressure on expenses by successfully implementing the Shared Services Alliance and other models. 	<ul style="list-style-type: none"> - 10 year agreement with Propel Partnerships to implement the Shared Services Alliance was signed on 1 May 2015. - Annual contract savings where efficiencies are identified and shared as per formal contract agreement. 	<ul style="list-style-type: none"> - Improves quality of service while decreasing real operating expenditure per capita. 	<ul style="list-style-type: none"> - Improve the Operating Performance ratio.
IT refresh	<ul style="list-style-type: none"> - Modernising Council's WAN by replacing copper with dark fibre. - Enabler to access cloud solutions. 	<ul style="list-style-type: none"> - Fibre Optic WAN (31/08/15). - Backup of core systems via the cloud (31/05/16). - Reduce IT headcount by accessing cloud services (2019/20). 	<ul style="list-style-type: none"> - Reduces telephony costs. - Increases speed of IT processes and collaboration. 	<ul style="list-style-type: none"> - Improves the Operating Performance ratio.

3.4 Improvement Action Plan

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

- The strategies listed below have or are planned to ensure the Council will become and remain FFTF.

Action Plan

Actions

Milestones

* Please attach detailed action plan and supporting financial modelling

Ref	Actions	Milestones
Scale and Capacity		
	Develop the capacity of the Executive Team to be more commercially and strategically focused.	New CEO appointed June 2014, new Director Business Improvement appointed July 2014, new CFO/Director Corp Services appointed Oct 2014 and new Director Property and Commercial Development appointed Oct 2014. (Milestones have all been achieved.)
	Deliver the Building Our New City project to develop the city centre as the key focal point for a regional city.	Complete \$15m city revitalisation initiatives by 31 Aug 2016.
	Perform a technology refresh of network and telephony system to improve current processes and enable utilisation of cloud services.	Complete a full fibre optic private WAN with dark fibre connections to Council's main build buildings by 31 Dec 2015. Implement a new VIOP telephony system across Council by 31 Dec 2015.
Sustainability		
	To improve quality of customer services, a Strategic Service Delivery	Contract commencement date is 1 July 2015 with expectation

	review has been performed and contract awarded. The contract will commence on 1 July 2015 and commercial revenue opportunities will be pursued.	that it will be fully operational by 31 Dec 2015. Complete new \$2.3m customer services/Shared Services environment by 31 Oct 2015. Pursue commercial revenue opportunities from 1 July 2016.
	Redesign outdoor and community services and implement a strategic agreement that improves services and reduce costs.	<i>Services to the Community</i> review completed Jan 2015. Contract with external organisation by 31 Dec 2015. Contract fully operational by 30 June 2016.
	Expand the current procurement sharing arrangement with Liverpool and explore the creation of a joint organisation for the region for procurement, other shared services and other regional issues.	MOU to be finalised by 31/12/15 with implementation prior to 30/06/16.
Infrastructure & Service Management		
	Undertake analysis of all community facilities' current use and forecast future use. Develop a long-term strategic plan for Council's community facilities such as libraries, childcare centres and community centres.	Initial Data Review completed by 31/10/15. 10 Year Community Facilities plan approved by Council (31/05/16).
	Integrated Master Plan with sophisticated Section 94 Planning and Management.	Complete SGS Section 94 Review by 30 June 2015. Review and implement Section 94 Tool by 31 Dec 2016. Finalise Master Plan (TBD).
Efficiency		
	During 2014/15 Council commenced a disciplined procurement process where all purchases were made either by a Council issued purchase card that are approved online, or a prior approved purchase order (PO). Invoices will be received with PO number will be scanned and automatically matched against the PO with an automated workflow confirming receipt.	Suppliers were advised in March, that invoices submitted without PO numbers will not be classified as a correctly rendered invoice and payment terms will not be guaranteed. Scanning of invoices will commence in July 2015. Council is approximately half way through rolling out purchase cards and expects to be completed by 31 July 2015.
	During 2014/15 Council has implemented Promapp to map current processes with the aim of developing and mapping best practices. Promapp currently links with our document repository tool Trim, audit findings and Council's operational and enterprise risk registers.	53% of current and re-engineered processes are mapped.

