FIT FOR THE FUTURE

IMPROVEMENT ACTION PLAN

Sutherland Shire
COUNCIL

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EXECUTIVE SUMMARY

Sutherland Shire Council administers, in terms of population, the second largest local government area in New South Wales.

The Independent Local Government Review Panel proposed "no change" for Sutherland Shire. We are concerned about change, and welcome any initiatives that improve local government Council however is well aware of its obligations to our community to ensure that it is financially sustainable, delivers value and can manage its infrastructure into the future.

The bottom line to achieving all benchmarks is to be financially sustainable and to have a strong and robust revenue platform. This is based on:

- a sound revenue base (90% own source revenue)
- a $60M commercial property portfolio which injects almost $6M into General Revenue each year
- probable $100M monetary contribution from SITA for capital projects and renewals from 2016 to 2031
- ongoing operational improvements and savings
- potential to fund community projects and increased car parking through leverage of Council's car parks

Through reforms, discretionary funds available to Council have increased as detailed in the table below:

2011/12	2012/13	2013/14	2014/15	2015/16
$9.465m	$12.872m	$14.638m	$17.4m	$17.1m

Financially the Council does face a number of challenges which will require offset savings and efficiencies to meet the Fit for the Future benchmarks into the future. Challenges include:

- A move by governments to redistribute grants to benefit rural and regional councils which will reduce Council's Financial Assistance Grants and potentially other grants
- Reduced Section 94 funding due to changes in allowable contributions
- The State Government seeking a 50% contribution from Council towards the cost of dredging navigation channels in Port Hacking

- Council has many significant other projects that need to be delivered
- Organisation improvements have facilitated the funding of new and improved services and facilities, however as time goes by those gains are diminishing
- Potential major infrastructure upgrades

The community 2015/16 Budget, with overwhelming and unprecedented community endorsement, is based around the following core principles:

- a balanced budget
- the special rate levy of 4% introduced by the previous Council will not return
- maintenance of our budget within rate pegging
- that the average residential rate does not exceed the consumer price index
- that Council's debt reduction targets be retained
- that the Budget place greater emphasis on asset renewals - $23.225m in 2014/15 and $25.664m in 2015/16
- ongoing reform savings ($1m target for 2015/16)

These disciplines will underpin future budgets and enable Council to meet or continue to meet Fit for the Future ratios.

Council, will live within its means.

Under rate pegging Council has only sought rate rises in 1996/97 and 2010/11 and in fact abolished an approved increase of 4% rise in 2012/13.

Council has also reduced its debt, and in parallel its borrowings, does not charge for car parking and does not charge sporting groups for the use of playing fields. Financial strategies combined with prudent financial management and moves towards improving productivity and efficiency have placed the Council in a strong financial position.

Council's performance against the Fit for the Future ratios forecast that it will operate at a sustainable level into the future.

In addition to the ratios, Council has a strong and cohesive community supported by natural boundaries, and has the strategic elements of scale and capacity to overcome current and future challenges. Council's Improvement Plan aims to build on these strengths to ensure we remain sustainable in all areas. Table 1 (below) outlines Council's forecasted performance against each of the Fit for the Future ratios and IPART Assessment Criteria in 2020.

	Measure/ Benchmark	Definition	Meets Benchmark by 2019/20		IPART Assessment Criteria	
Sustainability	**Operating Performance ratio**	Core measure of financial sustainability – indicates council's capacity to meet ongoing operating expenditure requirements.	Greater than or equal to breakeven average over 3 years	✓	Must meet within 5 years	✓
	Own Source Revenue Ratio	Councils with higher own source revenue have greater ability to control their own operating performance and financial sustainability.	Greater than 60% average over 3 years	✓	Must meet within 5 years	✓
	Building and Infrastructure Asset Renewal Ratio	Measures whether a council's assets are deteriorating faster than they are being renewed – indicator of whether a council's backlog is likely to increase.	Greater than 100% average over 3 years	✗	Meet or improve within 5 years	✓
Infrastructure and Service Management	**Infrastructure Backlog Ratio**	Measures how effectively the council is managing its infrastructure. Increasing backlogs may affect the council's ability to provide services and remain sustainable.	Less than 2%	✗	Meet or improve/ inform within 5 years	✓
	Asset Maintenance Ratio	Measures whether the council is spending enough on maintaining its assets to avoid increasing its infrastructure backlog.	Greater than 100% average over 3 years	✓	Meet or improve/ inform within 5 years	✓
	Debt Service Ratio	Indicates whether the council is using debt wisely to share the life-long cost of assets and avoid excessive rate increases.	Greater than 0% and less than or equal to 20% average over 3 years	✓	Meet within 5 years	✓
Efficiency	**Real Operating Expenditure per Capita**	Indicates how well the Council is utilising economies of scale and managing service levels to achieve efficiencies	A decrease in Real Operating Expenditure per capita over time	✓	Must demonstrate operational savings over 5 years	✓

