

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:

Willoughby City Council

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

22 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.

Willoughby City Council has a proud history demonstrating considerable strategic capacity, strong financial performance and a responsible approach to asset management. As required, Council is forecast to meet the Operating Performance, Own Source Revenue and Debt Service Ratio benchmarks by 2019/20 and to make consistent and ongoing improvement against the Infrastructure Backlog and Asset Maintenance Ratio benchmarks. It also meets the Building and Infrastructure Asset Renewal Ratio benchmark within the 2019/20 timeframe and demonstrates decreases in Real Operating Expenditure per capita over time.

As part of its responsible political and managerial leadership, Council undertakes ongoing organisational development and improvement. It is implementing five substantial and fully funded improvement strategies, all of which are long term organisational commitments commenced well before the announcement of the Fit for the Future assessment methodology. These strategies include an approved Special Rate Variation and associated improvements to asset management. A detailed organisation-wide services review has recently been completed and is now being implemented, along with an organisational restructure.

Collectively, these strategies will result in over \$40 million of expenditure on the maintenance and renewal of Willoughby's buildings, sports fields, stormwater assets and parks and gardens and other assets, funded by the Special Rate Variation and unrestricted cash and reserves. In addition, in 2014/15 it is anticipated that Council will generate over \$19 million in revenue from

activities including rental of Council owned property, car parking, interest on investments and bus shelter advertising. This revenue is a significant contributor to Council's Own Source Revenue, which has historically been high and is projected to reach 93% by 2019/20.

One of Willoughby's greatest challenges is in accommodating further increases in housing and employment, as well as managing the associated impacts and ensuring provision of infrastructure and services to support growth. Council has consistently demonstrated that it is a responsible steward and mature partner for NSW Government in planning for Chatswood, St Leonards and other growth areas. In delivering projects such as The Concourse performing arts precinct, Willoughby has shown that it can provide major infrastructure serving a regional catchment well beyond the local community. Council's capacity to undertake regional strategic planning, stakeholder relations and project delivery will be further strengthened as a result of the recent organisational restructure. The organisation's leadership in community engagement and environment sustainability, as well as its commitment to the provision of diverse social, cultural and recreations services, is also well documented.

Willoughby therefore has the demonstrated capacity and performance to remain an independent council for the foreseeable future.

Council has also taken a mature and responsible approach to the Fit for the Future reforms. It was the only Council prepared to explore the Panel's recommended option for its region, as well as other potential merger options. Willoughby also has tested community sentiment and commissioned independent financial and non-financial assessments on three merger options, as well as the stand alone option. This work has informed Council's careful consideration of its options for the future.

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?

No

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

The Panel recommended Willoughby City Council amalgamate with Hunter's Hill, Lane Cove, Mosman and North Sydney Councils, as well as the majority of Ryde. Willoughby was prepared to explore this and other potential merger options. It commenced community consultation and wrote to the relevant councils seeking discussions. As discussed in Section 3.5, Willoughby also commissioned detailed assessments of three merger options. Council is not pursuing the Panel's recommendation as all five of the potential merger councils have resolved to pursue stand alone proposals.

Regardless, Willoughby believes it has the strategic capacity and demonstrated performance to stand alone. Council's performance against the key elements of strategic capacity is summarised below. Further details are provided in Attachment 1.

- With an Own Source Revenue Ratio of 85% in 2014/15, increasing to 93% by 2017/18, Willoughby has a revenue base equal to any of the merger options investigated. With significant revenue from property rental, car parking, interest on investments and bus shelter advertising, as well as a recently approved SRV, Willoughby has one of the most **robust revenue bases** of any council in NSW.
- Willoughby has a **demonstrated capacity to execute major projects**. This is shown most prominently in Council's conceptualisation, funding, planning and delivery of The Concourse. Opened in 2011, the redevelopment delivered an iconic

complex that serves 800,000 residents in Northern Sydney. The site includes a large concert hall, theatre, exhibition hall, rehearsal spaces and art gallery. It also contains the second largest council library in NSW. Revenue is generated from retail space and a public car park. The facility, excluding the library, makes a net profit of over \$600,000 per annum (excluding interest earned and principal and interest on associated loans).

- Willoughby employs the full **range of skilled staff** expected of a leading metropolitan council. It also employs specialist staff in diverse areas including cultural development, digital media, economic development, heritage, marketing, property management, transport planning, performing arts management and visual arts curation. The recently adopted organisational restructure further emphasises this range in areas such as: project management, continuous improvement and key strategy development and implementation. In fact, to highlight a strong signal of inter-council resource and knowledge sharing, the Group Manager Planning and Environment at Ryde Council has been seconded to the newly created Planning and Infrastructure Director role for an initial period of 3 months.
- Council's approach to community engagement is one of many examples of its **knowledge, creativity and innovation**. It has developed an online community of over 2,000 registered users and has also undertaken many innovative engagement activities including deliberative Citizens' Panels and interactive multi-language surveys using ipads linked to the large Urban Screen on The Concourse. These are just a few examples of the techniques used to engage meaningfully on important issues, such as long term planning of asset expenditure as well as local government reform.
- Willoughby's **advanced skills in strategic planning and policy development** is clearly demonstrated in planning for St Leonards and, particularly, Chatswood. Willoughby also has a strong track record of negotiating major voluntary planning agreements totalling over \$25million (please see Attachment 1) which deliver benefits to the regional community.
- Council undertakes **effective regional collaboration** through formal structures, such as NSROC, SHOROC and the combined Metropolitan Mayors Group, as well as through direct relationships with councils, government agencies and other stakeholders. Council collaborates with its partners on a diverse range of matters, including management of urban growth, delivery of regional infrastructure, and joint procurement.
- Chatswood recently hosted the first Vivid Sydney installation outside the inner city. This internationally renowned event came to the centre due to Council's **effective advocacy**. Chatswood was initially scheduled to host Vivid in 2016, but the program was brought forward because of the strength of Council's proposal.
- Willoughby has repeatedly demonstrated its ability to be a **responsible and capable partner for government agencies** including major projects such as the Lane Cove Tunnel and North West Rail Link.
- Council has recently completed a comprehensive, 18 month review of all business units to identify organisational efficiencies, free up resources to improve capacity and performance. In addition to creating significant savings, the Better Services Review is

ensuring Willoughby has the **resources to cope with complex and unexpected change**. In addition, the Organisational Review process also demonstrates Council's ability to adapt to change and be an industry leader in planning for future community needs.