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.

- Ongoing consultation with Council's executive team and operational staff.
- In addition to meetings and e-mail communication, Councillors were engaged through the following mechanisms:

November 2014	Workshop on Fit for the Future
January 2015	Councillor briefing on boundary options
March 2015	Councillor briefing on Fit for the Future and community consultation options Council resolves to undertake community consultation on four options: <ul style="list-style-type: none">○ Liverpool stands alone○ Merge with Fairfield○ Merge with Camden○ Merge with Fairfield and Camden
May 2015	Councillor briefing to workshop draft application
June 2015	Council resolves to submit application

- A new Directorate, Business Improvement, was created in July 2014 with the sole focus to ensure Council is FFTF. In addition to creating a new Director, Council recruited staff skilled in process re-engineering and business analysis. A Procurement Specialist has also been engaged to ensure Council can undertake further large scale procurement projects for new and innovative models of service delivery, following the successful appointment of Council's first Strategic Partnering arrangement with Propel Partnerships.
- Grant Thornton Australia, an independent assurance, tax and advisory firm was engaged to undertake a peer-review of Council's LTFP and FFTF application. Suggestions made by Grant Thornton were incorporated into the final application. The review stated that, "*we consider that Council's proposal clearly articulates its decision to stand alone and its plans to become Fit for the Future.*"
- Assetic, a consulting firm was engaged to review Council's Asset Management Plan to ensure it meets FFTF requirements.
- Consulting firms ConsultHD Pty Ltd, Produstrious were engaged to review the Workforce Management Plan to align achievement planning and capability framework with FFTF benchmarks.

- Promapp Pty Ltd was engaged to assist council to perform an organisation wide process re-engineering initiative. An enterprise version of process re-engineering software Promapp was subsequently purchased by Council. Throughout the majority of 2014/15 Council has been systematically training staff in process re-engineering. The software is well utilised throughout the local government sector and a webinar on FFTF offered by Council had one of the highest subscriptions during 2014/15.
- The Promapp software is also utilised by Council to manage operational risk, enterprise risk and audit findings online across the organisation.
- Propel Partnerships was engaged to perform an organisation wide review of customer service and supporting administrative services.

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.

Council investigated multiple options including an independent assessment of a range of different merger options.

The study completed by SGS Economics and Planning found that:

“Given the financial uncertainty associated with merger options a key focus should be on the strategic and planning capacity of either the stand alone or merger options.

Liverpool Council already plays a significant role in the sub-region, with the LGA hosting the site for the second Sydney airport at Badgerys Creek, and containing the Liverpool Centre which is the key regional centre in the south west. The Council is already well positioned to extend its influence with these two major assets. The LGA also has strong internal functional linkages.

On the other hand, a merger with Fairfield and Camden would establish a powerful sub regional authority, responsible for the residential growth areas of the South West growth centre and opportunities associated with the second airport, and providing significant leverage to manage the more disadvantaged Fairfield. There are strong functional linkages observed between these LGAs (almost as strong as just the Liverpool and Fairfield option).

The lesser merger options, with either Camden or Fairfield, both contain ‘downside’ in terms of cost obligations for growth and relative disadvantage respectively, perhaps without sufficient ‘upside’. To some extent a merger with Fairfield only, would merely recognise current linkages but would not be sufficiently forward looking given the new growth fronts to the west. The mega south-west option of Liverpool, Camden and Campbelltown appears to be a difficult ‘fit’ as it includes multiple major service hubs and implies a massive and growing population with significant future infrastructure obligations.” (Fit for the Future – options for Liverpool (attached), pg.9)

The report also undertook high-level financial modelling for the four options, and whereas it did find that there were financial savings to be found by amalgamating with another Council. LCC’s improvement plan will realise these savings, without the risks and disruptions of a merger.

