

## Template 2

Fit for the Future

# Council Improvement Proposal

for Singleton Council  
(Existing structure)



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**Council name:**

**Singleton Council**

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

**1 June 2015**

## 1. Executive Summary

### Current Performance

The Independent Local Government Review Panel recommended “No Change” for Singleton Council and that it has scale and capacity to be financially sustainable. In relation to the ‘self-assessment’ tool and the performance measures as at 30 June 2014 the Council currently meets two (2) of the seven (7) ratios identified in the tool as follows:

Performance measure	Singleton Council Result	Meets FFTF Benchmark
Operating Performance Ratio	-0.108	No
Own Source Revenue	70.40%	Yes
Building & Infrastructure Asset Renewal Ratio	94.36%	No
Infrastructure Backlog	2.53%	No
Asset Maintenance	69.26%	No
Debt Service	3.75%	Yes
Real Operating Expenditure (ROE)	Increasing	No

With no new services, assets or facilities proposed in the medium term Singleton Council is very confident it can meet the performance measures within 5 years based on the commitments in the Council’s Improvement Proposal. This confidence is based on the realisation of benefits from steps taken over the last four years to reduce the infrastructure backlog by utilising external funding.

## Issues facing Council

Singleton Council has always presented balanced cash budgets as was the case for the 2015/16 draft budget. The significant constraints in developing future budgets to match the appropriate level of community amenities with revenues received include:

- Financial Assistance Grant (FAG) will not be indexed until the 2017/2018 financial year in line with the Federal Government's 2013/2014 Budget announcement.
- Rate pegging set at 2.4% with the NSW State Award providing a wage increase of 2.7% along with some materials and equipment exceeding the rate peg annually.
- Interest rates on term deposits have dropped in the past 12 months meaning Council will earn less on invested cash.
- Council's income from Fees and Charges in the current LTFP are lower than prior years with a slow local economy, resulting from the mining downturn, reducing developer application fees and also with a reduction in waste going to land fill.
- The utilisation of funds held by Council in reserve to complete major capital projects has been expended thereby no longer attracting interest revenue.

## Planned improvement strategies and outcomes

In order to meet the ratios the Council will need to embark on a process for a multi-year Special Rate Variation (SRV) of 9.75% each year for a period of 4 years from 1 July 2016 as provided for by section 508A of the *Local Government Act 1993*. Without a significant increase in general rate income Council will not be able meet within 5 years the Operating Performance Ratio, without greatly impacting on existing service levels across the whole organisation. This additional revenue will assist in achieving the required renewal and maintenance of Council's Infrastructure.

There have been a number of strategies undertaken in the organisation that have enabled the delivery of a balanced cash budget despite upward pressure of rising costs in real terms, which include a reduction in incomes and reviewing major infrastructure over the past three years.

In addition to the SRV the key improvement strategies are:

- reductions in operating expenses by conducting external efficiency review, service planning and outsourcing opportunities;
- review Council's salary and performance management system to further enhance organisational performance;
- resource sharing with neighbouring Councils across a range of activities, including strategic planning, water utilities, risk

management and Geographic Information Services (GIS);

- Organisational re-structure to expand the span of control;
- Increase use of ICT strategies to achieve more stream lined service delivery.

## 1.1 Scale and Capacity

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

**Yes**

## 2. Singleton Council's current position

### 2.1 About Singleton's 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.*

The Singleton Local Government Area (LGA) covers 4,893km<sup>2</sup> and is located 200km north-west of Sydney and 80km inland from Newcastle. It includes the township of Singleton, as well as 17 villages and rural centres of population. Singleton is also the first town that westbound travellers visit after exiting the Hunter Expressway which has seen an increase in visitation.

The area has experienced a prolonged period of steady population growth driven by business and industry. This is a result of the Singleton LGA being a geographically attractive location situated on a major freight route with the connection of the Golden and New England Highways. In addition, the township of Singleton is only one (1) hour from the Newcastle Airport and two (2) hours from Sydney.

Coal mining in the Singleton LGA contributes more than half a billion dollars in mining royalties each year, double the amount of the second closest contributor, and is the major industry and employer. Singleton also features a significant presence from the Australian Defence Force, as well as a diverse range of other industries including viticulture, education, engineering, fabrication, trades services, tourism, hospitality, mining, retail, agriculture and 30% of the State's power generation.

Singleton LGA serves a population of 23,751 residents with a projected population in 2031 of 27,200. According to the 2011 Census Singleton LGA has a predominately younger population with the average age being thirty-five (35) along with a higher percentage of people under the age of twenty-four (24) and a lower percentage of people over the age of fifty-five (55) compared to the NSW average.



Council's Community Strategic Plan Our Place: A Blueprint for 2023 was endorsed by Council on 17 June 2013. The plan is based on four pillars identified by the community that outlines the vision our community. Local issues and desires identified by the community during the development of the Community Strategic Plan include the following:

- To enjoy the existing rural and village lifestyles while at same time enjoying the opportunities and facilities found in larger towns;
- Improved access to services, especially health, education, aged care, a 24 hour police station and cultural activities;
- Singleton's local economy has been significantly driven by mining. Mining accounts for about 23% of our resident labour force. Approximately 33% of workers live locally with thousands commuting to Singleton every day to work. There is need for more employment opportunities outside of mining, and a desire to create a greater sense of place in a community with a large population of transient workers;
- Activities associated with mining have caused increased traffic congestion and pressure on the local roads and associated infrastructure. Public transport that is accessible and practical is needed.
- More affordable housing and a diversification of the local economy so it isn't dependent on mining are desired;
- Achieving a balance between mining, agriculture and our environment is one of the greatest challenges.
- The community also wants to see investment in alternate energy options, improved flood plain management and the management of animal pests.

Council's 2013/14 Total Infrastructure Assets (including Water & Sewer Funds) Written Down Value as at 30 June 2014 totalled \$332.7 million with an identified infrastructure asset backlog of 5% or \$17.234 million. Over the past four years Council has been addressing the infrastructure backlog via additional loan borrowings, increases in contributions, the implementation of a Special Rate Variation to provide addition \$700k per year towards road construction and maintenance and gaining of external funding in the order of \$40 million.