Table 1 – 2020 Forecasted performance against ratios

Over the past two years there have been significant changes adopted across Council that have resulted in savings and improvements in performance. Incremental change was accelerated in 2013 with the adoption of the Strategic Review. This plan builds on the platform of reform already established in a strong partnership between the community, Councillors, the General Manager and the Executive over many years and the implementation of considered change and continuous improvement.

Significant progress across all seven ratios requires effort from Council in all areas of business, from high level policy and strategy to day to day business processes. Ensuring we have effective resource management is critical to meeting and exceeding community expectations. Using existing data combined with the results of community consultations, Council has developed a comprehensive framework of fully integrated objectives and strategies. The plan provides an overarching strategy of targeted community engagement initiatives linked to strengthening three key objectives.

The three objectives outlined in this action plan: Policy and Strategy, Service Management and Asset Management; have been designed to deliver integrated whole–of–council results that positively impact on organisational sustainability to deliver a balanced result.

Figure 1 - Integration of Objectives

Objective 1 - Strategy and Policy aims to improve community engagement to ensure alignment between corporate policy and strategy to deliver improved human resource and financial management in conjunction with the actions of all objectives. The critical evaluation of the service portfolio will provide council with sufficient data to make informed decisions on service levels and strategies for reducing costs and increasing revenues. The outcome of this review then will inform our asset management strategy to sustainably manage assets for effective service delivery and community expectations. This document outlines a clear action plan including costs, timeframes and milestones for the achievement of these objectives.

Table 2 (below) outlines the positive impact of each objective, and corresponding strategies and actions, on the Fit For the Future ratios.

WHICH RATIO WILL EACH OBJECTIVE IMPROVE?

Criteria/Measure	Sustainability			Infrastructure and Service Management			Efficiency
Objective	Operating Performance Ratio	Own Source Revenue Ratio	Asset Renewal Ratio	Infrastructure Backlog Ratio	Asset Maintenance Ratio	Debt Service Ratio	Real Operating Expenditure
Policy and Strategy	✓	✓	✓	✓	✓	✓	✓
Service Management	✓		✓	✓	✓		✓
Asset Management	✓		✓	✓	✓		✓

Table 2 – How each objective in the Improvement plan will impact on the ratios

COUNCIL'S IMPROVEMENT ACTION PLAN

The Improvement Action Plan maps specific strategies and actions that Council will undertake over the next five years to improves its financial sustainability.

Sutherland Shire Council was not recommended to merge with neighbouring councils by the Independent Local Government Review Panel but Council must still develop a plan to show improvement against the ratios.

Council supports the State Government's Fit for the Future initiative. The number of councils in NSW has halved over the past 100 years and it can be assumed that the concepts of 'financial sustainability' and 'scale and capacity' were on the minds of government and community leaders during these change eras.

It is inevitable that the number of councils will continue to decrease particularly when planning issues and cohesion is important to the economic well being of the state and communities are demanding a range of quality services.

Fit for the Future gives Council further opportunity to review its performance and plan on how it will meet the state government benchmarks.

The manner in which Council approaches this challenge has a significant bearing on Council's long term sustainability. Sutherland Shire Council is committed to providing high quality services for the Shire community and this Improvement Action Plan will deliver on that commitment into the future.

Council is also aware that whilst it has the capacity to borrow, the community has endorsed its aim to become debt-free. Council has also been reluctant to seek rate rises above the rate cap and therefore the Improvement Plan will form the basis on ongoing efficiency measures and will not require either borrowing or rate rises above the rate cap.