- Willoughby has a history of stable and responsible **political and managerial leadership**. It undertakes ongoing organisational development and improvement programs, with recent examples including the Better Services Review and organisational restructure.

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).

Key characteristics

Willoughby LGA covers an area of 23 square kilometres on Sydney's north shore, 8.5 kilometres from Sydney's CBD. The LGA stretches from St Leonards in the south to Roseville and Castle Cove in the north. Other suburbs include Chatswood, Chatswood West, Lane Cove North, Artarmon, Naremburn, Northbridge, Castlecrag, Middle Cove, St Leonards, Willoughby, North Willoughby and Willoughby East. Other features of the LGA include:

- a major retail, commercial and cultural centre at Chatswood which provides 22,000 jobs
- another key commercial centre at St Leonards
- industrial areas at Artarmon, East Chatswood and Lane Cove West
- 11 square kilometres of bushland, parks and gardens
- 20 kilometres of harbour foreshore.

The estimated residential population of the LGA was some 74,000 in 2014 and is expected to increase to approximately 90,000 in 2031. When compared with all councils across NSW, Willoughby LGA has the eleventh highest SEIFA score on the Index of Relative Socio-economic Disadvantage. This suggests Willoughby residents experience low levels of disadvantage and are relatively affluent, educated, and skilled.

Willoughby's cultural diversity distinguishes the LGA from its neighbours. The proportion of Willoughby residents born overseas grew from 39% in 2006 to 42% in 2011. By 2011, 35% of Willoughby residents spoke a language other than English at home. The top languages spoken are Cantonese, Mandarin and Korean. The largest industry in the area is health care and social assistance which employed some 9,500 people in 2014. This employment is largely concentrated around the Royal North Shore Hospital in St Leonards.

Willoughby is also an ageing community. Between 2011 and 2026, age structure forecasts for Willoughby indicate a 3% increase in population under working age, a 36% increase in population of retirement age, and a 10% increase in population of working age. This is fairly typical of surrounding LGAs, with the exception of North Sydney which has a transient young working population.

Community goals and priorities

As outlined in the City Strategy (2013-2029), the vision for Willoughby City is “the vital hub of the region, where residential, cultural, economic and environmental interests are respected and balanced, and our communities enjoy a diversity of lifestyles.”

This vision demonstrates Council’s willingness to take strategic responsibility for Chatswood and the surrounding residential areas as a key centre within the Northern Sydney region.

The City Strategy also contains six key directions:

- Community and Cultural Life – diversity and spirit, services and facilities, health and wellbeing
- Natural Environment – ecosystems and environmental health
- Homes – housing choice, quality and character
- Infrastructure – efficient asset management, transport and mobility
- Economic Activity – sustainable business activity
- Governance – open government, community engagement, business efficiency and service delivery.

Challenges

Challenges the area faces into the future include:

- meeting the need for additional housing while maintaining the character of the area
- responding to the needs of an ageing population
- ensuring an adequate supply of affordable housing for key workers, students and other residents with lower incomes
- integrating land use and transport planning to ensure sufficient services are provided to support growth
- reducing car dependency by providing public transport infrastructure and encouraging walking and cycling
- meeting the community’s needs for recreational and leisure facilities in an area with limited available land
- increasing pressure on the natural environment from increased development and population increases

- engaging culturally and linguistically diverse communities, especially where they are not accustomed to civic participation
- catering for the large daily influx of workers who are employed in the 22,000 jobs offered in Chatswood and visitors who use the City's facilities and services.

2.2 Key challenges and opportunities

Strengths	Weaknesses
<ul style="list-style-type: none"> • Diverse and growing population • Thriving strategic centre in Chatswood • Capacity to deliver local and regional infrastructure (e.g. The Concourse) • History of operating surpluses • Strong non-rate revenue generation providing a diverse revenue base (e.g. rental properties, car parking, interest on investments, bus shelter advertising) • A strong balance sheet with significant cash and investment reserves • Investment in asset planning now resulting in improvements to asset maintenance and renewal, supported by the recently approved SRV • Leader in environmental sustainability through E-Restore program • Recent organisational restructure which is yielding significant savings and additional skills and capabilities, including leadership • Commitment to implementation of Better Service Review • Effective and innovative community consultation 	<ul style="list-style-type: none"> • Population size and growth rates not commensurate with expectations of council scale in the metropolitan Sydney context • ICT systems lack modern interfaces, an integrated customer focus and online functionality • Legacy impacts from lack of knowledge of asset management systems in the past prior to the adoption of Asset Management Strategy and Plans in 2010 • Statutory controlled fees are often below the cost of service provision
Opportunities	Threats
<ul style="list-style-type: none"> • Formalising and increasing regional collaboration through a combined NSROC and SHOROC of 11 Councils with delegations including those which support improved outcomes through sub-regional planning • Generating revenue through a range of sources other than rates • Leveraging from the regional services and programs provided at The Concourse and by Vivid to further increase economic and cultural benefits • Improving the management focus in the organisation by upskilling and leadership development under a new General Manager 	<ul style="list-style-type: none"> • Losing the character of the area due to poorly planned or designed development • Being unable to meet NSW Government population and employment targets due to community opposition • Increasing travel times impacting on regional access to employment, as well as health and education services • Ability of some services to respond to growth, including transport, health, education and recreation • Increasing pressure on open space and the natural environment from high land values and increased population and development • Attracting and retaining skilled staff due to a lack of affordable housing, long travel times and uncertainty in the local government sector

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)	0.025	Yes	-0.018	No
Own Source Revenue Ratio (Greater than 60% average over 3 years)	83.8%	Yes	91.5%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	56.2%	No	95%	No

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

Operating Performance Ratio – Based on information extracted from Council's long term financial modelling contained in Attachment 7, Council is not expected to meet this benchmark in 2016/2017. The 2016/2017 result is due to the modelled deficit 2014/2015 result which takes into account the anticipated spend of some \$4.5 million in carryovers from previous years which were not expended as planned. As the Operating Performance Ratio is a three year average, the adjustment in 2014/2015 affects the 2016/2017 result. As such, 2014/15 can be viewed as an exception, and is not expected to have a long term impact on Council's performance.

