

Template 2

Fit for the Future

Council Improvement Proposal

(Existing structure)



Office of
Local Government



Getting started . . .

Before you commence this template, please check the following:

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

Council name: **Bland Shire Council**

Date of Council resolution endorsing this submission: **16 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 Local Government Review Panel's preferred recommendation for Bland Shire Council (Group D) was to be in the Riverina JO **OR** merge with Coolamon and/or Temora; a medium recommendation with the merger reliant on Coolamon and/or Temora being receptive. As such, Council held initial conversations with both Coolamon and Temora regarding potential merger options, however neither Council was prepared to enter merger discussions (as per correspondence, *Attachment 1, Temora and Coolamon Shire Councils' Correspondence*), but both Councils are prepared to continue and strengthen current partnerships and collaborations and seek further ways to enhance and improve the quality of life for our residents.

Council conducted a survey of the Shire's residents with a 9.3% return rate within the community. Of the 9.3% of respondents, a staggering 84% oppose a merger. (*Council Reform Survey Results attached, Attachment 2, Page 3*). This result is consistent with both Coolamon and Temora shires.

Revenue raising within regional/rural areas is limited however Council is aware of the need to be less reliant on grant income and is continually reviewing income streams. Additional income received from mining rates continues to be placed in an infrastructure fund for discretionary spending and has allowed, and will continue to allow, Council to undertake major projects with particular focus on infrastructure renewal. Having a cross section of professional staff with varying skills has enabled Council to be innovative and versatile in its approach to service provision always prepared to undertake new funded functions, most recently evidenced by Community Services being requested to participate in the 'It takes a Village' program and our Assets and Engineering Department gaining private works contracts. These are in addition to the

diverse range of services already provided including Preschool, Family Day Care, Home and Community Care Services, Waste and Landfill services and growing Environmental services. BSC continues to look for opportunities that will be mutually beneficial to both the community and council, while meeting the KPI's outlined within the Community Strategic Plan - a plan (and complete suite of documents) that was researched, written, consulted on, analysed and reviewed internally by professionally skilled staff.

Organisational change is ongoing, fluid and relevant to the expectations and needs of the community. Whether dealing with natural disaster, service levels, developing high quality policy and strategic direction; Council continues to meet the challenges. This has meant that Council has high credibility within local government and further afield, often being approached for assistance, advice, and documentation relating to policy development, pilot programs and innovative practices.

Bland Shire Council plays a major advocacy and leadership role for the Shire resulting in regular contact with both State and Federal members of Parliament, Regional Development Australia and various regional committees. Bland Shire is well respected and has a proven track record in delivery of programs and services within the community.

As evidenced in *Attachment 3, 'Bland Shire Collaborations'*, Bland Shire has a strong collaborative approach, resulting in reduced expenditure and an increase in staff skills and knowledge. Being an active member of Riverina Eastern Regional Organisation of Councils (REROC) and the Riverina JO will provide further collaborative opportunities, particularly in the corporate and local spheres. This has been evidenced by the attached REROC report, *Attachment 4, REROC Achieving Strategic Capacity through Regional Collaboration*, showing the collaborative approach and savings achieved across the ROC. A summary of the financial achievements is located at *Appendix 1, Page 60 of Attachment 4* with the document outlining the strategic and collaborative approach across REROC.

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

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).

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.

Bland Shire Council is located on the northern fringes of the Riverina region of New South Wales.

A vibrant and progressive community, the Shire covers an area of 8,558 square kilometres with a road network with a total length of 3,237km's comprising:

- 867km of sealed roads
- 2370km of unsealed roads
- 9 Bridges and
- 1083 culverts

The Shire's major centre of West Wyalong is located on the junction of the Newell and Mid Western Highways with communities located at Barmedman, Tallimba, Ungarie, Weethalle, Wyalong, Kikoira, Naradhan and Mirrool. The Shire offers a safe and family friendly country lifestyle.

Population Trends

The Estimated Resident Population (ERP) of the Bland Shire as of June 2013 was 6010.

Long term the Bland Shire's population is expected to remain steady as evidenced by Riverina Cities Forecasts ID predicting the population will decrease to 5995 in 2016 before increasing to 6007 by 2026. These figures are supported by the ABS estimated population (Regional Population Growth, ABS).