SOCIAL AND COMMUNITY CONTEXT

LOCATION

The Sutherland Shire is 25km from Sydney's CBD, and has an area of 370 square kilometres of which 173 square kilometres is designated national parkland.

The northern border of the Shire can be accessed via four bridges: three road bridges and one railway bridge. To the west, Heathcote Road leading out of the Shire passes by the Holsworthy military reserve. To the south, the Princes Highway runs out of Waterfall towards the City of Wollongong bounded on each side by the Royal National Park. The eastern border is the Pacific Ocean and a landscape of rugged sea cliffs, sandy beaches, and swampy bays backed by sand dunes.

Sutherland Shire residents have strong civic pride and community cohesion. This is reinforced by the natural boundaries outlined above. The Shire has over 1.1 million visitors each year, in the summer seasons. The Shire has also become increasingly popular for filming for both TV and cinema, as well as for professional and amateur photographers.

From an ecological perspective, the Shire has 50 per cent of Sydney's mangroves and 90 per cent of its saltmarshes - both vital to wetlands and littoral (shoreline) biodiversity. The Shire is a unique geographic region bounded by rivers, national parks and beaches. Council has estimated that, in addition to approximately 30 million trees in the four national parks, there are well over a hundred 'urban bushland' areas where a million large and five million small trees grow. These environmental assets form a strong foundation on which our community enjoy.

HISTORY

The Sutherland Shire has a fascinating history dating back many thousands of years. The region was home to the Gweagal people, a Dharawal speaking clan.

Figure 2 – Map of Sutherland Shire boundaries

Evidence from Curracurrang, within Royal National Park indicates a presence by Gweagal people that dates back over 8,200 years.

Kurnell is a significant landmark in the history of Australia as it was the first meeting point between European and Aboriginal cultures on 29 April 1770.

In 1906 Sutherland Shire was proclaimed. As ocean bathing had become popular, Councillors and citizens co-operated to form the Cronulla Surf Life Saving Club the following year. By 1929 the Georges River was bridged by road at Tom Ugly's Point and in 1939 a rail line was extended from Sutherland to Cronulla. Rapid development occurred in the early 20th Century, as the Shire became a popular place to live, work and enjoy. Today it offers locals and visitors an ideal blend of cosmopolitan culture and the natural world.

DEMOGRAPHICS

The key demographic change that is impacting on the Shire is undoubtedly the ageing of the population. Council's role in creating accessible urban environments and infrastructure within the public domain is critical to the health and wellbeing of older residents. Council has a key role to play in planning for, and achieving, these outcomes in both the public and private domains. The physical geography of the Shire also creates challenges in terms of the social environment and providing effective efficient, community support services.

Other key demographic features of the Shire:
- Reasonably affluent compared to others areas of Sydney
- Larger number of families with children than other areas of Sydney
- Higher percentage of people with mortgages than other areas of Sydney
- Higher rents than other areas of Sydney
- Significantly lower percentage of people from culturally and linguistically diverse backgrounds, however, the large population means numbers of people from non English speaking backgrounds are higher than in some small council areas
- Higher reliance on private vehicles - lower levels of people using public transport to get to work than other areas of Sydney

Total Area 370km2	Urban Area 180km2	Pop 225,070	1740 Indigenous	17.3% born overseas
Pop Density 6.1persons/ hectare	3.6% unemployment	17.5% volunteering rate	SEIFA 1075	1.1M visitors annually
Median Age 39 Years	34.2 of people aged above 50	Homeowners with no mortgage 36.6%	18% pop earned >$1500/week	Number of young people <24yrs 67,254

ECONOMY

Sutherland Shire is predominantly a residential area, but also has substantial industrial and commercial areas with a GRP of $8.44 billion and a population of 225,070. It is home to 20,467 businesses with 70,039 local jobs. The industry employing the largest number is Retail Trade.

The portion of value added by industry to the GRP is an indicator of business productivity. In 2013/14 the three largest industries in relation to 'value added' to the economy were:
- Health Care & Social Assistance ($768M or 12.0%)
- Manufacturing ($715M or 11.2%)
- Retail Trade ($644M or 10.1%)

These three industries combined account for 33.3% of the total value added by industry in the Shire.