As demonstrated in Attachment 7, Council historically returns an annual operating surplus and is forecast to do so beyond 2016/2017. It should be noted that whilst the forecast result for the 2014/2015 financial year is negative 0.059, the adopted March 2015 Quarterly Financial Review forecasts negative 0.022 and it is predicated that the actual audited number will approximate a surplus, thus shifting the 3 year average forecasted result shown above to a surplus and meeting the benchmark.

Building and Infrastructure Asset Renewal Ratio – Based on information extracted from Council's long term financial modelling and further review of anticipated renewal spending, Willoughby is not expected to meet this benchmark in 2016/2017.

Council's annual infrastructure renewal spend has historically not kept up to annual depreciation levels. Over the last five years Council officers have therefore developed detailed asset management plans which were adopted by Council in June 2014. Willoughby has also undertaken structured community consultation on both condition assessment and dedicated intervention levels for its infrastructure assets.

As outlined within the independent Morrison Low report for Willoughby City Council, it is felt that staff have been quite conservative in a number of aspects of asset related benchmarks particularly when comparing itself across the industry. Whilst the driving force behind the improvement in this indicator over the next 7 years will be the adopted SRV/Infrastructure Levy spend, it will also be impacted by a current staff review of asset related definitions and depreciation levels in conjunction with the preparation of the 2014/2015 annual financial statements where Willoughby has conservatively used replacement values (for further explanation please see Section 2.3 *Infrastructure Backlog Ratio*). It is forecast that this indicator will materially improve in the short term as a result.

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%)	6.09%	No	5.30%	No
Asset Maintenance Ratio (Greater than 100% average over 3 years)	68.5%	No	65%	No
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	7.56%	Yes	5.34%	Yes

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

Willoughby City Council's **Infrastructure Backlog Ratio** and **Asset Maintenance Ratio** are both improving however neither are forecast to meet the benchmarks by 2016/17.

Infrastructure Backlog Ratio – Council's historic recurrent spend on its infrastructure assets has not been at a level sufficient to impact on the increasing backlog level. This and the fact that in 2013/2014, open space assets were brought to account in full for the first time, saw the backlog figure estimated at some \$38 million.

When preparing Special Schedule 7 – Report on Infrastructure Assets for the 2013/2014 Annual Financial Statements, staff assessed the condition of Willoughby's infrastructure assets as follows (with 1 classified as excellent and 5 as very poor):

- 38% in Condition 1
- 26% in Condition 2
- 29% in Condition 3
- 6% in Condition 4
- 1% in Condition 5.

Council's knowledge of its assets has improved considerably over the last five years. The Asset Management Plans adopted in June 2014 identified an annual funding gap of \$5.4 million in order to achieve acceptable service levels across the entire portfolio. This expenditure is primarily required to fund the existing backlog of renewal works and to prevent further backlog from arising in the future, as critical infrastructure nears the end of its expected life. The Asset Management Plans also provided a better understanding of required annual maintenance expenditure and its budgetary impacts.

In addition, Council has been reviewing the written down value of its infrastructure. This has included using technology to assist in providing a more precise estimate of the backlog. For example, Council has used CCTV to examine the condition of the drainage network.

An independent review undertaken by Morrison Low suggests that based on its work within the industry, Council appears to have been quite conservative in its annual calculation of this backlog figure. It suggests that based on the Morrison Low methodology (of bringing assets from conditions 4 and 5 to a 3) Willoughby's backlog or cost to bring to satisfactory calculation at 30/6/14 is approximately \$13M whereas Council's number was \$38M. Willoughby's philosophy has been to use the "real" figure of renewing

these assets to condition 1 or in some cases 2. Morrison Low suggests that numerous councils use their method which places Willoughby at a distinct disadvantage. In future Council will look to use the Morrison Low approach when reporting on its backlog and provide a “real” number to its community within Asset Management Plans. The estimated Backlog ratio used above is calculated on the prior year methodologies however based on the information detailed within, it is predicated that this indicator will improve markedly in the short term.

Asset Maintenance Ratio – As with asset renewal expenditure, actual asset maintenance expenditure has been deficient to that required based on data supplied by Council engineers. In 2013/2014, staff reported that actual maintenance in the financial year was some \$7.8 million below of where it should have been.

Outputs of Asset Management Plans will assist in the compilation, reallocation and direction of future annual budgets which will combine in addressing the deficiency.

It should also be stated that Morrison Low has suggested within its report that based on the asset information provided by Council in its opinion, the required maintenance in comparison to other metropolitan councils is considered high and that staff should review key asset definitions. The estimated Asset Maintenance Ratio above is also calculated on use of prior year methodologies pertaining to maintenance, however it is considered that a positive impact will be shown within the 2014/2015 annual accounts and beyond.

With the approval of the SRV and improvement in its ongoing strategic asset management, Council’s performance against both indicators will improve and in the long term meet both ratios.