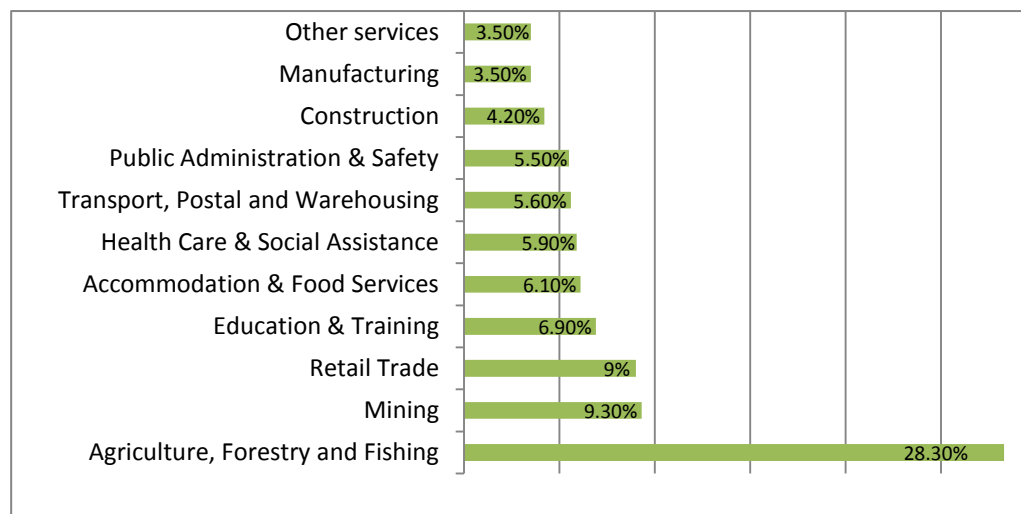
Riverina Cities – Population Forecast (*Attachment 5*), predicts the Bland Shire will experience a significant drop in population in the 15-19 years (365 persons in 2011 to 311 in 2026), 45-49 (402 to 342), 50-54 (443 to 340), and 55-59 (400 to 316) age groups and a significant increase in the 65-69 (294 to 355), 70-74 (284 to 334), 75-79 (230 to 299), 80-84 (187 to 217) and 85 and over (152 to 17) age categories by 2026. This

will have a significant effect on the services required by the community. Planning of which has been incorporated into the Community Strategic Plan – Your Vision, Our Future.

At present, Bland Shire Council has a population density of 0.7 per square kilometre.

Economic

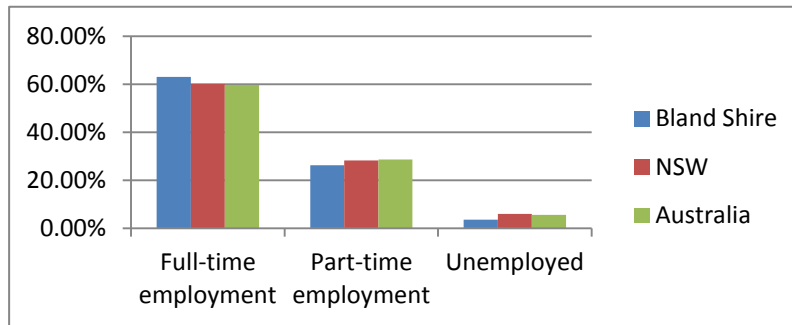
According to the 2011 Census, of the 28.3% employed in the Agriculture, Forestry and Fishing sector, 24.5% worked in sheep, beef, cattle and grain farming. Other major industries of employment included metal ore mining 9.3%, Education and Training 6.9%. **Local Government administration employed 4.6%**, being a major employer within the Shire.



Employed by Industry Census 2011(ABS)

Bland Shire has an employment participation rate of 61%. This is on a par with NSW (59.7%) and Australia (61.4%) and higher than Regional NSW (56.4%). As a result of the large agricultural and mining industries, there are a large number of workers in the 25-34 (20.1%) and 45-54 (21.8%) age groups.

The median weekly household income (people aged 15 years and over) for people living in the Bland Shire is \$879 compared to the state average of \$1237.



Bland Shire has an unemployment rate 3.6% which stands significantly below the current state and national average.

Our Council

Bland Shire Council has strong relationships and is an active member of REROC. Council has many Community Committees in both advisory and Section 355 capacities and apart from the Cowal Gold Mine, is the major employer within the community. This results in Bland Shire Council playing a major advocacy and leadership role for the Shire. Bland Shire is well respected and has a proven track record in delivery of programs and services within the community.

TCORP's 2013 report 'Financial Sustainability of the New South Wales Government Sector' assessed BSC's sustainability as weak with a neutral outcome. As a result, Council has developed a comprehensive improvement plan that addresses the seven KPI benchmarks and puts BSC in a solid position at the completion of the next five years, with further strengthening in the proceeding five years.

Our workforce have the ability to take on new projects and functions in a strategic, yet innovative manner that has resulted in staff skill sets that Council utilises to assist others, both within LG and in the Corporate sector. This approach, and the Flexible Workplace Policy, has meant that council is an employer of choice and therefore has success in attracting skilled and professional staff. These skills and knowledge are consistently utilised in the broader sphere, enhancing the culture of collaboration and the potential further expansion of services and functions in line with Council's Strategic Plan.

An analysis of a merger with both Temora and Coolamon Councils can be found at *Attachment 6, Evaluation of Merger Options*, and clearly shows that the total area (3 Council's combined) would be 13,792 square kilometres with a road network of 5,967 kilometres. This would result in a population density of 0.84, a minor increase for Bland (0.1) and a reduction for both Coolamon and Temora. It would not result in greater revenue or income streams across the board, nor improve the TCORP ratings (mixture of weak and sound) or TCORP Outlooks (mixture of Neutral and negative).