The largest changes in value added by industries between 2008/09 and 2013/14 were for:

Sutherland Shire Hub for Economic Development (SSHED)

- Health Care & Social Assistance (+$203M)
- Professional, Scientific & Technical Services (+$102M)
- Manufacturing (-$332M)
- Construction (-$122M)

ORGANISATION CONTEXT

SUTHERLAND SHIRE COUNCIL'S VISION

*Sutherland Shire, in Sydney's south, shaped by bays, rivers, beaches and national parks:
A connected and safe community that respects people and nature, enjoying active lives in a strong local economy.*

COMMUNITY STRATEGIC PLAN

The Community Strategic Plan (CSP) is the highest level plan prepared by Council. The CSP was developed in a partnership between individuals, Councillors, community organisations and all levels of government.

In 1999, Council established the benchmark for developing a long-term strategic plan that articulated the vision and aspirations of our community, long before the implementation of Integrated Planning and Reporting legislation. Almost two decades ago, our community engagement process brought together over

17,000 participants; residents, businesses, community organisations, and all levels of government setting a vision that remains in place to this day.

The Strategic Planning function within Council has continued to drive Council's capacity, knowledge and skills in the planning and engagement processes. Utilising a broad range of engagement methodologies has resulted in the development of community driven objectives in the social, natural and built environments which have been articulated and tracked over time.

Figure 3 - Community Strategic Plan Key Themes

STRATEGIC REVIEW

Reform and improvement to the organisation has been accelerated in recent years with a move away from an incremental approach to a major strategic review to improve customer focus via structural reform and business improvement.

In December 2012, PricewaterhouseCoopers was engaged with the following brief:

- Complete an assessment of the financial performance of the Council, with a view to developing an accurate baseline of costs and profitability and then comparing performance against relevant benchmarks to identify areas of potential business improvement
- Determine how the council can implement improvements to community service
- Identify potential enhancements to current Council operations (e.g. structure, governance, systems, process etc)
- Develop a high level implementation plan to ensure that all benefits will be realised and that strategic change is effectively managed.

The Strategic Review report was presented to Council in June 2013 (attachment 1), outlining key opportunities for Council to pursue along with targeted scenarios for change. Council adopted scenario 3 which included a restructure and right sizing the organisation in addition to a three year program of change. In total, 26 recommendations were put forward in 7 key outcome areas:

1. SSC operates more efficiently
2. SSC exits low value services
3. SSC seeks commercial opportunities
4. SSC implements performance management and effective communication
5. SSC implements strategic change
6. SSC's operating model is optimised to realise and sustain benefits
7. SSC realises all benefits though robust implementation planning

Implementation of the adopted strategies has been progressing with a key focus on customer service improvements, service reviews and efficiency in back office functions. Results to date include an organisation restructure (defined overleaf), reduced number of support staff, the exiting of the Internal Ombudsman, Certification and Hazelhurst Café functions, improved asset management and project delivery resources, whilst increasing community engagement, customer satisfaction and performance monitoring. Areas of focus for the next stage of implementation are:

Fragmentation and Duplication – review and consolidation will continue with Customer Service Centre, administration and other support services.