## 2.2 Key challenges and opportunities

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• <i>Diversity of services delivered – in partnerships with industry Council provides contemporary services beyond the statutory requirements.</i></li> <li>• <i>Comparatively Lower Administrative Costs – Singleton Council has comparatively lower administrative costs than the average group four council.</i></li> <li>• <i>Skilled workforce – There are a wide variety of experienced and skilled staff at Singleton Council.</i></li> <li>• <i>Attractive Geographical location – Singleton is geographically located on key rail and vehicle routes for freight and one hour from Newcastle Airport.</i></li> <li>• <i>Good reputation – Council in recent years has built an image of being progressive and a leader in the region.</i></li> <li>• <i>Strong leadership – Singleton has a stable Council and highly experienced General Manager.</i></li> <li>• <i>Strong awareness of community needs – The Council has completed a wide variety of consultation with the community over the past four (4) years.</i></li> <li>• <i>Utilisation of technology – Council has invested in technology to ensure it can meet the internal and external service requirements into the future. Benchmarking in this area demonstrates excellent value for money.</i></li> <li>• <i>Politically stable – The majority of Councillors have served more than one term at Council.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Low rate base – Currently sits inside the ten lowest rating assessments for all three categories.</i></li> <li>• <i>Limited ability to generate additional revenue from fees and charges – Regulated fees for statutory services impacts on Council's financial position.</i></li> <li>• <i>Staff retention – Geographical location to major centres and major industry surrounding Singleton make it difficult to attract and retain suitability qualified individuals.</i></li> <li>• <i>Succession planning for key areas – Succession planning has had mixed results due to retention issues.</i></li> <li>• <i>Reliance on coal mining and associated industries – With the recent downturn and the rise of alternative energy options the need for further diversification has increased.</i></li> <li>• <i>Sub-regional Infrastructure – Singleton's infrastructure services are geographically located to service the wider region, placing pressure on and increasing the cost of asset maintenance requirements.</i></li> </ul>

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|---|--|
| <ul style="list-style-type: none"> <li>• <i>Service Centre – Singleton is attracting individuals from surrounding areas as a result of improved retail and services.</i></li> <li>• <i>Developable land holdings – Council has the ability to develop land within the LGA for financial gain.</i></li> <li>• <i>Proactive in a changing environment – establishing strategies such as the Housing &amp; Accommodation and the Lifestyle for Older People strategies to address the aging population trend identified in Singleton.</i></li> <li>• <i>Part of the Hunter Wine Industry – The Singleton LGA plays a key role in promoting viticulture and facilitating tourism to the Hunter Valley Wine Country.</i></li> <li>• <i>Trend in reducing infrastructure backlog – Council in recent years has been committed to significantly reducing its backlog, which is .53% from meeting the benchmark.</i></li> <li>• <i>Ability to attract external funding – Council in recent years has had the ability to attract a significant amount of external funding.</i></li> <li>• <i>Well maintained assets – Council has predominately road related assets with limited buildings and facilities.</i></li> <li>• <i>Ability to negotiate Voluntary Planning Agreements (VPAs) – Due to presence of Major Industries Council has successfully negotiated VPAs for identified community needs in recent years.</i></li> </ul> |  |
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Opportunities	Threats
<p><i>Joint services provisions – Council is part of the pilot for the joint organisations model.</i></p> <p><i>Regional co-operation – Actively involved and seeking opportunities to act regionally and share services such as the Upper Hunter Water Alliance, regional library systems and a leader in regional waste strategy.</i></p> <p><i>Refocus resources based on priority actions – Through the improvement strategies Council will continue to align resources on priorities.</i></p> <p><i>Diversify incomes streams – Council is pursuing other industry types for the Singleton LGA.</i></p> <p><i>Improved financial sustainability – Over the last 4 years Singleton Council has demonstrated its commitment to becoming financially sustainable.</i></p> <p><i>Further develop partnerships – Through the Hunter Joint Organisation and other means engage in partnerships to improve service delivery and reduce expenditure.</i></p>	<p><i>Sustaining population growth – Singleton Council as a positive population projection although out reliance on the Mining Industry directly influences this projection.</i></p> <p><i>Cost shifting from State and Federal Government – continued cost shifting will reduce this Council's capacity to deliver services for its community and become sustainable into the future.</i></p> <p><i>Prescribed fees for services provided – Council's ability to charge for cost recovery is limited by prescribed fees. This is counterproductive to becoming sustainable.</i></p> <p><i>Reduction and reliability in State and Federal funding and impacting on long term planning and service provision - Without funding from other levels of government to supplement capital expenditure programmes, Council's ability to become sustainable would be extremely difficult.</i></p> <p><i>Rate pegging – Council's cost base continues to increase above the rate peg.</i></p> <p><i>Possible loss of Council's Water &amp; Sewer Activities – losing the water and sewer business units would significantly impact the Council's long term sustainability.</i></p>

## 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?	
<b>Operating Performance Ratio</b> (Greater than or equal to break-even average over 3 years)	-0.108	No	-0.149	No	
<b>Own Source Revenue Ratio</b> (Greater than 60% average over 3 years)	70.40%	Yes	63.50%	Yes	
<b>Building and Infrastructure Asset Renewal</b> Ratio (Greater than 100% average over 3 years)	94.36%	No	79.30%	No	

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

Singleton Council's Forecast Operating Performance Ratio will not be achieved without Council considering strategies to increase own source income and further reducing expenditure. Included in Council's income stream to date have been proceeds from land development activities. Singleton Council has a large undeveloped land bank holding to the north of Singleton from which over the years, Council has successfully been developing residential estates. From 1 July 2009 to 30 June 2014 Council has realised \$37.7 million in proceeds from the disposal of real estate assets held for resale with an annual average of \$7.54 million. Excluding the cost of developing these assets, Council has realised a net profit of \$13.5 million over this period. The proceeds from the sale of these assets are placed in an internal restricted asset account to enable future land development to occur and also to provide a means for Council to fund capital and strategic projects (eg. Flood Management Plans) without burdening Council's operational budget. However, this income is excluded from the calculation of the Operating Performance Ratio.

Over recent years Council has been successful in obtaining funding under the Resources for Regions program which aims to support regional and rural NSW communities affected by mining by addressing infrastructure constraints and the Hunter Infrastructure & Investment Fund (HIIF). In total Council has received \$31.92 million from Resources to Regions and \$5.71 million in HIIF funds. In 2013/14 Council sought a 5% SRV to assist in addressing the infrastructure backlog. Despite the additional revenue Council has received in recent years, it will not be enough to meet the Fit for the Future benchmarks without additional own source revenue moving forward.

The funding mentioned above has been allocated towards improving and upgrading of Council's infrastructure assets particularly addressing Council's infrastructure backlog. As a result this funding Council's Own Source Revenue indicator falls below the benchmark in the 2014/15 and 2015/16 financial years resulting in a reduced level in the 2016/17 forecast.

The self-assessment tool indicates that Council does not currently meet the Building and Infrastructure Asset Renewal benchmark at 94.36% over 3 years. Council has a very strong focus on meeting this ratio and there is no reason why Council should not be able to achieve this ratio in the next few years as evidenced by Council's Improvement Action Plan.