2.2 Key challenges and opportunities

Strengths	Weaknesses
<ul style="list-style-type: none"> • Strong Community Identity • Range of skilled and professional Staff across all areas with the scale and capacity achieve KPI's in CSP • Utilising mining rates for infrastructure and discretionary spending, rather than operations • Low debt ratio with ability to increase borrowings • Proven staff project management skills • Proven record of strong collaboration and willingness to work with others • Active member of REROC • Active member of Riverina JO • Positive community survey results (2011) • Diverse workforce providing cross section of services to community • Employer of Choice (flexible workplace, strong professional Development and education policy) • Innovative management of assets and resources. Eg. Waste water and reticulation • High quality recreational facilities, parks and gardens • High quality children services facilities • Consultative with Community • Strong relationships with State and Federal departments regarding the provision of services to the community 	<ul style="list-style-type: none"> • Rate pegging • Restricted income streams • Large geographical shire area to maintain and service (8557.7 sq km's) • 3,237km road network to maintain • Infrastructure backlog

Opportunities	Threats
<ul style="list-style-type: none"> • Joint Organisation collaboration • Greater resource sharing • Additional Mining activity within Shire • Potential Economic development within Shire • Increased collaboration opportunities • Further develop strategic direction via asset management and long term financial planning • Review internal systems to ensure efficiency and value or money • Utilise debt to ensure future generations pay for new infrastructure and renewal 	<ul style="list-style-type: none"> • Continued FAG's Funding freeze • Corporate Farming • Resources downturn (mining) • Amalgamation • State Government shifting responsibilities and therefore costs to Local Government

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)	-19.94%	No	-1.28%	No – 2017/18
Own Source Revenue Ratio (Greater than 60% average over 3 years)	44.34%	No	86.75%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	51.41%	No	101%	Yes

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

Council's forecast sustainability performance is bright. The 2016/17 (General Fund) results are improved upon the 2013-14 results with increased improvement over the 10 year long term financial plan as shown in *Attachment 7, Resourcing Strategy, Long Term Financial Plan 2015-2025, page 30*. With the inclusion of FAG's, Council meets all the above criteria by the year 2017/18. Council's limited ability to raise revenue poses restrictions, however a review of the fees and charges and working towards a user pays system will enable greater revenue to be raised. This coupled with a review of service provision and potential efficiencies will assist in achieving the benchmarks. Bland Shire is aware of the need to be less reliant on grant income and is continually reviewing income streams to ensure less

reliance in the future.

A point to note regarding the 2013/14 performance figures, is the figures include the freeze in funding and the change in payment schedule resulting in one less FAG's payment.

Council will meet all benchmarks in this area by the 2017/18 financial year.

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%)	3.29%	No	2.99	No – 2021-22
Asset Maintenance Ratio (Greater than 100% average over 3 years)	80%	No	74.11	No- To be determined. Awaiting community consultation process
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	1.13%	Yes	0.82%	Yes

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

Bland Shire has the second longest road network in the state (3,237km's) and an area of 8,558 square kilometres; which is the equivalent in area from Gosford to Wingecarribee and Manly to the Blue Mountains (see map, *Attachment 8, Council Area Comparison*). Taking this into consideration and the restricted income resources available to rural and regional Council's, it is not surprising that Asset maintenance ratio and infrastructure backlog ratios are not met. With depreciation calculated at \$5.4 Million, much of which is due to the extensive road network (which was inherited from the State) and reduced funds to maintain the assets, the State government's push to open Council's road network to larger and heavier vehicles, reductions in roads funding and two (2) major flood events in 2011 and 2012, all

culminates in making it a long term (2021/22) plan to meet the Infrastructure Backlog benchmark and potentially the Asset maintenance ratio. Council is working towards this by reviewing service levels, depreciation, and a complete review of building assets and their role within the community, divesting those that are not required and focussing on asset renewal and infrastructure backlog rather than new assets. However until community consultation regarding these aspects has been completed, as required by the Office of Local Government and Integrated Planning and Reporting Framework, Council has not made any assumption in regard to Asset Maintenance, and therefore has not met the required benchmark.

On the completion of consultation, it is predicted these benchmarks will be met. Council's practice of restricting the additional income received from mining rates will continue, therefore increasing the infrastructure fund for discretionary spending with particular focus on infrastructure renewal and asset maintenance.

Council has not factored an increase in funding into the calculations, therefore if the FAG's are unfrozen, an increase occurs or additional FAG's were to be received, this outcome would assist meeting the benchmarks earlier than predicted.

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	Decreasing	Yes	Decreasing	Yes

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

Council currently meets this benchmark and forecast figures show this will continue. With increased efficiencies following planned service reviews and reductions in service levels this benchmark will continue to be met in the future.

2.4 Water utility performance

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

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

No

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

Council is required to prepare a new 30 year IWCM Strategy, Financial Plan and Report in accordance with the July 2014 IWCM Check List as Councils existing Business Plan requires updating. Council is working collaboratively with REROC and Goldenfields Water to achieve this outcome.

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

\$1.58m

2.4 Water utility performance

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

Nil works planned over \$1M, however relining will occur as required.

Capital works

Proposed works	Timeframe	Cost	Grants or external funding

2.4 Water utility performance

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

Yes

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

2.4 Water utility performance

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

Improvement strategies

Strategy	Timeframe	Anticipated outcome
Increase charges and review current charging practices	2015-16 to 2020-21	Ensure breakeven and work towards funding depreciation for renewal works
Reduce number of sewer pods in West Wyalong	2018-19	Currently able to service 9000 population. ABS statistics indicate that West Wyalong population will remain static therefore reducing sewer pods will reduce infrastructure backlog, depreciation and expenditure.