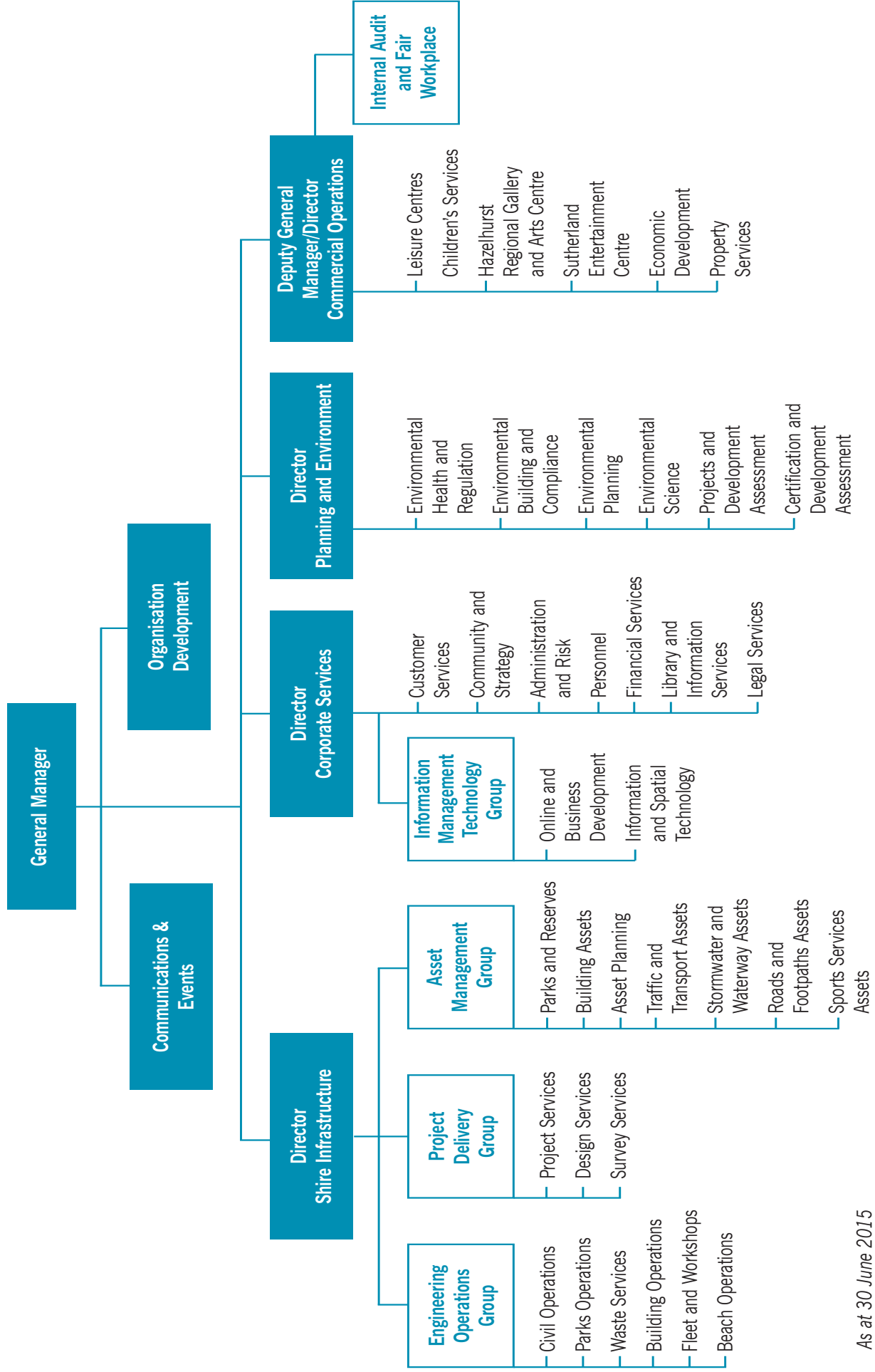Shared Services – opportunities continue to be explored.

Market Testing – continue to progressively market test our internal and external services.

SUTHERLAND SHIRE COUNCIL'S COMMITMENT

In our dealings with residents, business, visitors and government we strive to achieve:

- **Strategic Delivery** – Outstanding community outcomes that fulfil local needs and expectations.
- **Informed Decisions** – Decisions and actions based on fact, community engagement and sound judgement.
- **Service Excellence** – Contemporary, responsive and competitive quality service delivery.
- **Ethical Practice** – Open, honourable and legal practice.

ORGANISATION STRUCTURE

General Manager

- Organisation Development
- Communications & Events

Deputy General Manager/Director Commercial Operations
- Leisure Centres
- Children's Services
- Hazelhurst Regional Gallery and Arts Centre
- Sutherland Entertainment Centre
- Economic Development
- Property Services

Internal Audit and Fair Workplace

Director Planning and Environment
- Environmental Health and Regulation
- Environmental Building and Compliance
- Environmental Planning
- Environmental Science
- Projects and Development Assessment
- Certification and Development Assessment

Director Corporate Services
- Customer Services
- Community and Strategy
- Administration and Risk
- Personnel
- Financial Services
- Library and Information Services
- Legal Services