## 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?
<b>Infrastructure Backlog Ratio</b> (Less than 2%)	2.53%	No	1.73%	Yes
<b>Asset Maintenance Ratio</b> (Greater than 100% average over 3 years)	69.26%	No	77.20%	No
<b>Debt Service Ratio</b> (Greater than 0% and less than or equal to 20% average over 3 years)	3.75%	Yes	7.29%	Yes

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

In 2013/14 Council does not meet the Infrastructure Backlog Ratio at 2.53% but it is forecast to meet this ratio in 2016/17. Council has been active in reducing the infrastructure backlog by securing additional loan borrowings through the Local Infrastructure Renewal Scheme (LIRS), securing external grant funding and applying for a Special Rate Variation targeting transport infrastructure backlogs for 2014/15. The April 2015 storm event has resulted in damage to Council's rural roads and will increase Council's infrastructure backlog as at 30 June 2015. It is anticipated that this damage will be addressed in the 2015/16 financial year.

Council has obtained a \$4.0 million loan under Round 2 of the LIRS program in the 2013/14 financial year with \$3.0m being utilised to address road infrastructure backlog works and \$1.0m being allocated towards culvert backlog works. From 1 July 2014, Council has applied a 5% Special Rate Variation which provides an additional \$700k per annum towards road capital and maintenance works as identified in Council's Transport Management Plan further reducing Council's infrastructure backlog in this area. Following this scheduled works only one timber bridge has been identified as been unsatisfactory and funding options are currently being considered.

Funding secured under the Resources to Regions program Hunter Infrastructure & Investment Fund will also be used to reduce Council's infrastructure backlogs in Council's community assets including the Singleton Gym & Swim and the Singleton Regional Saleyards.

Council's rate of 2.53% compares favourably to the 2013/14 OLG comparative data which indicates the OLG group 4 average was 7.62%.

Council's Asset Maintenance Ratio is below the required benchmark with additional maintenance funds being required on Council's sealed roads and stormwater network as a result of having a large road network for a relatively small rate base. The recently approved Special Rate Variation has provided additional funds towards Council's roads which have resulted in an improvement in this ratio. Major capital works at Council's Waste Facility have also resulted in an improvement in this ratio with a major reduction in required maintenance of this facility in future years. It is anticipated that once Council has achieved the Operating Performance Ratio benchmark and Building and Infrastructure Asset Renewal Ratio Council will release further funds into maintenance thus further improving this ratio.



Council's Debt Service Ratio is well within the range of this indicator and within Council's adopted limit of 10% as set out in Council's Loan Borrowing and Overdraft Policy. An objective of this policy is to ensure the total amount of the loan borrowings is sustainable in terms of Council's ability to meet future repayments and budgetary obligations. The 2014/15 budget provides for new loan funds of \$230k for the enhancement of management facilities at Lake St Clair. Beyond this point no new loans funds have been identified in Council's LTFP except for the renewal of a fixed rate loan of \$1,320,000 which is to be renegotiated in 2015/16. Council is also conscious of having adequate cash flows to meet loan repayments.

## 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?
<b>Real Operating Expenditure per capita</b> <small>A decrease in Real Operating Expenditure per capita over time</small>	Increasing	No	Decreasing	Yes

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

This ratio was impacted by an increase in Roads Maritime Services (RMS) contracted works undertaken in the 2012/13 financial year which was \$2.151 million above prior years works undertaken and \$2.093 million more than the following financial year. The exclusion of this item would show this indicator decreasing with Council meeting this benchmark.

## 2.4 Water utility performance

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

**Yes**

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

Table 5C and Table 5D of the 2013-14 NSW Benchmarking Report identifies that Council is 100% compliant with Best Practice implementation for both Water and Sewer.

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

Council's Special Schedule 7 identifies that the Water Fund has an infrastructure backlog of \$3.375m which represents an Infrastructure Backlog Ratio of 6.29%. The Sewerage Fund has an identified infrastructure backlog of \$2.290m which represents an Infrastructure Backlog Ratio 7.98%. Both Funds have the financial resources to cover the identified backlog. As at 30 June 2014 the Water Fund had \$22.42 million available in unrestricted investments and the Sewer Fund had \$13.68 million in unrestricted investments to cover the infrastructure backlog.

Over the life of Council's current Long Term Financial Plan (LTFP) both funds are in the position to fund asset renewal when required without the need for loan borrowings.

To address the infrastructure backlog Council in December 2014 adopted a restructure of the Water and Waste program area which created new positions and capacity to meet the NSW Water and Sewer best practice staffing benchmarks. The restructure now establishes a clear split between Water and Sewage Treatment Plant operation and Water and Sewerage Network construction and maintenance activities in line with the National and NSW Occupation Framework for the Water Industry.

In conjunction with the Upper Hunter Water Alliance, Singleton Council has been using new techniques to address infrastructure backlog works in the area of sewer pipe replacement. By using pipe relining techniques Council is able to undertake asset renewals at a third of the cost of replacing the sewer pipes.

## 2.4 Water utility performance

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

### Capital works

Proposed works	Timeframe	Cost	Grants or external funding
New raising main from Bourke Street Sewage Pump Station to Waste Water Treatment Plant	2016/17	\$1.451m	Nil required
Replacement of filter beds and media at the Singleton Water Treatment Plant	2015/16 to 2016/17	\$1.2m	Nil required
Effluent land disposal and disinfection program	2015/16 to 2016/17	\$1.1m	Nil required

## 2.4 Water utility performance

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

**Yes**

Council's Special Purpose Statement for the year ended 30 June 2014 shows that for the past 3 financial years each fund has returned a surplus after tax. As at 30 June the Water Fund obtained a return on investment of 1.23% with the sewerage fund returning 3.77%. Council's Long Term Financial Plans for the Water and Sewerage Funds also identify a continuing surplus for each year over the life of the LTFPs.

## 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
Continuation of participation in Upper Hunter Water Alliance	On-going	Improved resourcing capability and purchasing outcomes
Risk mitigation in relation to the location and duplication of key water and sewer processing plants.	2016/17	Reduce impact on interruption to essential services following natural disaster or significant weather events to ensure water security for Singleton and surrounding villages
Complete Water Supply Master Plan	2015/16	Provides Council with a greater understanding of the strategic requirements of the Local Government Area. This will allow for better forward planning and management of critical infrastructure into the future.
Complete new Developer Servicing Plan	2015/16	Provides council with a sound financial management plan. This will allow Council to strategically manage its assets and accurately face challenges with a structured strategic approach to development.
Revise Engineering Specifications for Water and Sewer Developments	2015/16	Improved service delivery for Developers and reduce approval times for new developments.

## 3. How Singleton Council will 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.

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

Council's Resourcing Strategy incorporates a Long Term Financial Plan (LTFP) which has been developed using software purchased and supported by LG Solutions Pty Ltd. The revised LTFP as at May 2015 is based on a revised version of Council's earlier LTFP's which incorporates Council's draft 2015/16 budget and revised Asset Management Plans information.

A previous review of Council's LTFP undertaken by NSW Treasury Corporation as part of the Local Government Renewal Scheme in October 2012 commented that the assumptions used by Council appear to be reasonable.