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 2009/10 \$1,100 2010/11 \$1,170 2011/12 \$1,230 2012/13 \$1,160 2013/14 \$1,120	Yes	Decreasing 2012/13 \$1,200 2013/14 \$1,148 2014/15 \$1,188 2015/16 \$1,111 2016/17 \$1,101	Yes

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

Council achieves the benchmarks for both 2013/14 and 2016/17.

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?

Not applicable

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

Not applicable

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

Not applicable

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
Not applicable			

2.4 Water utility performance

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

Not applicable

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

Not applicable

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
Not applicable		

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

3.1 Sustainability

Willoughby City Council's key strategies to improve performance against the sustainability benchmarks in the 2016/20 period, including expected outcomes, are summarised below.

Key strategy	Outcome	Sustainability benchmarks impacted
Special Rate Variation	IPART approved Willoughby's SRV application in May 2015. The SRV involves increases of 6.9% in 2015/16 and 4.6% in 2016/17 and the rate peg thereafter to 2021/22 inclusive. The SRV enables Willoughby to fund a program of additional capital expenditure worth \$61.6 million over 10 years, directed at significantly reducing its infrastructure backlog.	<ul style="list-style-type: none"> • Operating Performance Ratio • Own Source Revenue Ratio • Building and Asset Renewal Ratio

Key strategy	Outcome	Sustainability benchmarks impacted
Improvements to asset management	<p>Council's knowledge of its assets has improved considerably over the last five years. Council's Asset Management Policy and Improvement Strategy along with Asset Management Plans for nine categories (Bridges, Buildings, Footpaths, Kerb and Gutter, Parks, Playgrounds, Road Pavements, Sportsgrounds and Stormwater) were adopted in June 2014. The Asset Management Plans identified an annual funding gap of \$5.4 million in order to achieve acceptable service levels across the entire portfolio. This expenditure is primarily required to fund the existing backlog of renewal works and to prevent further backlog from arising in the future, as critical infrastructure nears the end of its expected life. The Asset Management Plans also provided a better understanding of required annual maintenance expenditure and its budgetary impacts. Independent assessment of Council asset related benchmarks has highlighted a conservative approach by staff in reporting which has placed Council at a comparative disadvantage (for further explanation please see Section 2.3 <i>Infrastructure Backlog Ratio</i>). A review of asset definitions and the level of depreciation will also ensure an improvement in this ratio.</p>	<ul style="list-style-type: none"> Building and Asset Renewal Ratio
Better Services Review	<p>The Better Services Review has been designed to identify organisational efficiencies, free up resources to acquire new skills that improve capacity and performance, and to create cost savings. It has the additional aims of creating a resilient and change ready organisation that can supply quality service outcomes to the greater community.</p> <p>The Program is expected to provide a minimum saving to Council operations of an estimated \$1.9 million over the 2015/16 and 2016/17 financial years.</p> <p>Savings associated with the Better Services Review will also flow through to future financial years, and be reflected in Council's Long Term Financial Plan and associated budgets from September 2015.</p>	<ul style="list-style-type: none"> Operating Performance Ratio

Key strategy	Outcome	Sustainability benchmarks impacted
Organisational restructure	<p>Council is currently undertaking and completing a review of its organisational structure at the management level. This builds on the work undertaken as part of the Better Services Review.</p> <p>The focus of the restructure is on improving leadership, creating a more accountable culture, finding new ways of delivering services, improving financial reporting and creating better governance processes. The new structure will enhance Council's capacity by recognising and funding enhanced skills in areas such as project management, continuous improvement, regional strategic planning and stakeholder relations.</p> <p>The organisational restructure is anticipated to result in savings to full time equivalent staff costs, salary and associated overheads of \$2 million per annum. The continuing review of positions below Director and Manager level will be undertaken as part of a continuous improvement approach applied to normal business planning and budgetary processes and is expected to continue to yield benefits to the way staff are enabled to work and to the community.</p>	<ul style="list-style-type: none"> • Operating Performance Ratio
Revenue generation	<p>Council has engaged in commercial activities to make best use of its assets and generate alternative sources of revenue. Existing and future sources of revenue generation include rental income, car parking, interest on investments and bus shelter advertising. Collectively, these sources are expected to generate income of over \$19.2 million in 2014/15, increasing over time.</p>	<ul style="list-style-type: none"> • Operating Performance Ratio • Own Source Revenue Ratio • Building and Asset Renewal Ratio

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

General modelling assumptions

General assumptions used to model future outcomes:

- Statutory fees and fines will increase by 2.5% from 2015/2016 to a peak of 2.75% from 2018/2019
- Other fees and charges will increase by 3.5% per annum
- Employee costs will increase by 4% per annum, including funding for Award increases and performance increases.
- Materials and contracts will increase by CPI.
- Plant and equipment and library books will increase by CPI.
- Fire levy increases will go up by 10% per annum.
- Utilities will increase by 15% per annum to 2017/18 and by 12% per annum thereafter.

Other assumptions

Key strategy	Assumptions
Special Rate Variation	Rates income will increase by 6.9% in 2015/16 and 4.6% in 2016/17 and the rate peg thereafter to 2021/22 inclusive.
Organisational Restructure	<p>Operational savings have been factored into the current Long Term Financial Plan (LTFP) as follows:</p> <ul style="list-style-type: none">• \$500,000 in 2015/2016• \$1,000,000 (recurrently) from 2016/2017 <p>Further savings will be identified and reported within the September 2015 Quarterly Financial Review which will positively impact 2015/2016, however an annual saving of an estimated \$2 million per annum (additional \$1 million to current LTFP) is expected to be realised from 2016/2017.</p>
Better Services Review	Operational savings over the next two financial years are estimated to total \$1.9 million in addition to the \$2million per annum relating to the Organisational Restructure.
Revenue generation	Council's Long Term Financial Plan identifies that rental income derived from its commercial property portfolio is anticipated to increase by 3.5% per annum.

3.1 Sustainability

Willoughby City Council's sustainability strategies and outcomes are outlined in the table below.