Information Management Technology Group
- Online and Business Development
- Information and Spatial Technology

Director Shire Infrastructure

Asset Management Group
- Parks and Reserves
- Building Assets
- Asset Planning
- Traffic and Transport Assets
- Stormwater and Waterway Assets
- Roads and Footpaths Assets
- Sports Services Assets

Project Delivery Group
- Project Services
- Design Services
- Survey Services

Engineering Operations Group
- Civil Operations
- Parks Operations
- Waste Services
- Building Operations
- Fleet and Workshops
- Beach Operations

As at 30 June 2015

SCALE AND CAPACITY

Explaining and justifying the scale and capacity of the organisation is a complex exercise. It is important to explore a range of strategic organisational elements and to also consider the financial ratings provided by the Treasury Corporation's (TCORP) *Financial Sustainability of the New South Wales Local Government Sector Report, April 2013* which reported that Sutherland Shire Council's financial sustainability rating (FSR) was *'moderate'* and outlook was *'neutral'*. Other councils were recommended to undertake a review to improve financial sustainability whereas Sutherland Shire Council was not.

As outlined by TCorp, a moderate rating for FSR is defined as;

- "A local government with an adequate capacity to meet its financial commitments in the short to medium term and an acceptable capacity in the long term.
- While it has some record of reporting minor to moderate operating deficits the local government may also have recently reported a significant operating deficit
- It is likely to be able to address its operating deficits, manage unforseen financial shocks and any adverse changes in its business, with moderate revenue and/or expense adjustments. The expense adjustments are likely to result in a number of changes to the range of and/or quality of services offered
- Its capacity to manage core business risks is moderate."

As outlined by TCorp, an outlook of neutral is:

"There are no known foreseeable events that would have a direct impact on the financial sustainability of the local government. It may be possible for a rating upgrade or downgrade to occur from a neutral outlook, if warranted by an event or circumstance".

The Independent Local Government Review Panels' preferred direction was for *'No Change'* ,followed by *'combine as a strong Joint Organisation with Canterbury, Rockdale, Kogarah and Hurstville'*.

Though Council was not recommended to merge with neighbouring Councils, it is still important to evaluate scale and capacity and to identify areas that may need improvement or provide opportunities for joint ventures with other councils.

Outlined below are the key elements of strategic capacity, as outlined by IPART.

MORE ROBUST REVENUE BASE AND INCREASED DISCRETIONARY SPENDING

Sutherland Shire Council's robust revenue base is evidenced by:

- a sound revenue base (90% own source revenue)
- a $60M commercial property portfolio which injects almost $6M into General Revenue each year
- probable $100M monetary contribution from SITA from 2016 to 2031
- ongoing operational improvements and savings
- potential to fund community projects and increased car parking through leverage of Council's car parks

Through reforms discretionary funds available to Council have increased as detailed in the table below:

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and moves towards improving productivity and efficiency have placed the Council in a strong financial position.

SCOPE TO UNDERTAKE NEW FUNCTIONS AND MAJOR PROJECTS

The Council has ensured that it has the capacity to undertake major projects and introduce new services and functions. This position is a direct result of meeting the criteria above. Major projects and programs over the years have included:

- Cronulla Central Library and Community Facilities (2010: $18.9M)
- Shopping Centres upgrades program (2015: $27.6M)
- Sutherland Leisure Centre Upgrade (2015:$5.4M)
- The Ridge Sporting Complex (2014:$42M)
- Engadine Leisure Centre (2008: $4.2M)
- Engadine Community Centre (2010:$42M)
- Two Synthetic Turf Playing Fields (2015 $3M).
- Greenhills Parklands – 10 playing fields and a skate park up to the value of $30M with $25M contributed through a voluntary planning agreement

A number of new functions and responsibilities have also been embarked upon by the Council. In 2013/14 the Council introduced a $1.5M program to improve the appearance of public places throughout the shire. Council has also increased its spend in supporting small business and over the years has increased its involvement in responding to environmental issues and improvement of the natural environment.