The general assumptions of Council's current LTFP are listed below:

#### **Market Driven Planning Assumptions**

##### **Population Growth**

Singleton has experienced continued growth, which has largely been associated with the expansion of mining and the expansion of the Singleton Army Base in the region over recent years. Singleton will also benefit from the completion of the Hunter Expressway

Population growth has been estimated at an average annual growth rate of 0.9% until 2015/16, 0.8% from 2016-21 and 0.7% for 2021-26. These estimates have been sourced from Department of Planning and Environment, New South Wales State and Local Government Population, Household and Dwelling Projections issued in 2014.

### **Inflation (Consumer Price Index)**

The Governor of the Reserve Bank of Australia and the Federal Treasurer agree that the appropriate target for monetary policy in Australia is to achieve an inflation rate of 2-3 per cent, on average, over the cycle. In Council's LTFP it has been assumed the Consumer Price Index (CPI) at 3% per annum over the life of the plan.

This assumption has been applied across discretionary budget allocations (non-statutory), where specific data modelling or specific internal assumptions cannot be determined or where the amounts are determined as immaterial. Applying this increase across Council's discretionary budget allocations ensures that the Council budget reflects projected movements in real dollar terms.

### **Revenue Assumptions**

The major sources of revenue for Council are:

1. Rates and annual charges
2. User charges and fees
3. Grants
4. Contributions and donations (including Voluntary Planning Agreements)
5. Interest
6. Other Revenues

### **Rates and Annual Charges**

Rating is a major component of Council's revenue base, contributing approximately 38% of Council's revenue.

### **General Fund**

Council's 2015/16 rate yield has been increased by 2.40% with the Office of Local Government's rate pegging limit as determined by Independent Pricing and Regulatory Tribunal (IPART). Thereafter, a 2.5% rate peg has been assumed for the term of the plan.



Included in Council's Notional Yield are three Special Variation increases totalling \$1,592,696 which are detailed below:

An amount of \$343,497, approved by the Minister for Local Government on 28 June 2002, to cover the costs associated with loan repayments for infrastructure renewal, for a period of 15 years. The 2015/16 financial year is the 14th year of the 15-year period.

An amount of \$540,000, approved in June 2006 by the Deputy Director-General, Department of Local Government, on an ongoing basis to fund the identified funding shortfall within the Parks and Facilities Infrastructure Asset Management Strategy.

An amount of \$709,199, approved in June 2014 by the Chairman of the Independent Pricing and Regulatory Tribunal to fund road infrastructure maintenance, renewals and new works.

The 2017/18 base case year shows a reduction in General Rate Income of \$500,763 following the repayment of the infrastructure loan that was offset by the 2002 Special Variation.

### **Waste Management**

A 3.5% increase in the overall waste management annual charges has been factored in for the 2015/16 financial year. The increase for each year thereafter for ordinary waste management annual charges will be 3%.

### **User Charges and Fees**

Many of the services provided by Council are offered on a user pays basis. There are however, other considerations when determining an appropriate fee for some services.

The relevant fee or charge is determined having regard to the following:-

- Economic Cost
- Community Service
- Regulated Charges
- User Pays Principle
- Market Forces
- Cost Plus
- Section 94

The majority of fees and charges in the base model are increased by the Consumer Price Index (CPI) All Groups Sydney for the 12 months to the December quarter each year.

Council has included a 3.0% CPI increase in the majority of discretionary fees and charges for 2015/2016 and thereafter assumed a 3.0% CPI increase to fees and charges for the life of the plan. An allowance of 1.50% has been made for the growth income from statutory fees and charges.

### **Grants**

Council receives general purpose Financial Assistance Grants from the Commonwealth Government and may also receive other grants and subsidies through specific programs.

The LTFP assumes that the financial assistance grant will not be increased until the 2017/18 financial year in line with the Federal Government's 2014/15 Budget announcement. From that year an increase of 3% per year is anticipated.

The majority of other grants that Council receives are for specific projects. The expected grant income is included in the year that the grant is to be expended. Council maximises grant funding opportunities by contributing additional funds to match the funds available.

Where the grant funding is not forthcoming the grant component of the project is either deleted or deferred.

Council has been successful in obtaining funds under the Resources for Regions program which aims to support regional and rural NSW communities affected by mining by addressing infrastructure constraints. The 2014/15 to 2016/17 budget provides allocations from Resources for Regions for the following programs

- 
- \$9.00m for the revitalisation of the Town Centre over 2014/15 to 2015/16 financial years;
- \$2.90m towards the Ryan Avenue Pavement and Safety project over the 2014/15 to 2015/16 financial years;
- \$6.00m for upgrades to the Singleton Regional Livestock Markets over the 2014/15 to 2015/16 financial years; and
- \$8.12m towards the upgrade of Hermitage Road over the 2015/16 to 2016/17 financial years.

The 2014/15 and 2015/16 financial year also provides for \$5.71 million from the Hunter Infrastructure & Investment Fund for the refurbishment of the Singleton Gym & Swim complex, plus a \$200,000 Voluntary Planning Agreement.

### **Contributions and Donations**

The majority of revenue from contributions and donations are developer contributions.

These contributions must be expended on the works that the contributions were raised for. The revenue from these contributions is strongly linked to growth within the area. Currently this area is significantly in decline.

Included in the 2015/16 operational budget is funding that will be made available to Council under Voluntary Planning Agreements (VPAs). Contributions under Voluntary Planning Agreements will play an important part in Council's future budgets as a source of income to assist Council to fund asset maintenance. It is estimated that approximately four potential VPAs may be negotiated in the foresaid time frame. These contributions will be recognised in the LTFP beyond 2015/16 only after consents are gained for the mining projects.

### **Interest and Investments**

Interest on investments will vary depending on the amount of investments that Council has at any point in time. The LTFP calculates the interest on investments based on an average of the beginning and ending investment balance in any one year.

An assumed interest rate of 3% over the life of the plan has been applied to all of Council's investments. Council has traditionally exceeded the benchmark for interest rates.

The interest rate applied to outstanding rates and charges is in accordance with advice from the Office of Local Government. The interest rate for 2015/16 is 8.5%.

### **Other Revenues**

This category includes revenues such as fines, library charges, insurance claims. An increase over the life of the plan of 3% has been included.

### **Cash Reserves**

An alternative to borrowing for expenditure is to build up cash reserves in years when expenditure for a particular purpose is lower, for use in years when higher expenditure will occur. Council has a number of reserves that are set aside for specific purposes. Other reserves have an allocated amount transferred into them each year. The funds in reserves can be utilised to maximise grant funding opportunities as they arise as has been the case in recent years.