3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
Reduce the infrastructure backlog	Special Rate Variation	<ul style="list-style-type: none"> • Undertake community engagement on desired levels of service (2012/13) • Adopt revised asset renewal thresholds (June 2104) • Undertake community consultation on SRV (late 2014) • Adopt preferred SRV (Feb 2015) • Adopt Delivery Program and Long Term Financial Plan incorporating SRV (Feb 2015) • Receive IPART approval to SRV (May 2015) • Allocate increased rate revenue to expenditure in budget (1 July 2015) • Review progress to ensure allocations are spent as planned and take remedial action where required (quarterly) • Review projects related to SRV expenditure to ensure effectiveness (quarterly) • Communicate SRV expenditure and outcomes achieved to community in Annual Report (annually) 	Allocation of additional revenue to asset upgrade and renewal, improves Building and Asset Renewal Ratio	Positive impact on Infrastructure Backlog Ratio and Asset Maintenance Ratio

More effective asset management spend	Improvements to asset management	<ul style="list-style-type: none"> Milestones associated with Asset Management Improvement Strategy and associated Asset Management Plans 	Improves Building and Asset Renewal Ratio	Improves Infrastructure Backlog Ratio and Asset Maintenance Ratio
Improve efficiency of service delivery	Better Services Review	<ul style="list-style-type: none"> Review commissioned (late 2013) Review concluded (June 2015) Realise efficiency savings in budget (quarterly) Incorporate savings in Long Term Financial Plan (late 2015) 	Improves Operating Performance Ratio	Positive impact on Real Operating Expenditure per Capita
Improve operational efficiency	Organisational restructure	<ul style="list-style-type: none"> Staff consultation closes (15 June 2015) Restructure report to Council (22 June 2015) Realise savings in budget (quarterly) Incorporate savings in Long Term Financial Plan (late 2015) 	Improves Operating Performance Ratio	Positive impact on Real Operating Expenditure per Capita
Increase non-rates revenue	Revenue generation	<ul style="list-style-type: none"> Executive Team to undertake monthly monitoring, review and adjustment where necessary, including in relation to: <ul style="list-style-type: none"> rental income car parking revenue interest on investments bus shelter advertising 	Improves Operating Performance Ratio and Own Source Revenue Ratio	

3.2 Infrastructure and Service Management

Willoughby City Council's key strategies to improve performance against the infrastructure and service management benchmarks in the 2016/20 period, including expected outcomes, are summarised below.

Key strategy	Outcome	Infrastructure and Service Management benchmarks impacted
Special Rate Variation	IPART approved Willoughby's Special Rate Variation application in May 2015. The SRV involves increases of 6.9% in 2015/16 and 4.6% in 2016/17 and the rate peg thereafter to 2021/22 inclusive. The SRV enables Willoughby to fund a program of additional capital expenditure worth \$61.6 million over 10 years, directed at significantly reducing its infrastructure backlog.	<ul style="list-style-type: none"> • Infrastructure Backlog Ratio • Asset Management Ratio • Debt Service Ratio

Improvements to asset management	<p>Council's knowledge of its assets has improved considerably over the last five years. Council's Asset Management Policy and Improvement Strategy along with Asset Management Plans for nine categories (Bridges, Buildings, Footpaths, Kerb and Gutter, Parks, Playgrounds, Road Pavements, Sportsgrounds and Stormwater) were adopted in June 2014. The Asset Management Plans identified an annual funding gap of \$5.4 million in order to achieve acceptable service levels across the entire portfolio. This expenditure is primarily required to fund the existing backlog of renewal works and to prevent further backlog from arising in the future, as critical infrastructure nears the end of its expected life. The Asset Management Plans also provided a better understanding of required annual maintenance expenditure and its budgetary impacts. Independent assessment of Council asset related benchmarks has highlighted a conservative approach by staff in reporting which has placed Council at a comparative disadvantage (for further explanation please see Section 2.3 <i>Infrastructure Backlog Ratio</i>). A review of asset definitions and the level of depreciation will also ensure an improvement in this ratio.</p>	<ul style="list-style-type: none"> • Infrastructure Backlog Ratio • Asset Management Ratio
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Explain the key assumptions that underpin your strategies and expected outcomes.

General modelling assumptions

General assumptions used to model future outcomes:

- Statutory fees and fines will increase by 2.5% from 2015/2016 to a peak of 2.75% from 2018/2019
- Other fees and charges will increase by 3.5% per annum
- Employee costs will increase by 4% per annum, including funding for Award increases and performance increases.
- Materials and contracts will increase by CPI.
- Plant and equipment and library books will increase by CPI.
- Fire levy increases will go up by 10% per annum.
- Utilities will increase by 15% per annum to 2017/18 and by 12% per annum thereafter.

Other assumptions

Key strategy	Assumptions
Special Rate Variation	Rates income will increase by 6.9% in 2015/16 and 4.6% in 2016/17 and the rate peg thereafter to 2021/22 inclusive.

3.2 Infrastructure and Service Management

Council's infrastructure and service management strategies and outcomes are outlined in the table below.

3.2 Infrastructure and service management

Objective	Strategies	Key milestones	Outcome	Impact on other measures
Reduce the infrastructure backlog	Special Rate Variation	<ul style="list-style-type: none"> • Undertake community engagement on desired levels of service (2012/13) • Adopt revised asset renewal thresholds (June 2104) • Undertake community consultation on SRV (late 2014) • Adopt preferred SRV (Feb 2015) • Adopt Delivery Program and Long Term Financial Plan incorporating SRV (Feb 2015) • Receive IPART approval to SRV (May 2015) • Allocate increased rate revenue to expenditure in budget (1 July 2015) • Review progress to ensure allocations are spent as planned and take remedial action where required (quarterly) • Review projects related to SRV expenditure to ensure effectiveness (quarterly) • Communicate SRV expenditure and outcomes achieved to community in Annual Report (annually) 	Allocation of additional revenue to asset upgrade and renewal, improves Infrastructure Backlog Ratio and Asset Management Ratio	Positive impact on Building and Asset Renewal Ratio

More effective
asset
management
spend

**Improvements
to asset
management**

- Milestones associated with Asset Management Improvement Strategy and associated Asset Management Plans (Please refer to Section 3.4 of this submission *Improvement Action Plan*)

Improves
Infrastructure
Backlog Ratio and
Asset Management
Ratio

Positive impact on
Building and Asset
Renewal Ratio

3.3 Efficiency

Willoughby City Council's key strategies to improve performance against the efficiency benchmark in the 2016/20 period, including expected outcomes, are summarised below.