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.

Outlined in the table below is a summary of the objectives and strategy's Council will utilise to improve performance against the benchmarks and ensure Council meets required levels. Council has identified the need to improve the operating performance and therefore create a surplus which can be applied to the infrastructure backlog and asset maintenance to assist with meeting those benchmarks.

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 underpin the Bland Shire Council strategies are outlined in the table below. They include a review of current service levels and the services that Council currently provides, reviewing the efficiency of the services and how this can be improved to reduce expenditure; this includes internal business units (Sewer). A review of fees and charges to ensure Council is working towards a user pay system and balancing this with affordability and identifying potential partnerships and collaborations is paramount to success. The final assumption is a successful SRV to offset the rate pegging effect and frozen state and federal funding.

3.1 Sustainability

Outline your strategies and outcomes in the table below.

3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
Ensure KPI's and Objectives within the Community Strategic Plan – Your Vision, Our Future are met	<p>Review service levels in line with public consultation and expectations</p> <p>Identify Council's core responsibilities, measure against services provided and prioritise based on available revenue and future asset management needs.</p>	<ul style="list-style-type: none"> • Review of all Council Services by September 2020 • Consult with community regarding service levels and expectations • Review IPR documentation in line with OLG requirements 	<ul style="list-style-type: none"> • More efficient and effective services. Potential savings of \$200k initially in staffing, with an estimated \$300k in natural attrition over 5 years. • Review of service levels in line with available funds and community consultation. • Review of IPR documents to reflect new service levels and community expectations, ensuring within budgets. Potential savings as a result of decrease service levels. 	<ul style="list-style-type: none"> • Reduced expenditure therefore improving Operating Performance Ratio. • Savings directed to Infrastructure Backlog and Asset Maintenance as priority areas.
	Undertake service and efficiency reviews of Council functions	<ul style="list-style-type: none"> • Complete all service reviews by September 2020 • Review staffing and overtime levels – July 2016 	<ul style="list-style-type: none"> • Savings (to be determined) through efficiencies • Overtime savings (to be determined) 	<ul style="list-style-type: none"> • Reduced expenditure therefore improving operating Performance Ratio. • Savings directed to Infrastructure Backlog and Asset Maintenance

				as priority areas.
Increase Revenue Streams	Undertake review of Revenue policy with a view to full cost recovery where possible	<ul style="list-style-type: none"> • Revenue Policy review completed by July 2016 • Review Council leases to ensure market value achieved where possible – as lease term expires • Review Asset and Engineering Hire rates – September 2015 	<ul style="list-style-type: none"> • Greater cost recovery and robust fees and charges • Increased discretionary income (approximately 5%) 	<ul style="list-style-type: none"> • Increase own source revenue • Increased discretionary income directed to Infrastructure Backlog and Asset Maintenance as priority areas.
	Apply for Special Rate Variation for Shire	<ul style="list-style-type: none"> • Community Consultation completed by 31 December 2015 • SRV application completed by mid February 2016 	<ul style="list-style-type: none"> • Increased income of \$4.12 million over 5 year term 	<ul style="list-style-type: none"> • Improve operating performance ratio and own source revenue • Increased discretionary income directed to Infrastructure Backlog and Asset Maintenance as priority areas.
	Investigate corporate partnerships and collaboration	<ul style="list-style-type: none"> • Identify opportunities - ongoing 	<ul style="list-style-type: none"> • Increased income estimated at \$5000 	<ul style="list-style-type: none"> • If additional funding related to asset, funding directed towards maintenance/upkeep • Increased discretionary income directed to Infrastructure Backlog and Asset Maintenance as priority areas
		<ul style="list-style-type: none"> • Improve returns from private hire of community facilities - ongoing 	<ul style="list-style-type: none"> • Increased income estimated at \$5000 	<ul style="list-style-type: none"> • If additional funding related to asset, funding directed towards maintenance/upkeep. • Increased discretionary income
		<ul style="list-style-type: none"> • Investigate additional Private works 	<ul style="list-style-type: none"> • Increased income opportunities 	<ul style="list-style-type: none"> • Increased discretionary income directed to

		opportunities - ongoing		Infrastructure Backlog and Asset Maintenance as priority areas
	Investigate the potential for Sewer business Unit to pay a dividend to Council when operating surplus result	<ul style="list-style-type: none"> • Review sewer management plan by June 2016 • Review Sewer fees and charges by June 2016 	<ul style="list-style-type: none"> • Potential increase of income 	<ul style="list-style-type: none"> • Increased discretionary income directed to Infrastructure Backlog and Asset Maintenance as priority areas
<i>Review Contributions plans</i>	Review developer contribution plans eg. S94 and s94a	<ul style="list-style-type: none"> • Conduct review of contribution plans by 30 June 2016 	<ul style="list-style-type: none"> • Potential increase of developer contributions 	<ul style="list-style-type: none"> • Increased discretionary income directed to Infrastructure Backlog and Asset Maintenance as priority areas

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.