Options	Notes – lead council scenario	% saving	Notes – average efficiency scenario	% saving
Liverpool + Fairfield	\$64m savings over 10 years	2.3%	\$105m over 10 years	3.8%
Liverpool + Camden	\$105m savings over 10 years Sufficient savings to accommodate infrastructure backlogs	4.8%	\$65m over 10 years	3%
Liverpool + Fairfield + Camden	\$24m saving over 10 years	0.70%	\$192m over 10 years Financial surplus after addressing backlog and borrowing	5.4%
Liverpool + Camden + Campbelltown	\$243m saving over 10 years Sufficient savings to accommodate infrastructure backlogs Surplus funds to accommodate debt	6.7%	\$205m over 10 years Financial surplus after addressing backlog and borrowing	5.6%

Independent Local Government Review Panel (ILGRP) preferred option – Fairfield/Liverpool amalgamation

Several meetings between Fairfield and Liverpool have taken place to determine whether a merged organisation would provide the best possible benefits to both communities of interest. The first meeting was held on 24 March. After an extensive evaluation, both organisations agreed the synergies from merged organisation did not justify the negative impact and disruption that amalgamation would have on the delivery of current strategic initiatives.

As a massive growth Council, Liverpool's priorities are to attract investment and jobs, plan and manage its rapid growth and develop a functional, multi-faceted airport city.¹² This is significantly different to Fairfield's priority of addressing its high levels of disadvantage and improving community wellbeing by delivering affordable and accessible community services.¹³

¹² *Growing Liverpool 2023, the 10-year plan to move Liverpool forward* – weblink: www.liverpool2023.com.au

¹³ *Fairfield City Plan 2012-22* – weblink: www.fairfieldcity.nsw.gov.au/upload/images/2012-2022%20City%20Plan%20Final%20January%202013.pdf (page 10).

Council not only plays a significant role in ensuring the individual success of these priorities but is a key leader in the region, ensuring the interrelationships of the initiatives are maximised for the South West. Specific initiatives which are underway include:

- Partnering with the State Government to implement the priorities for the South West sub-region which are documented in the State Government's *A Plan for Growing Sydney*.¹⁴
- Leading the planning for the South West Growth Centre.
- Delivering the required infrastructure to support the Western Sydney airport at Badgerys Creek.
- Revitalising its city centre to attract investment to the region.

Council's analysis found that, whereas a merger of Liverpool and Fairfield local government areas may result in economies of scale in regard to local level service provision, it is less likely to assist in developing a regional city for South West Sydney. The strategic priorities of Liverpool and Fairfield councils differ significantly, reflecting the different nature of each council's population, maturity and level of urbanisation.

Any benefits from the proposed amalgamation will be further eroded by the fact there are no operational systems common to both councils. It would take several years to combine/align systems, which would reduce the focus on managing the interrelationships of Liverpool's strategic initiatives.

It was found that a Liverpool-Fairfield amalgamation would add no value in regards to growth, would generate minimal employment opportunities and would result in an increased demand for services, in particular community and social services.

Furthermore the concentration of social disadvantage in the one locale would create an imbalance in service delivery priorities and lower the capacity of the area to capitalise on market driven demand. It would also impact on investor interest and confidence in Liverpool as a regional city and substantially minimise Liverpool's ability to attract business and investment.¹⁵

The catalyst for further business investment and job generation would continue to be delivered from within the current Liverpool local government area and the merger is unlikely to add any significant benefits for a regional city in this regard.

Council has already commenced a transformation agenda to improve the efficiency of operations. Liverpool is forecasting an operating surplus for the 2014/15 financial year, with all key FFTF benchmarks being achieved by 2018/19.

¹⁴ NSW Government – *A Plan for Growing Sydney* – weblink: www.strategy.planning.nsw.gov.au/sydney/the-plan/

¹⁵ Liverpool City Council – *Submission to Independent Local Government Review Panel* – June 2013 – weblink: <http://www.dlg.nsw.gov.au/Submissions/Uploaded/3/Stage%203%20-%20Sub%201131%20-%20ILGRP%20-%20Liverpool%20-%20Clr%20Mannoun.pdf>

Community consultation

The Fairfield-Liverpool amalgamation may reduce Liverpool's ability to progress its agenda to develop a vibrant regional city as the option may not be supported by the amalgamated community.

Both Liverpool and Fairfield councils have independently carried out community consultation regarding the option of amalgamation, with both communities opposing the concept.