### **Borrowings**

Council finances some of its major infrastructure expenditure through borrowings. Borrowing allows the cost of these projects to be spread over a number of years in order to facilitate inter-generational equity for these long-lived assets. Borrowings can also be used to smooth out long-term expenditure peaks and troughs.

A loan of \$1,320,000 is to be renegotiated in 2015/16. It has been assumed that this renewal loan will incur an interest rate of 4.6%.

### **Expenditure forecasts/assumptions**

The Community Strategic Plan has given Council an indication of the community's expectations for the future. Balancing expectations, uncertainty of future revenues and expenditure forecasts is a challenging aspect of the financial planning process.

In developing expenditure forecasts Council has considered not only the new expenditure items that are proposed in the Community Strategic Plan, but also Council's ongoing commitments. Much of Council's expenditure is regular and ongoing. The LTFP does not include the addition of any new significant or major assets as over the past four years Council has successfully funded renewal of key assets through external funds.

The workforce and asset management plans are key sources of information about such expenditure along with the repayment

schedule of borrowings.

### **Employee benefits and on-costs**

The individual cost of each employee is calculated as part of the Operational Plan. All on-costs associated with the employment of staff are included. The LTFP assumes an increase each year of 3.5% to cover award provision increases.

In preparing the LTFP reference has been made to the Workforce Plan which forms part of Council's Resource Strategy. Council is currently benchmarking our workforce levels and HR costs through the Local Government Operational and Management Effectiveness survey.

### **Materials and Contracts**

Materials and contracts are some of the largest items on Council's income statement. It covers all materials used in operational activities along with major ongoing operational contracts such as the domestic waste contract.

Budgets in the Operational Plan reflect all known information in relation to contracts and the LTFP assumes a 3% or reference is made to the LGCI increase to materials and contracts expenses over the life of the plan.

### **Borrowing Costs**

Borrowing costs for each of Council's loans are calculated for each year and included in the LTFP. Future borrowings are included at an assumed interest rate of 4.6%.

### **Depreciation and Amortisation**

Depreciation expenses have been adjusted to reflect the additions and disposal of assets over the life of the LTFP. Council has benchmarked our depreciation rates, life expectancy and residuals and adjusted values accordingly.

### **Other Expenses**

This category includes a number of expense items including payments to other levels of government, electricity costs, telephone charges, Council expenses, valuation fees, insurance, bank charges, street lighting etc.

Payment to other levels of government – This includes payments for the Waste & Environmental Levy, Rural and Local fire brigades and contributions towards the State Emergency Service. Based on historical data the fire and state emergency services levies are assumed to increase by 5% per annum. The waste and environmental levy is to increase by \$10 per tonne until mid 2015 when it will be estimated to be \$77.70 per tonne for all waste going into landfill. Council will receive a performance rebate, however this will be significantly less than the levy charged. Both the levy and the rebate have been included in the LTFP.

Electricity – There have been large increases in electricity charges over the last few years. Council was only subject to some of these increases due to our electricity contracts which have recently been renewed following a call of tenders for the supply of electricity. A 4.0% increase has been included in the LTFP to cover future increases in electricity charges.

Telephone Costs – Council entered into a telephone contract a few years ago which has reduced the price of fixed line and mobile phones significantly. All phone allocations have been increased by 3% over the life of the plan.

Council Expenses – This expense has been increased by 3% over the life of the plan. Council is due to have a Council election in 2016/17 and the costs of the election (\$180k) have been included in that year. The indexed cost of an election has been included every four years after 2016/17.

Valuation Fees – This expense has increased over the past two years as the service is now provided by a private operator when it was previously provided by the Valuer General. Information received to date indicates that with the growth in assessments a 5% yearly increase will need to be applied.

Insurance and Bank Charges – It is assumed that these will increase at 3% per annum.

## 3.1 Sustainability

Outline your strategies and outcomes in the table below.

### 3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Reduce operating expenditure and increase revenue.	a) Explore outsourcing opportunities identified as a result of the internal self-assessment process. b) Conduct systematic external efficiency review of all business units following on from the internal self-assessments. c) Review light vehicle fleet and major plant for efficiency levels and alternative delivery models. d) Review salary and performance management system as previously committed. e) Review organisational structure for appropriateness in line with efficiency reviews.	i. Assess the feasibility of outsourcing identified services/activities from the internal self-assessments and other identified opportunities by October 2016. ii. Report to Council with recommended outsourcing of services by December 2016. iii. Complete an efficiency review of all Council Business Units by July 2016. iv. Complete a review to optimise light vehicles and major plant by July 2016. v. Review Council's salary and performance framework by July 2016 and implement by June 2017. vi. Organisational structure is reviewed by July 2016.	– Reduce operating expenditure. – More efficient work practices. – Optimise resourcing requirements for future requirements. – More streamlined organisation.	– Own Source Revenue – Real Operating Expenditure per capita

## 3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
2. Increase own sources of revenue.	a) Increase rate base through a series of Special Rate Variations. b) Complete a robust fees and charges review with consideration of additional fees proposed in the internal Self-Assessment process.	i. Complete financial modelling on a proposed increase. ii. Seek a resolution from Council to complete a Special Rate Variation (SRV) application. iii. Undertake an appropriate community engagement process on the proposed SRV. iv. Prepare and submit an SRV application to IPART by February 2016. v. Complete a benchmarking analysis of Council's fees and charges to ensure appropriate cost recovery by June 2016.	– Increased rate base to meet the challenges of the future needs of the community. – Increase in own source of revenue making the Council sustainable into the future.	– Operating Performance Ratio
3. Investigate and increase participation in shared services with neighbouring hunter councils.	a) Continue engage with neighbouring councils to investigate opportunities for further shared services.	i. Investigate and implement shared services for a common library management system by June 2017. ii. Investigate a shared services with neighbouring councils for companion animal activities by December 2017. iii. Investigate shared service options for Health and Building Services, Risk Management	– Investigating shared services will provide greater regional collaboration. – Shared services have the potential to reduce expenses and increase service delivery.	– Operating Performance Ratio – Real Operating Expenditure per capita



## 3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
		and Recruitment by June 2016.	– Contribute to regional collaboration.	

## 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's Asset Management Strategy has been developed to assist in achieving the outcomes identified in Council's Community Strategic Plan *Our Place: A Blueprint for 2023*. Forming part of the Asset Management Strategy are individual Asset Management Plans to assist Council in managing infrastructure assets to meet the defined level of service in the most cost effective manner for the community.

Council has recently improved and updated its Asset Management Plans which cover the following General Fund Asset Classes:

- Transport Infrastructure Assets
- Urban Stormwater Drainage
- Parks and Other Structures
- Council Buildings

The Plans will be updated annually to ensure they represent the current service level, asset values, projected operations, maintenance, capital renewal and replacement, capital upgrade/new and asset disposal expenditures and projected expenditure values incorporated into the Council's long term financial plan.