Bland Shire has the second longest road network in the state (3,237km's) and an area of 8,558 square kilometres. Taking this into consideration and the restricted income resources available to rural and regional Council's, it is not surprising that asset maintenance ratio and infrastructure backlog ratio's are not met and will not be met until 2021/22. Council does met the debt service ratio.

Council's current depreciation is calculated at \$5.4 Million. This figure is expected to reduce following a review of depreciation methodologies. Council also plans to utilise improvements strategies such as reviewing community expectations and service levels, not only using asset management data, but incorporating this with visual inspections and risk assessments to review renewal and maintenance works. This is coupled with a SRV, initially raised with the community in 2011 during the *Community Strategic Plan* consultation process (*Attachment 9, page 20*).

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

As indicated in the table below, Council is working towards meeting the benchmarks by reviewing service levels, depreciation, and undertaking a complete review of building assets and their role within the community, divesting those that are not required and focussing on asset renewal and infrastructure backlog rather than new assets. However until the community consultation regarding these aspects has been completed, as required by the Office of Local Government and Integrated Planning and Reporting Framework, Council has not made any assumption in regard to Asset Maintenance.

Council surveyed the community regarding a SRV during the *Community Strategic Plan* consultation process (*Attachment 9, page 20*). The majority of respondents favoured the "increase in current service levels and increase rates according to service level requirements" (42.8%) closely followed by "maintain current service levels and increase rates" according to service level requirements (40.3%). In total, 83.1% of the respondents are happy to have their rates increased by a greater margin than the rate pegging limit. In addition to this, Council completed Road Network meetings throughout the Shire during 2015 with similar responses.

Other than a SRV, Council has not factored an increase in State or Federal funding into the calculations, therefore if the FAG's are unfrozen, an increase occurs or additional funding were to be received, this outcome would assist meeting the benchmarks earlier than predicted.

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>Review assets listing and investigate opportunities to divest surplus assets</i>	Undertake asset review Review and update asset management plan	<ul style="list-style-type: none"> • Review complete 2015/16 • Public divestiture Complete 2016/17 	<ul style="list-style-type: none"> • Potential sale of Council assets 	<ul style="list-style-type: none"> • Reduce Infrastructure Backlog and Asset Maintenance, and improve building and Infrastructure asset renewal ratio • Decrease depreciation and therefore operating expense and operating performance ratio
	Rationalise plant and vehicle fleet	<ul style="list-style-type: none"> • Review plant requirements based on asset management plan • Review Motor Vehicle policy and payment schedules by December 2016 	<ul style="list-style-type: none"> • Align plant with determined requirements 	<ul style="list-style-type: none"> • Reduce Asset Maintenance Ratio • Decrease depreciation and therefore operating expense and operating performance ratio
<i>Review depreciation methodology</i>	Revaluation of Council assets Investigate depreciation	<ul style="list-style-type: none"> • As scheduled by OLG • Review depreciation methods as revaluations 	<ul style="list-style-type: none"> • Realistic assessment of Council assets and required levels of maintenance and 	<ul style="list-style-type: none"> • Reduce Infrastructure Backlog and Asset Maintenance, and improve building and

	<p>methodology in partnership with Council's auditors</p> <p>Improve asset management data</p>	<p>occur</p> <ul style="list-style-type: none"> • Review asset management plans in accordance with revaluations and staff ongoing assessment 	<p>renewal</p> <ul style="list-style-type: none"> • Review of scheduled works utilising staff knowledge and risk assessments 	<p>Infrastructure asset renewal ratio</p> <ul style="list-style-type: none"> • Decrease depreciation and therefore operating expense and operating performance ratio
<i>Review Community Satisfaction levels</i>	Engage with community to determine expectations and review satisfaction levels	<ul style="list-style-type: none"> • Complete community engagement in conjunction with Integrated Planning and Reporting community engagement process 	<ul style="list-style-type: none"> • Maintain assets at a fit for purpose level • Review of scheduled works utilising staff knowledge and risk assessments 	<ul style="list-style-type: none"> • Reduce Asset Maintenance ratio • Improve building and Infrastructure asset renewal ratio
	Review Council's Road Network hierarchy	<ul style="list-style-type: none"> • Review hierarchy and determine if any roads can be downgraded – 2015/16 	<ul style="list-style-type: none"> • Maintain assets at a fit for purpose level 	<ul style="list-style-type: none"> • Reduce Asset Maintenance ratio • Improve building and Infrastructure asset renewal ratio • Reduce Infrastructure backlog ratio •
<i>Utilise new technologies to reduce expenditure</i>	Investigate alternative technology to minimise operating expenditure	<ul style="list-style-type: none"> • On completion of Technology One implementation, ensure efficiencies and new work methods included in daily operations by December 2016 	<ul style="list-style-type: none"> • Savings (to be determined) through efficiencies and fully utilising available technology 	<ul style="list-style-type: none"> • Reduced expenditure therefore improving operating Performance Ratio. • Savings directed to Infrastructure Backlog and Asset Maintenance as priority areas.
<i>Review Council's Borrowings</i>	Investigate the renegotiation of Council's	<ul style="list-style-type: none"> • Renegotiate loan by December 2015 	<ul style="list-style-type: none"> • Extend loan and borrowing period to 	<ul style="list-style-type: none"> • Ensure Debt Service Ratio met