Council conducted community consultation throughout April and May 2015, using multiple channels to distribute a uniform survey consisting of seven targeted questions. The survey was designed by an independent research company in order to ensure the questions and pre-amble were neutral and did not lead responses. This ensured Council maintained a balance approach to its community consultation.

A total of 1,884 responses were received, with:

- 53.3% either opposed or strongly opposed to Liverpool being merged with other councils.
- 33.3% supported or strongly supported a merger.
- Only 22% supported an amalgamation with FCC.

Fairfield's community engagement results are as follows:

A total of 2,142 responses were received. Residents overwhelmingly (91%) did not support an amalgamation of Fairfield and Liverpool city councils. The main reasons given for taking that position were:

- Currently happy with FCC's management/service provision.
- Concerns about amalgamated area being too large to be manageable.
- Concerns about increase in rates.

ILGRP Option 2 – Form a joint organisation with Bankstown, Camden, Campbelltown and Wollondilly councils

The development of a Joint Organisation has merit and could result in significant community benefits and shared services, however, securing agreement with the proposed councils has been challenging.

On 1 May 2015, Council entered into a contract with an external organisation, Propel Partnerships, to realise efficiencies and improve the quality of service delivery, in particular customer services and supporting administrative functions. Propel currently operates two successful

shared services. One is based in Ipswich, Queensland and provides shared services to more than 20 councils after eight years of operation. The second has been more recently set up in Mackay, Queensland and is based on the success of the original model. Core to the framework is the implementation of local government best practices, predominantly from the UK.

Although there was initially significant resistance to the implementation of the strategic alliance operating model in Liverpool, the majority of stakeholders now realise that the move to a shared service provider will assist Council in being more efficient and financially sustainable. The agreement will have the ability to capitalise on any future requests for Joint Organisations or shared services across local government and other sectors, for example, the National Disability Insurance Scheme.

Hence while Council is not submitting an application to develop a Joint Organisation at this point in time, it remains in a strong position to create a joint organisation and establish shared services in the near future.

Liverpool City Council preferred option – Amalgamation with council in South West Growth Centre

Whereas Council has generally supported the concept of amalgamations to create stronger, more efficient councils¹⁶ and examined both ILGRP recommendations in detail, Council needed to secure agreement from all of the other councils involved before it could pursue those options. Furthermore, Council's internal analysis and discussions found that a merger with a council in the South West Growth Centre (where strategic synergies would be more likely) would have significant merit.

There are several benefits for the creation of a regional city council from merging Liverpool and the South West Growth Centre (SWGC). It would provide:

1. Consistent planning across the South West Growth Centre.
2. Increased demand and economic activity through development of housing and employment lands within a mixed socio-economic population.
3. Support for the regional city and facilitation of development in the South West Growth Centre.
4. Greater transport connectivity through the addition of the South West Rail Link to existing transport networks in Liverpool and Campbelltown.
5. The ability to serve similar communities of interest.

While delivering infrastructure to the South West Growth Centre would have a significant impact on Council's financial position, Council would be a successful partner as it has expertise in asset planning and delivery of capital works, a strong balance sheet and the ability to borrow.

¹⁶ Council resolution dated 29 May 2031.

4. How will your plan improve performance?

4.1 Expected improvement in performance

4

Measure/ benchmark	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)	-0.82%	-0.23%	0.02%	0.25%	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	71.87%	71.32%	72.24%	73.34%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	100.66%	108.68%	100.23%	108.27%	Yes
Infrastructure Backlog Ratio (Less than 2%)	2.9%	2.3%	1.9%	1.3%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	113%	114%	114%	115%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	5.71%	5.41%	4.84%	4.28%	Yes
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	\$621	\$607	\$595	\$585	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 forecasts that it will achieve all FFTF benchmarks by 2018/19.

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.

The Director for Business Improvement will be responsible for implementing and reporting progress against strategies identified in Section 3.

Management has already incorporated FFTF reporting in its Monthly Performance Report that is endorsed by the monthly Budget and Finance Committee and subsequently approved by Council resolution.

A FFTF section will be included in the 2014/15 and subsequent annual reports.