Key strategy	Outcome	Efficiency benchmarks impacted
Better Services Review	<p>The Better Services Review has been designed to identify organisational efficiencies, free up resources to improve capacity and performance, and to create cost savings. It has the additional aims of creating a resilient and change ready organisation that can supply quality service outcomes to the greater community.</p> <p>The Program is expected to provide a minimum saving to Council operations of an estimated \$1.9 million over the 2015/16 and 2016/17 financial years.</p> <p>Savings associated with the Better Services Review will also flow through to future financial years, and will be reflected in Council's Long Term Financial Plan and associated budgets.</p>	<ul style="list-style-type: none"> • Real Operating Expenditure

Organisational restructure	<p>Council is currently undertaking and completing a review of its organisational structure at the management level. This builds on the work undertaken as part of the Better Services Review. The focus of the restructure is on improving leadership, creating a more accountable culture, finding new ways of delivering services, improving financial reporting and creating better governance processes. The new structure will enhance Council's capacity by recognising and funding enhanced skills in areas such as project management, continuous improvement, regional strategic planning and stakeholder relations.</p> <p>The organisational restructure is anticipated to result in savings to full time equivalent staff costs, salary and associated overheads of \$2 million per annum. The continuing review of positions below Director and Manager level will be undertaken as part of a continuous improvement approach applied to normal business planning and budgetary processes and is expected to continue to yield benefits to the way staff are enabled to work and to the community.</p>	<ul style="list-style-type: none">• Real Operating Expenditure
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Explain the key assumptions that underpin your strategies and expected outcomes.

General modelling assumptions

General assumptions used to model future outcomes:

- Statutory fees and fines will increase by 2.5% from 2015/2016 to a peak of 2.75% from 2018/2019
- Other fees and charges will increase by 3.5% per annum
- Employee costs will increase by 4% per annum, including funding for Award increases and performance increases.
- Materials and contracts will increase by CPI.
- Plant and equipment and library books will increase by CPI.
- Fire levy increases will go up by 10% per annum.
- Utilities will increase by 15% per annum to 2017/18 and by 12% per annum thereafter.

Other assumptions

Key strategy	Assumptions
Better Services Review	Operational savings over the next two financial years will total \$1.9 million.

3.3 Efficiency

Council's efficiency strategies and outcomes are outlined in the table below.

3.3 Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
Improve efficiency of service delivery	Better Services Review	<ul style="list-style-type: none"> Review commissioned (late 2013) Review concluded (June 2015) Realise efficiency savings in budget (quarterly) Incorporate savings in Long Term Financial Plan (late 2015) 	Improves Real Operating Expenditure per Capita	Improves Operating Performance Ratio
Improve operational efficiency	Organisational restructure	<ul style="list-style-type: none"> Staff consultation closes (15 June 2015) Restructure report to Council (22 June 2015) Realise savings in budget (quarterly) Incorporate savings in Long Term Financial Plan (late 2015) 	Improves Real Operating Expenditure per Capita	Improves 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	Timing
Deliver works programs associated with the Special Rate Variation (see Attachment 2 for approved works program)	Finalise design, specifications and community consultation and complete tenders for year 1 works program for buildings, sporting fields, parks and playgrounds	Q1-Q2 2015/16
	Award contracts and implement year 1 works program for buildings, sporting fields, parks and playgrounds	Q2-Q4 2015/16
	Award contracts and implement year 1 works program to bring selected Condition 4 and 5 footpaths, bridges and stormwater to Condition 1	Q1-Q4 2015/16
	Finalise design, specifications and community consultation and complete tenders for year 2 works program for buildings, sporting fields, parks and playgrounds	Q3-Q4 2015/16
	Award contracts and implement year 2 works program for buildings, sporting fields, parks and playgrounds	Q1-Q4 2016/17
	Award contracts and implement year 2 works program to bring selected Condition 4 and 5 footpaths, bridges and stormwater to Condition 1	Q1-Q4 2015/16
	Review progress against works program at end of quarter	Q1-Q4 2015/16 Q1-Q4 2016/17

Action plan

Actions	Milestones	Timing
Improvements to Asset Management	Review key asset management definitions, for use in preparation of the 2015/16 Annual Financial Statements (Special Schedule 7)	Q1 2015/16
	Design and deliver community workshops on priorities relating to asset management	Q1-Q3 2015/16
	Prepare a revised draft Asset Management Policy	Q2 2015/16
	Include asset objectives and performance in revised draft Asset Management Plans	Q4 2015/16
Revenue Generation - Review fees and charges	Identify segments of fees where cost recovery is appropriate but not occurring	Q1 2015/16
	Develop a stakeholder group to review fees and charges	Q2 2015/16
	Develop modelling around full cost of service, compare with neighbouring councils	Q3 2015/16
	Include new fees and charges in budget	Q4 2015/16