	loan extending term to 2030 with fixed interest rate		ensure future generations contribute to new infrastructure with expected savings of \$383,000	
	Utilise new State Borrowing Fund if available	<ul style="list-style-type: none"> • Transfer existing borrowings to new fund if financially prudent 	<ul style="list-style-type: none"> • Transfer of existing loans to fund 	<ul style="list-style-type: none"> • Potential for increased discretionary income directed to Infrastructure Backlog and Asset Maintenance as priority areas • Improve operating performance ratio
Manage Assets to agreed levels	Engage with community to determine agreed levels and apply for SRV to meet those levels	<ul style="list-style-type: none"> • Community Consultation completed by 31 December 2015 • SRV application completed by mid February 2016 	<ul style="list-style-type: none"> • Maintain assets at a fit for purpose level • Review scheduled works utilising staff knowledge and risk assessments 	<ul style="list-style-type: none"> • Reduce Asset Maintenance ratio • Improve building and Infrastructure asset renewal ratio • Reduce Infrastructure backlog ratio
	Lobby NSW Government to adequately bring up the Regional Roads to a satisfactory standard so that they do not incur large maintenance costs and to lobby the Roads and Maritime Services to supply more realistic support grants for these roads.	<ul style="list-style-type: none"> • Lobby government regarding additional funding for roads 	<ul style="list-style-type: none"> • Potential for increased roads funding 	<ul style="list-style-type: none"> • Potentially Reduce Asset Maintenance ratio, improved building and Infrastructure asset renewal ratio and reduce Infrastructure backlog 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.

Council meets this measure and is predicted to continue into the future. This prediction has been based on prudent financial management and service reviews across the organisation, while ensuring the most effective and efficient practices are in place. Tabled below are the strategies and associated outcomes with timeframes determined.

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

Council currently meets this benchmark however with increased efficiencies assumed following the planned service reviews, reductions in service levels, review insurance and assets and continuation of collaborations and regional planning and outcomes, this benchmark will continue to be met in the future. The following are specific strategies planned to be completed to ensure continuation of meeting this benchmark.

- Review Insurance schedules and inclusions
- Undertake service and efficiency reviews of Council functions
- Consult with community regarding expectation and review work force plan and operations accordingly
- Investigate workplace traineeships and educational assistance to encourage existing staff to further their skills and knowledge
- Undertake service and efficiency reviews of Council functions ensuring KPI's and Objectives within the Community Strategic Plan – Your Vision, Our Future are met
- Investigate the utilisation of Local Government procurement tender process
- Investigate alternative technology to minimise operating expenditure
- Investigate regional planning and collaborative opportunities with REROC and the Riverina JO

3.3 Efficiency

Outline your strategies and outcomes in the table below.

3.3 Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
<i>Review Expenditure</i>	Review Insurance schedules and inclusions	Complete insurance review by June 2016	Ensure assets are insured at appropriate levels	<ul style="list-style-type: none"> • Reduced expenditure therefore improving Operating Performance Ratio. • Reduce Real Operating Expenditure • Savings directed to Infrastructure Backlog and Asset Maintenance as priority areas.
	Undertake service and efficiency reviews of Council functions	<ul style="list-style-type: none"> • Complete all service reviews by September 2020 • Review staffing and overtime levels – July 2016 	<ul style="list-style-type: none"> • Savings (to be determined) through efficiencies • Overtime savings (to be determined) 	<ul style="list-style-type: none"> • Reduced expenditure therefore improving Operating Performance Ratio. • Reduce Real Operating Expenditure • Savings directed to Infrastructure Backlog and Asset Maintenance as priority areas.

<i>Review workforce plan in line with CSP, service levels and Community Expectations</i>	Consult with community regarding expectation and review work force plan and operations accordingly	<ul style="list-style-type: none"> • Community Consultation completed by June 2017 	<ul style="list-style-type: none"> • Savings (to be determined) through efficiencies 	<ul style="list-style-type: none"> • Reduce Real Operating Expenditure • Savings directed to Infrastructure Backlog and Asset Maintenance as priority areas
	Investigate workplace traineeships and educational assistance to encourage existing staff to further their skills and knowledge	<ul style="list-style-type: none"> • Source training opportunities for employees in accordance with individual training needs and approved budget as identified 	<ul style="list-style-type: none"> • Workforce with increased knowledge and skills 	<ul style="list-style-type: none"> • More efficient delivery of services
<i>Reduce Real Operating Expenditure ensuring KPI's and Objectives outlined in CSP are met</i>	Undertake service and efficiency reviews of Council functions ensuring KPI's and Objectives within the Community Strategic Plan – Your Vision, Our Future are met	<ul style="list-style-type: none"> • Complete all service reviews by September 2020 • Review Asset and Engineering Hire rates – September 2015 • Review staffing and overtime levels – July 2016 	<ul style="list-style-type: none"> • Savings (to be determined) through efficiencies • Overtime savings (to be determined) 	<ul style="list-style-type: none"> • Reduced expenditure therefore improving operating Performance Ratio. • Savings directed to Infrastructure Backlog and Asset Maintenance as priority areas.
	Investigate the utilisation of Local Government procurement tender process	<ul style="list-style-type: none"> • Utilise approved companies via the LGP process 	<ul style="list-style-type: none"> • Savings (to be determined) by accessing LGP providers rather than Council completing tender process 	<ul style="list-style-type: none"> • Reduced expenditure therefore improving operating Performance Ratio. • Savings directed to Infrastructure Backlog and Asset Maintenance as priority areas
<i>Utilise new technologies to reduce expenditure</i>	Investigate alternative technology to minimise operating expenditure	<ul style="list-style-type: none"> • Following Technology One implementation, ensure efficiencies and new work methods included in daily operations by December 2016 	<ul style="list-style-type: none"> • Savings (to be determined) through efficiencies and fully utilising available technology 	<ul style="list-style-type: none"> • Reduced expenditure therefore improving operating Performance Ratio. • Savings directed to Infrastructure Backlog and Asset Maintenance as priority areas.