Council's Asset Management Plans utilise the IPWEA NAMS.PLUS Asset Management templates which have been developed by IPWEA and Jeff Roorda & Associates using the IPWEA International Infrastructure Management Manual. Each Plan contains an Improvement Program with actions that will be implemented within the agreed time frames. Improvements in asset management are ongoing and with each new plan the data will become more accurate.

Council's Asset Register sits in the Authority Capital Value Register (CVR) which captures all financial aspects of the asset. In conjunction with this system the GIS system captures all the detailed data of the asset. Implementation is currently underway using the Authority Asset Management (AM) system to integrate the financial and spatial systems for improved asset management

reporting. Council has also implemented the Authority Works Orders module to improve cost recordings, in particular to identify expenditure type (operations, maintenance, capital renewal and capital new/upgrade).

The information in Special Schedule 7 that is used to calculate the Infrastructure and Service Management benchmarks is based on unaudited data. For the 2014/15 financial year accounts Council will be working with its external auditor to develop processes that will aid in streamlining the audit process. A key factor of this work includes the clarification of the definition of 'Satisfactory Condition' and coming up with standard methodologies to calculate the information required.

This work will supplement the review of Special Schedule 7 being undertaken by the Office of Local Government to provide guidance to Councils to enable the data to be audited for the 2015/16 financial year as part of the annual financial audit.

## 3.2 Infrastructure and Service Management

Outline your strategies and outcomes in the table below.

### Infrastructure and service management

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Adequately fund asset maintenance.	a) Review Asset Management Plans and Long Term Financial Plan annually and increase funding from the SRV where appropriate.	i. Undertake annual reviews of Asset Management Plans to inform Council's Long Term Financial Plan.	– Improved financial information to ensure adequate funding is provided.	
2. Improve methodology of assessing future assessment management needs	a) Review and continually improve Asset Management Plan b) Further develop the Asset Management System.	i. Implementation of Asset Management Plan Improvement Program to realise 'core' maturity for the financial and asset management competencies within two years. ii. Improve reporting on expenditure, with separate costs for operations, maintenance and capture capital expenditures as renewal or upgrade/new by December 2015. ii. Linking of the customer service system to the corporate asset register to link requests to asset records by July 2016.	– Improved financial and asset management within Council.	

## Infrastructure and service management

Objective	Strategies	Key milestones	Outcome	Impact on other measures
3. Improve efficiency in service delivery	a) Review Major Plant and equipment for efficiency levels and alternative delivery models.	Complete review to optimise major plant by July 2016.	<ul style="list-style-type: none"> <li>– More efficient work practices.</li> <li>– Reduction in costs in service delivery.</li> </ul>	<p>Operating Performance Ratio</p> <p>Real Operating Expenditure per capita</p>
4. Assess maintenance requirements	<p>a) Review council's asset register to ensure it is fit for purpose, efficient and has strategic capacity</p> <p>b) Ensure structure is optimal for assessing and conducting maintenance</p>	<p>i. Complete a review of the Transport Infrastructure Assets following the June 2015 revaluation to develop a revised 10 years capital expenditure plan for inclusion in the update of the Transport Infrastructure Asset Management Plan by October 2015.</p> <p>ii. ii) Implementation of the Works restructure by December 2015 to provide improved asset management functionality.</p>	<ul style="list-style-type: none"> <li>– Improved information to inform Council's LTFP to enable adequate funding for asset maintenance and renewal.</li> <li>– Improved asset management outcomes.</li> </ul>	<p>Operating Performance Ratio</p>

### 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.

Council over the past four (4) years has increased its strategic focus with a significant push on identifying opportunities to improve the quality of the services Council currently delivers. In the Office of Local Governments comparative data report for 2012/13 Singleton Council's administrative costs are not excessive compared to the Group 4 averages.

However, Council does acknowledge it has the ability to further refine its processes and drive efficiencies in multiple areas. The need to achieve internal productivity gains that will deliver higher quality services in cost effective ways is critical for the sustainability of the Council into the future. Council based the efficiency strategies outlined in 3.3. on the following assumptions;

- a) by utilising technology specifically the recommendations from Council's Information Commination Technology (ICT) Strategy will assist in automating processes and allow greater flexibility for Council to deliver cost effective services;
- b) by implementing further process improvements through external efficiency reviews it will focus Council's Business Units on core deliverables and ensuring these services are provided without excessive costs;
- c) by refining Council's robust approach to future planning it will address the challenges faced by the Council and community into the future resulting in proactive cost effective solutions; and
- d) by introducing a more consistent improvement approach at Council it will consistently drive efficiencies and improve cost effective service delivery beyond 2020, which in turn will strengthen Singleton's the long term sustainability.

### 3.3 Efficiency

Outline your strategies and outcomes in the table below.

#### Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Enhance operational efficiencies through the implementation of the Information Communication Technology Strategy.	a) Investigate and implement self-service activities for high-volume customer service enquiries. b) Implement and promote e-planning functionality. c) Enhance mobile device usage d) Enhance communications systems e) Further develop our spatial capabilities	i. Conduct review of high volume customer service enquiries and transactions by February 2016. ii. Provide web based functionality for high-volume transactions by September 2017. iii. Implement a software suite to allow all development related applications to be lodged and assessed online June 2016. iv. Integrate mobile devices with backend corporate systems by July 2017. v. Further develop online forms to allow electronic data capture September 2017 vi. In-field inspection reporting finalised December 2017. vii. Introduce a modern unified Communications solution by December 2015. viii. Integrate spatial information into our corporate systems to enhance corporate and public	<ul style="list-style-type: none"> <li>– Reduce the volume of face-to-face customer service enquiries through online advancements.</li> <li>– Reduce costs associated with face-to-face transactions.</li> <li>– Improve processing timeframes.</li> <li>– Allow for electronic lodgement of applications 24/7.</li> <li>– More efficient collection of data.</li> <li>– Provision of corporate data to staff in the field.</li> <li>– Enhance the ability of staff to communicate with each other and customers.</li> <li>– Provision of Video Conferencing, instant messaging &amp; web chat allowing a cost effective way to enhance regional collaboration.</li> <li>– Spatial representation of data.</li> </ul>	Operating Performance Ratio

## Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
		access to data along with usability by July 2017.	– Community consultation based on spatial information.	
2. Improved workforce productivity through the implementation of the Council's Workforce Plan.	a) Update Council's performance management framework. b) Introduce an electronic performance system. c) Further develop and implement succession planning for key positions.	i. Further integrate performance measures with Council's corporate reporting framework by July 2016. ii. Continue to outline clear links between employee Key Performance Indicators (KPIs) and Community Strategic Plan outcomes. iii. Implement a software based performance appraisal system by June 2016. iv. Further align and integrate performance measures into service planning and the Integrated Planning & Reporting Framework by June 2017. v. Identify and implement succession planning strategies for key positions by June 2017.	– Integrating performance measures will establish a more outcomes focused workforce. – The performance framework will improve productivity, engagement and skills within the workforce. – Implementation of the electronic system will be a major process improvement. – Utilising technology will relieve the administrative burden. – Improved ability to develop accurate workforce planning projections. – Improved confidence in business continuity – Higher retention rates for talented employees.	Operating Performance Ratio



## Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
3. Increase productivity through implementing process improvement activities.	a) Continue to develop Standard Operating Procedures for all work tasks. b) Enhance the Integrated Planning & Reporting Framework through Service Planning.	i. Progressively develop or review Standard Operating Procedures for high priority processes within 12months of completing an efficiency review. ii. Progressively develop or review Standard Operating Procedures for low priority processes within 18months of completing an efficiency review. iii. Establish a centralised database Standard Operating Procedures for easy access. iv. Complete a critical analysis and comparative assessment of Council's business units. v. Continue to implement Service Planning to focus Council's business units on efficient service delivery from the analysis by July 2016. vi. Use service planning as the foundation for the development of the annual Operational Plan.	<ul style="list-style-type: none"> <li>– Documented procedures available for all staff.</li> <li>– The ability to capture corporate knowledge in a centralised database.</li> <li>– Create process improvement opportunities through documenting and refining activities continuously.</li> <li>– Service Planning will provide greater focus on service delivery.</li> <li>– Establish a mechanism to benchmark services and identify improvement opportunities.</li> <li>– Ensure that Singleton Council's business units are progressively improving their efficiency.</li> </ul>	Operating Performance Ratio

## Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
4. Continue to strive for organisational excellence.	<ul style="list-style-type: none"> <li>a) Continue to critically analyse local government and industry benchmarks to compare and implement improvements where required.</li> <li>b) Continue to development greater financial awareness of non-financial employees.</li> <li>c) Continue to enhance customer satisfaction through innovation.</li> </ul>	<ul style="list-style-type: none"> <li>i. Compare, analyse and implement process improvements to remain competitive against a variety benchmarking data annually.</li> <li>ii. Deliver more appropriate training on financial matters to enhance the knowledge of the workforce annually.</li> <li>iii. Continue to utilise and invest in smart financial systems to provide timely reporting on Council's financial position.</li> <li>iv. Further implement place management and bring in customers to assist with developing cost effective solutions to improve customer service.</li> </ul>	<ul style="list-style-type: none"> <li>– Implementing a more systematic approach to benchmarking will drive continuous improvement.</li> <li>– Continuing to utilise place management as a innovative way to develop cost effective solutions in service delivery.</li> <li>– Providing additional education and smart systems will improve organisational efficiencies.</li> </ul>	Operating Performance Ratio

### 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

1. Explore outsourcing opportunities identified as a result of the internal Self-Assessment process.

- i. Assess the feasibility of outsourcing the identified services/activities from the internal Self-Assessments by October 2016.
- ii. Report to Council with recommended outsourcing of services by December 2016.
- iii. Investigate and implement shared services for common library management system by June 2017.

2. Conduct systematic external efficiency review of all business units following from the internal Self-Assessments, along with a review of the organisational structure for appropriateness in line with efficiency reviews.

- i. Complete an efficiency review of all Council Business Units by July 2016.
- ii. Organisational structure is reviewed by September 2016.
- iii. Complete a critical analysis and comparative assessment of Council's business units and Implement Service Planning to focus Council's business units on efficient service delivery from the analysis by July 2016.

3. Review light vehicle fleet and major plant for efficiency levels.

- i. Complete a review to optimise light vehicles and major plant by July 2016.

4. Review salary and performance management system as previously committed.

- i. Review Council's salary and performance framework by July 2016 and implement by June 2017.
- ii. Align performance measures and integrate into service planning and the IP&R Framework by June 2017.

## Action plan

### Actions

### Milestones

5. Increase rate revenue through a series of Special Rate Variations (SRV) to retain the expiring SRV together with additional funds to ensure Council's future financial sustainability of Council's asset management program.

- i. Seek a resolution from Council to complete a Special Rate Variation (SRV) application by October 2015.
- ii. Undertake in-depth community engagement process on the need for a SRV by February 2016.
- iii. Prepare and submit a SRV application by March 2016.
- iv. Implement the SRV in July 2016.

6. Engage with neighbouring hunter councils to investigate opportunities for shared services.

- i. Investigate and implement shared services for common library management system by June 2017.
- ii. Investigate a shared service with neighbouring councils for companion animal activities by December 2017.

7. Enhance the Integrated Planning & Reporting Framework through Service Planning.

- i. Complete a critical analysis and comparative assessment of Council's business units.
- ii. Implement Service Planning to focus Council's business units on efficient service delivery from the analysis by July 2016.
- iii. Use service planning as the foundation for the development of the annual Operational Plan

8. Ongoing monitoring of Fit for the Future indicators.

- i. Establish a reporting process to the Councillors through the Quarterly Budget Review on the Fit for the Future indicators, this will establish a monitoring mechanism by July 2016.
- ii. Develop a template to track specific details relating to progress of strategies identified in the approved Action Plan and Improvement Proposal by July 2016.
- iii. Identified strategies will be incorporated into the Integrated Planning and Reporting documentation where appropriate.

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

Singleton Council selected a core working group that was tasked with preparing the Council Improvement Plan. This consisted of the Director Corporate Services, Director Planning & Sustainable Environment, Manager Planning & Environment, Manager Finance and the Business Improvement Officer in consultation with the whole Leadership Group (All Executives & Managers) of Council. To ensure the working group was progressing toward a meaningful and sustainable solution for Singleton, the General Manager was consulted consistently to reinforce a future direction which balanced the needs of the organisation as well as the community. The General Manager and Director Corporate Services led the financial modelling to address the identified needs and strategies in consultation with Council.

Council's approach in developing the Action Plan focused on addressing the issues highlighted as a result of the Fit for the Future indicators. The core working group adopted the fundamental approach of a combination of cost reductions and opportunities to increase Council's revenue through various sources which would ultimately secure the future of Singleton Council.

During the months of January and February 2015 at the request of the General Manager, all Business Units completed an comprehensive internal self-assessment against an agreed framework. These self-assessments focused on what services are delivered, how they are delivered and why they are delivered drawing on information resulting from an extensive range of consultations with the public across most services. A list of recent consultation processes has been attached to this Improvement Proposal. This involved identifying customers, usage patterns, unit costs with benchmarking and statutory and discretionary services. In addition, the process sought opportunities to raise additional revenue, outsourcing/shared service options and recommendations for improvement. This process informed the core working on what strategies would yield and continue to drive improvements. In conjunction with the internal self-assessment process Morrison Low and CPE Associates assisted in developing more sophisticated Asset Management Plans to help underpin the LTFP. These self-assessment were discussed over two days with Council.