Action plan

Actions	Milestones	Timing
Revenue Generation/Traffic Management - Prepare Draft CBD Parking Strategy	Finalise Street Parking Strategy and Policies	Q1 2015/16
	Deploy Final Street Parking Strategy and Policies	Q2 2015/16
	Carry out a monitoring and reporting program	Q4 2015/16
Better Services Review - Prepare an organisation wide decision-making framework (Please see Attachment 3 for a full listing of activities as part of the Better Services Review)	Complete draft organisation wide decision making framework	Q2 2015/16
	Commence project management office	Q1 2015/16
	Complete risk management review	Q4 2015/16
Organisation Restructure	Council endorses new Structure	Q4 2014/15
	Finalise transition period together with employment of all new staff	Q1 2015/16
	Amend 15/16 Budget and Long Term Financial Plan to reflect adjustments	Q1 2015/16

Action plan

Actions	Milestones	Timing
	All Staff and Branch Manager Leadership Development Program	Q1-Q2 2015/16
	Review Staff Structure (Sub Director & Manager) as part of normal business planning and budgeting processes	Q2 2015/16
	Amend 15/16 Budget and Long Term Financial Plan to reflect any adjustments	Q3 2015/16

Please also see the following attachments:

- Attachment 2: Approved works program associated with the Special Rate Variation
- Attachment 3: Prioritised plan for implementation of the Better Services Review

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

The process for preparing Council's Action Plan included:

- Councillor workshop held on 2 March 2015.
- Staff workshop held on 21 May 2015.
- Proposal adopted at the Council meeting of 22 June 2015.
- Financial modelling assistance was provided by Morrison Low.
- Scale and capacity analysis was undertaken by SGS Economics and Planning.
- Community consultation undertaken in partnership with IRIS Research and Straight Talk.
- Assistance with compilation and review of this Council Improvement Proposal provided by Elton Consulting.

3.5 Other actions considered

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

MERGER

As discussed in Section 1.2, Willoughby City Council was prepared to explore the Panel's recommended option, as well as other potential merger options. It has tested community sentiment and commissioned detailed financial and non-financial assessments on four options:

1. Willoughby stands alone
2. Willoughby and North Sydney merge
3. Willoughby, North Sydney and Lane Cove merge
4. Willoughby, North Sydney, Lane Cove, Ryde, Hunter's Hill and Mosman merge.

These mergers all have some potential advantages. For example, a merged council may create flexibility to better manage the focus and distribution of land uses between the key centres of Chatswood, North Sydney, St Leonards and Macquarie Park. However, there are a number of critical reasons Willoughby has decided not to pursue a merger options at this time. These reasons are summarised below.

Option 2 – merge with North Sydney

- An amalgamated Willoughby and North Sydney Council will have a combined population of some 176,000 people in 2031.
- According to modelling undertaken by Morrison Low, this option will meet five of the seven benchmarks by 2019/20. Neither the Asset Renewal nor the Infrastructure Backlog benchmarks will be met within this timeframe.
- Critically, performance against these benchmarks at 2019/20 is projected to be either declining (in the case of the Infrastructure Backlog) or unstable (in the case of Asset Renewal).
- North Sydney initially resolved to hold discussions with neighbouring councils to ascertain their intentions. It corresponded with Willoughby City Council to express interest in engaging in discussions. Although Willoughby expressed interest in holding

discussions, North Sydney eventually determined to pursue a stand alone option.

- North Sydney Council has also been undergoing a period of political instability in the past year. In October 2014 after liaising with North Sydney Council due to ongoing concern about its performance, the Minister for Local Government issued it with a Council Improvement Order. In addition, a number of councillors have resigned their roles. The differing views by the General Manager, Mayor and part of elected Council, has made it very difficult for Willoughby City Council to engage in valuable merger discussions with North Sydney Council. This brings into question the capacity of a merged council to provide high quality political and managerial leadership, credibility for effective advocacy, and scope to undertake new functions and major projects as identified by the Panel as key elements of strategic capacity.
- Despite the introduction of a seven year SRV in 2012/13, North Sydney still has insufficient funds forecast to be invested in asset renewals to reach benchmark levels (TCorp 2013: 5). TCorp also found that once North Sydney's SRV expires, its operating ratio and liquidity position will decline further.

Option 3 – merge with North Sydney and Lane Cove

An amalgamated Willoughby, North Sydney and Lane Cove Council will have a combined population of some 220,000 people in 2031. There is a strong strategic and functional interaction between the councils in Option 3. For example, the three LGAs share a key centre at St Leonards. The residents of the three LGAs also share similar demographic characteristics and generally perceive themselves as part of Sydney's North Shore, rather than as residents of their individual council areas.

However, this option has not been pursued for reasons including those detailed in relation to Option 2 above. In addition:

- According to modelling undertaken by Morrison Low, this option will only meet six of the seven benchmarks by 2019/20.
- The Asset Maintenance Benchmark will not be met within the timeframe. Performance against this benchmark at 2019/20 is projected to be either declining or unstable.
- Lane Cove Council has a publicly stated policy opposing amalgamations and has resolved to investigate a modified Joint Organisation model.

Option 4 – merge with North Sydney, Lane Cove, Mosman, Hunter's Hill and two thirds of Ryde

An amalgamation between the six councils included in this option will result in a combined population of some 376,000 people in 2031. This option also achieves some of the characteristics of strategic capacity identified by the Panel.

However, this option has not been pursued for reasons including those detailed in relation to Options 2 and 3 above. In addition:

- According to modelling undertaken by Morrison Low, this option will meet six of the seven benchmarks by 2019/20. This is one better than the stand alone option.
- However, in this option performance against the Asset Maintenance benchmark is projected to decline consistently throughout the period to 2019/20 and beyond. This is in contrast to the Willoughby stand alone option, where performance against this benchmark is projected to be continuously improving.
- Lane Cove, Hunter's Hill, and Ryde have publicly stated their opposition to amalgamations and are seeking a modified Joint Organisation model.
- This option has a less clear community of interest. This includes the social and transport disconnect between Ryde/Hunter's Hill and Willoughby and the wide diversity of communities of interest between lower SEIFA ranked Ryde and more affluent lower North Shore communities. Ryde has a distinct social profile from the other older, less disadvantaged and less diverse communities. The Ryde community would have distinct social service needs targeting employment and young people. The large amalgamated council resulting from this option would be stretched to service these diverse communities.
- Integrating the range of organisational cultures and systems in operation across the six councils would require a prolonged and costly period of readjustment. A number of studies present case studies of merged councils that are less functional and efficient than pre-amalgamation. For example, Price Waterhouse Coopers (2006) study of South Australian case studies found that performance of local councils was more closely linked to policy skills than organisational structural effects linked to amalgamation.