		<ul style="list-style-type: none"> • Engage external consultant to review and recommend new technologies for Roads and other asset maintenance and renewal by December 2016 	<ul style="list-style-type: none"> • Savings (to be determined) through efficiencies and utilising new technology and/or products 	<ul style="list-style-type: none"> • Reduced expenditure therefore improving operating Performance Ratio. • Savings directed to Infrastructure Backlog and Asset Maintenance as priority areas.
<i>Utilise existing frameworks and REROC to further develop collaboration</i>	Investigate regional planning and collaborative opportunities with REROC and the Riverina JO	<ul style="list-style-type: none"> • Actively participate in REROC, JO and technical committees 	<ul style="list-style-type: none"> • Savings to be determined. Previous estimated savings across region outlined in attachment 4, p60 	<ul style="list-style-type: none"> • Reduced expenditure therefore improving operating Performance Ratio. • Savings directed to Infrastructure Backlog and Asset Maintenance as priority areas

3.4 Improvement Action Plan

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

Action plan

Actions

Milestones

Review service levels in line with public consultation and expectations

- Consult with community regarding service levels and expectations
- Review IPR documentation in line with OLG requirements

Undertake service and efficiency reviews of Council functions

- Review Asset and Engineering Hire rates – September 2015
- Review staffing and overtime levels – July 2016

Undertake review of Revenue policy with a view to full cost recovery where possible

Revenue Policy review completed

Apply for Special Rate Variation for Shire

- Community Consultation completed by 31 December 2015
- SRV application completed by

mid February 2016

Investigate the potential for Sewer Business Unit to pay a dividend to Council when operating surplus result

- Review sewer management plan by June 2016
- Review Sewer fees and charges by June 2016

Review developer contribution plans eg. S94 and s94a

- Conduct review of contribution plans by 30 June 2016

Review and update asset management plan

- Complete community consultation
- Asset review complete - December 2016
- Public divestiture Complete – June 2017
- Review hierarchy and determine if any roads can be downgraded

Rationalise plant and vehicle fleet

- Conduct review of contribution plans by 30 June 2016

Investigate depreciation methodology in partnership with Council's auditors

- Review depreciation methods as revaluations occur in line with OLG schedule
- Review asset management plans in accordance with revaluations and staff ongoing assessment

Engage with community to determine expectations and review satisfaction levels	<ul style="list-style-type: none"> • Complete community engagement in conjunction with Integrated Planning and Reporting community engagement process
Investigate alternative technology to minimise operating expenditure	<ul style="list-style-type: none"> • Following Technology One implementation, ensure efficiencies and new work methods included in daily operations by December 2016 • Engage external consultant to review and recommend new technologies for Roads and other asset maintenance and renewal by December 2016
Investigate the renegotiation of Council's loan extending term to 2030 with fixed interest rate	<ul style="list-style-type: none"> • Renegotiate Council's loan by December 2015
Lobby NSW Government to adequately bring up the Regional Roads to a satisfactory standard so that they do not incur large maintenance costs and to lobby the Roads and Maritime Services to supply more realistic support grants for these roads	<ul style="list-style-type: none"> • Lobby government regarding additional funding for roads
Review Insurance schedules	<ul style="list-style-type: none"> • Complete insurance review by June 2016

Consult with community regarding expectation and review workforce plan and operations accordingly	<ul style="list-style-type: none"> • Community Consultation completed by June 2017
Investigate the utilisation of Local Government procurement tender process	<ul style="list-style-type: none"> • Utilise approved companies via the LGP process

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

The improvement plan that has been developed is the result of a collaborative approach between Council staff, the Management Executive team and the elected representatives. Council documents such as the Integrated Planning and Reporting suite of documents, particularly the Long Term Financial Plan and Community Strategic Plan and policies have also been instrumental in developing the plan. Actions that carry over into the 2016/17 year and further, will be included within Council's Operational Plan and Delivery Program to ensure all actions are collated within one suite of documents and reported upon appropriately.