Throughout the process of developing the Improvement Action Plan consultation with key stakeholders was regular and ongoing. The Executive Leadership Team and Leadership Group had standing items on their weekly and fortnightly meetings respectively to discuss the current position with the Council and potential solutions. In addition, the General Manager was proactive in her consultation with the elected Council holding five workshops which presented multiple options on how to progress and secure the future of the Council and ensure the interests of the community are protected.

### 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.

Singleton Council's leadership group under the direction of the General Manager conducted an intensive self-assessment process throughout January and February 2015. The self-assessment process required managers to review their respective business units and assess opportunities against an agreed framework to become more relevant, effective and efficient. As a result of this process the Executive Leadership Team (ELT) reviewed the proposals put forward and selected viable options to be pursued with the outcome of becoming sustainable into the future. Below is a list of recommendations put forward to ELT that were deemed not viable for the purposes of becoming Fit for the Future before 2020.

#### **1. Contract out the daily operations of the landfill to private sector.**

Not adopted because:

- Loss of expertise and control over operation while future risks and liabilities remain with the community;
- Loss of control over fees and charges levied for landfill access;
- Loss of ability to raise funding reserves required for future landfill planning, post operation maintenance etc; and
- Detailed benchmarking, cost benefit analysis, extensive community consultation and risk assessment would be required to assess feasibility of such a proposal and long-term implications.

#### **2. Contract out the daily operations of water treatment to private sector.**

Not adopted because:

- Benchmarking data with a number of Water Utilities and Authorities shows that cost is generally much higher;
- There have also been issues with responsibility division, for example for the purchase of new assets or replacement of assets and the care taken by contractors to maintain asset live; and

- Singleton did contract out certain operations such as process control and weekly monitoring at the Water Treatment Plant to Hunter Water in the past but this proved extremely costly and was discontinued as Council staff have now received appropriate training.

### **3. Increasing sportsground usage charges.**

Not adopted because:

- Presently Council's conditions of use for sports fields, requires users to undertake in-kind operational works, including field marking, erection of goal posts, preparation of wickets, cleaning of fields and amenities and payment of user related charges, such as electricity;
- Increased costs to clubs from Council is likely to discourage membership and participation in active activities which would be contra to the promoting active lifestyles, community wellbeing, especially for children, through activities; and
- The extra administration costs for council staff would not be covered by the minimal increase in income.

### **4. Outsource some professional infrastructure survey and design work.**

Not adopted because:

- Council currently outsources most of the survey and design of infrastructure work and construction of major engineering projects. Retaining some internal capability is desirable for project management and local emergency responsiveness.

### **5. Outsource operations workshop services.**

Not adopted because:

- Council market tested this option two years ago. Based on the test, it was beneficial for Council to retain workshop services in-house.

## **6. Provide in-house Employee Assistance Program (EAP) services.**

Not adopted because:

- Currently outsourced at a cost of \$12,270 (FY2014). A new service provider, Converge International, commenced 1 September 2014 at a cost of \$8,200 per annum (+ critical incident response and other EAP services such as mediation, promotional materials and workshops/courses). This is a cost effective way of delivering the service given that the provision of psychological counselling services in-house would be upwards of \$100,000 per annum requiring up to one (1) additional Full-time Equivalent staff member.

## **7. Provide in-house legal services.**

Not adopted because:

- Legal advice is currently outsourced with specialist Industrial Relation advice and representation is obtained mostly through Local Government NSW Industrial Relations Unit. Council pays an annual subscription fee for all services provided by Local Government NSW which includes industrial relations advice.
- Hunter Councils Local Government Legal, which is partly owned by Singleton Council, provides much of the other needed advice at a very competitive rate.
- The breadth and volume of Council's legal requirements does not justify the cost of employing a solicitor in-house.



## 4. How will our plan improve performance?

### 4.1 Expected improvement in performance

Expected improvement in performance							
Measure/ benchmark	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Achieves FFTF benchmark?
<b>Operating Performance Ratio</b> (Greater than or equal to break-even average over 3 years)	-0.196	-0.133	-0.102	-0.037	0.005	0.036	Yes
<b>Own Source Revenue</b> Ratio (Greater than 60% average over 3 years)	56.07%	59.36%	64.5%	71.8%	77.4%	78.1%	Yes
<b>Building and Infrastructure Asset Renewal</b> Ratio (Greater than 100% average over 3 years)	84.71%	97.62%	97.6%	93.6%	86.9%	90.9%	No
<b>Infrastructure Backlog Ratio</b> (Greater than 2%)	2.25%	1.51%	1.56%	1.61%	1.66%	1.71%	Yes
<b>Asset Maintenance Ratio</b> (Greater than 100% average over 3 years)	76.99%	78.37%	79.4%	81.3%	82.7%	83.8%	Yes demonstrates improvement in
<b>Debt Service Ratio</b> (Greater than 0% and less than or equal to 20% average over 3 years)	6.09%	7.90%	7.04%	6.20%	4.26%	3.66%	Yes
<b>Real Operating Expenditure per capita</b> A decrease in Real Operating Expenditure per capita over time	1.28	1.22	1.20	1.18	1.17	1.16	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.

The indicators above represent an average over 3 years. Council's modelling indicates that the ratio for the Building and Infrastructure Asset Renewal for 2019/20 equals 109.1 which exceed the benchmark. It is expected that the three year average benchmark will be achieved in subsequent reporting years.

Council's main focus has been to address the infrastructure backlog with the additional funds from the SRV being allocated towards asset renewals works ensuring that Council's infrastructure backlog is adequately funded thus reducing the required annual maintenance. This strategy has also assisted in Council achieving the Operating Performance Ratio within the 5 years. It is envisaged that the additional funds from the SRV in subsequent years will be allocated to annual asset maintenance to further reduce the funding gap between the required annual maintenance whilst maintaining the Operating Performance Ratio rather than introducing new services.

## 5. Putting our plan into action

How will your council implement your Improvement Action Plan?

It is the responsibility of elected Council, General Manager and Executive Leadership Team to ensure Council's Improvement Action Plan is systematically implemented to secure the future of Singleton Council.

As highlighted in the Action Plan Council will establish a monitoring process in the following way:

- a) Establish a reporting process to the Councillors through the Quarterly Budget Review on the Fit for the Future indicators, this will establish a monitoring mechanism by July 2016.
- b) Develop a template to track specific details relating to progress of strategies identified in the approved Action Plan and Improvement Proposal by July 2016.
- c) Identified strategies will be incorporated into the Integrated Planning and Reporting documentation where appropriate.
- d) Fortnightly tracking through Leadership Group processes as was conducted for the implementation of the Better Practice Review Recommendations.

Council anticipates in light of the Fit for the Future process that the upcoming suite of Integrated Planning and Reporting documents will feature a strong link toward continual improvement and sustainability in the long term.