ESTABLISHMENT OF JOINT ORGANISATION

The Panel's second option was for Willoughby and its neighbours to combine as a strong Joint Organisation (JO). As discussed in Attachment 1, Willoughby is an active member of the Northern Sydney Region of Councils (NSROC) and can see great potential for a JO to establish and deliver regional strategic priorities. Willoughby supports a model in which the JO has significant planning powers delegated from the member councils.

However, Willoughby did not support the modified JO structure proposed by Hunter's Hill, Lane Cove and Ryde Councils because at the time of its proposal it did not appear to increase the scale and capacity of its members in accordance with the key elements identified by the Panel. The proposal also appeared to duplicate work already occurring through sub-regional land use planning and NSROC. Furthermore, Council noted that the Panel was clear that the establishment of JOs in metropolitan Sydney should be deferred pending the outcomes of potential mergers.

REGIONAL PROCUREMENT

Willoughby is an active participant in the NSROC Supply Management Group. This is a joint venture which is committed to reducing expenditure by utilising bulk purchasing power for common products. It also enables participation in regional training initiatives aimed at saving significant expenditure by combining Council requirements from a single service provider. Willoughby also jointly procures asphalt through NSROC.

To get the best deal for its ratepayers, Willoughby also participates in joint procurement through Shore Regional Organisation of Councils (SHOROC). Councils with which Willoughby collaborates on procurement through SHOROC include Manly, Mosman, Pittwater, Warringah, Hornsby, Ku-ring-gai, Lane Cove, Hunter's Hill and Ryde. Joint tenders managed by SHOROC currently value \$18.8 million annually, representing 20% of the combined regional spend on materials and contracts. Joint tenders in which Willoughby has recently participated include:

- supply and delivery of ready mixed concrete
- external audit
- cash collections

Council will continue to consider opportunities for savings through regional procurement on a case by case basis, where they demonstrate value for money. For example, Council is currently considering opportunities relating to shared procurement of waste services.

However, as the nature, timing and potential savings associated with these opportunities are not yet certain, additional actions relating to regional procurement have not been incorporated into this Council Improvement Proposal.

SELLING ASSETS

Council considered selling assets to bridge the infrastructure funding gap. However, it was decided not to pursue this option as it is poor financial practice to sell assets in order to fund maintenance costs. In addition, previous community consultation has shown that sale of Council assets is highly unlikely to be supported by the Willoughby community.

Council also regularly investigates options for achieving savings through regional collaboration, usually through NSROC and/or SHOROC. However, potential savings from regional collaboration are not included as a strategy in this Council Improvement Proposal because of the inability to forecast future savings with certainty at this stage.

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)	0.024	0.025	-0.018	0.021	0.028	0.027	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	84.7%	87.5%	91.5%	92.7%	93.1%	93.1%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	71%	89%	95%	92%	95%	101%	Yes
Infrastructure Backlog Ratio (Greater than 2%)	6.3%	5.8%	5.30%	4.8%	4.0%	3.2%	No
Asset Maintenance Ratio (Greater than 100% average over 3 years)	69%	64%	65%	67%	68%	70%	No
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	6.89%	6.04%	5.34%	4.34%	3.18%	2.98%	Yes
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	1,188	1,111	1,101	1,103	1,092	1,097	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.

Willoughby City Council is forecast to meet all benchmarks in 2019/20, with the exception of the Infrastructure Backlog Ratio and Asset Maintenance Ratio. Council is showing consistent and ongoing improvement against both of these benchmarks, and therefore meets the performance expected for a stand alone council.

As discussed in Section 2.3 of this Council Improvement Proposal, independent review suggests that Council has been conservative in its approach to reporting key asset related comparative indicators. This directly impacts meeting the two indicators mentioned above.

Over the past 5 years Council's knowledge of its infrastructure assets has improved markedly and with a clear understanding of community expectations collected from detailed conversations, the finalisation of the current staff review of key asset definitions including levels of depreciation, approval of the SRV and the ongoing commitment to strategic asset management, it is estimated that its performance against both indicators will improve and surpass forecasted future benchmarks that are based on prior year methodologies.

5. Putting your plan into action

How will your council implement your Improvement Action Plan?

Details of strategy implementation are provided in the Improvement Action Plan referenced in Section 3.4. Council will report on implementation and achievement of performance improvements as part of quarterly financial reporting. Performance against forecasts given in this document will also be detailed in Council's Annual Reports.

The financial impact of the Better Services Review and associated organisational restructure has not been included in Council's current Long Term Financial Plan. Given the appointment of a new General Manager in February 2015, there was insufficient time for the impact of these strategies to be investigated with enough certainty to be included. It is expected that forecast improvements in performance based on these strategies will be reflected within the September 2015 quarterly financial review. They will also be incorporated into a review of the Long Term Financial Plan, which will be completed in late 2015.

The implementation of Willoughby's Improvement Action Plan will be actively led by the General Manager and the Executive Leadership Team (ELT). The ELT, which consists of the General Manager and Directors, meets weekly.

Branch Managers will have significant responsibilities for the implementation of the Better Services Review, which will be reflected in their individual work plans and performance reviews. Branch Managers meet with the ELT monthly. Monitoring and reporting against Better Services Review implementation actions will be driven through this combined group, as a standard item on every meeting agenda. Better Services Review commitments and savings will also be reviewed and publicly reported upon as part of quarterly financial reviews.