Regular reports have been included in Council's monthly meeting and discussions held at Council workshops as listed below:

- September 2014 Ordinary Council Meeting
- October 2014 Extraordinary Council Meeting
- November 2014 Ordinary Council Meeting
- December 2014 Ordinary Council Meeting
- February 2015 Council Workshop
- February 2015 Ordinary Council Meeting
- March 2015 Ordinary Council Meeting
- April 2015 Budget Workshop
- April 2015 Ordinary Council Meeting
- May 2015 Council Workshop
- May 2015 Council Meeting

- June 2015 Council Workshop
- June 2015 Council Meeting

The community has been kept informed regarding the process via a community meeting, business paper reports and the local media. The community was instrumental in determining Councils approach by being part of the community survey and clearly identifying their desire to remain as a standalone entity.

Further community consultation is required to determine community expectations and resultant actions by Council as detailed in the plan above and within the documentation.

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.

Merger

The Local Government Review Panel's preferred recommendation for Bland Shire Council (Group D) was to be in Riverina JO **or** merge with Coolamon and/or Temora; a medium recommendation and the merger reliant on Coolamon and/or Temora being receptive.

Council held initial conversation with both Coolamon and Temora regarding potential merger options, however neither Council was prepared to enter merger discussions (as per *Attachment 1, Temora and Coolamon Shire Councils' Correspondence*) however, both Councils are prepared to continue and strengthen current partnerships and collaborations and seek further ways to enhance and strengthen these.

With the Bland Shire covering an area of 8,558 square kilometres (equivalent land mass size of Puerto Rico) and a road network with a total length of 3,237km's (approximately the distance from Melbourne to Perth or Sydney to Kalgoorlie); to merge with Coolamon and Temora would create an area totalling 14,091 square kilometres, and equivalent size to that of the Bahamas.

Rural Council

While Bland Shire Council meets all of the criteria for a 'rural council', this was not the preferred option as recommended by the Independent panel and the review process has not been clear as to the implications of such a model. As a result, Council resolved to follow the self improvement model (template 2).

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)	-22.35%	-12.90%	-1.28%	3.18%	7.56%	11.19%	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	87.44%	81.27%	86.75%	87.18%	87.65%	88.13%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	91%	82%	101%	101%	100%	102%	Yes
Infrastructure Backlog Ratio (Less than 2%)	3.18%	3.21%	2.99%	2.77%	2.55%	2.36%	No (2020/21)
Asset Maintenance Ratio (Greater than 100% average over 3 years)	95.56%	95.73%	74.11%	73.71%	71.31%	71.51%	No (to be determined following community consultation)
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	1.19%	0.88%	0.82%	0.76%	0.70%	0.64%	Yes

Real Operating Expenditure per capita

A decrease in Real Operating Expenditure per capita over time

Decreasing

Decreasing

Increasing

Decreasing

Decreasing

Decreasing

Yes

Note: IPART will assess this table in accordance with section 3.3 in the [Methodology for Assessment of Council Fit for the Future Proposals](#)

*if your council is including FAGs in this calculation please provide information for years 2020/21 to 2024/25 on the following page.

4.1 Expected improvement in performance (rural with FAGS considered*)

Measure/ benchmark	2020/21	2021/22	2022/23	2023/24	2024/25	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	14.90%	15.24%	15.41%	15.50%	15.50%	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	88.64%	88.70%	88.76%	88.81%	88.88%	Yes

*Includes councils in OLG groups 8,9, 10 and 11 only. See page 42 of IPARTs [Methodology for Assessment of Council Fit for the Future Proposals](#)

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.

Bland Shire has the second longest road network in the state (3,237km's) and an area of 8,558 square kilometres, taking this into consideration and the restricted income resources available to rural and regional Council's, it is not surprising that Council is unable to meet all the benchmark KPI's.

The restriction of rate pegging has impeded rural/regional councils from raising adequate revenue from rates to meet all of the community's needs, as well as coping with unfunded State Government Cost shifting. This is evidenced by the number of councils applying for and receiving Special Rate Variations. Despite this, and although revenue raising within regional/rural areas is limited, Council is continually reviewing income streams and budget management practices to continue to meet the needs of its community.

Our results measured against the 7 Fit for the Future benchmarks show that we have achieved 5 out of 7 of the benchmarks within the first 5 years and 6 out of 7 at the end of 10 years. This however, does not mean we will continue to rest on our laurels. Council expects to improve on its performance by adopting a proactive approach with the improvement action plan. This will not only achieve the desired benchmark results but importantly provide our community with services in a financially responsible manner.

Improvement is a continual process and Council plans to monitor changes in circumstances, such as strategic direction or natural disasters that may impact on our performance. Our strength is our ability to adapt, not by being reactive, but to carefully consider alternative strategies to maintain our path to further improvement. This will be achieved by investigation of all options available and selecting that which provides the best result for Council and the community.

5. Putting your plan into action

How will your council implement your Improvement Action Plan?

Bland Shire Council will implement the Improvement Action Plan by building the actions in to the Integrated Planning and reporting suite of documents. This will ensure they are delegated, actioned, reported and monitored.
Senior staff Performance appraisals are based around the Integrated Planning and reporting framework, and this too will ensure the activities will be passed to the correct staff and monitored through the performance review process.
To assist with the keeping the elected members abreast of Council's progress, Councillor education will be provided, particularly following the election in September 2016. Updates will be provided formally via the operational plan review and informally in the workshop environment.