ABILITY TO EMPLOY A WIDER RANGE OF SKILLED STAFF

Council is the largest employer in the Sutherland Shire. Council has a wealth of staff with a variety of specialist and technical skills. Council has the ability to attract and retain a wide range of specialist services which support the efficient and effective operations of an organisation including WHS, EEO, procurement, General Counsel, Environmental Scientists, and Engineers.

Over time Council has displayed the ability to initiate and establish new services and in turn staff, for example

Council was the first Council to engage an environmental scientist, establish an Internal Ombudsman, Strategic Planning Unit, Organisation Development unit and more recently, a Chief Information Officer. Council offers competitive salary and workplace flexibility benefits that are attractive to prospective employees.

KNOWLEDGE, CREATIVITY AND INNOVATION

The A. R. Bluett Award for the council which makes the most progress in a particular year has been won by the Sutherland Shire Council on three occasions, i.e. 1965, 1993 & 2011. This knowledge and experience has been beneficial to other councils, including sister council Harden Shire and a joint "Futures Group" with Randwick City Council, where the transfer of knowledge has been able to assist those councils develop and progress.

In addition the Council has won the following awards over the last year:

- 2013 Parks and Leisure Award for Excellence
  - National Awards for Sustainable Initiatives – Cronulla Woolooware Wastewater Reuse Scheme
  - Award for Inclusive and Connected Communities – Facility Management and Community Engagement Project
  - Highly Commended NSW Award for Open Space Development – The Ridge Sports Complex
- LGMA 2014 – Partnerships for Growth Award for the Animal Shelter and a staff member was awarded the 'Emerging Leader' award.
- International Garden Award for E.G. Waterhouse National Camellia Gardens
- Australian Professional Ocean Lifeguards - 2014 Waterman of the Year

Staff are encouraged to bring forward innovation through programs such as Igniting innovation, seeking ideas through the Ideas Garden or the Online Forum where ideas were open to comment from staff prior to it being placed on the "innovation pathway". Approximately 200 ideas were submitted and those that would assist Council achieving its vision or improve its performance were implemented.

Accumulation, sharing and use of information is the key to future success. Council has engaged a Chief Information Officer and its new Information Management & Technology Strategy will ensure that Council keeps pace with the rapid advancement of technology and the use of data in making informed strategic decisions.

ADVANCED SKILLS IN STRATEGIC PLANNING AND POLICY DEVELOPMENT

Council has a well developed and sophisticated approach to Strategic Planning which commenced as far back as 1996. Since that time the Community Strategic Plan has provided the platform from which plans such as the LEP, Transport Strategy, Crime Prevention, Ageing Well, and Youth Strategy have been based. Council's well established reporting cycle complies with all legislative requirements. Planning is informed with factual information at a staff, community and business level with easy access to census data through Profile ID which provides ready access to sophisticated yet clearly presented demographic information for all.

Looking further into the future Council has an ageing population and has commenced planning to meet the needs of population growth, for example, the forecast rise in people suffering from dementia. The infrastructure base already established in our key commercial centres, for example, provides opportunities to establish dementia friendly, accessible business districts in a partnership that includes the private sector and government health services.

Council continues it's strong commitment to community engagement in relation to the community's satisfaction and importance with community infrastructure and service level provision through surveys that are now available electronically through our 'Join The Conversation' web site. Recent engagement on our 15/16 draft Budget resulted in excess of 3,000 responses from the community, clearly demonstrating residents willingness to voice their thoughts on key priority areas for councillor consideration.

EFFECTIVE REGIONAL COLLABORATION

SSROC Procurement Agreements

The Southern Sydney Regional Organisation of Councils (SSROC) was initiated by Sutherland Shire Council in 1984. It commenced with this Council inviting other councils bordering on Botany Bay to come together to address transport, management and environmental issues associated with the Bay.

The organisation has now expanded to 16 councils providing procurement opportunities, shared services and advocacy for the councils in the region. Representatives from participating councils meet bi-monthly to coordinate agreements, monitor contract performance, identify potential collaborative projects and participate in educational sessions. Council is currently participating in 22 of the 28 agreements. SSROC also hold regular regional meetings on a wide range of waste related topics allowing SSC to participate and share innovative ideas.

Successful outcomes have included securing Preferred Supplier Agreement's for services relating to our Household Cleanup service and operational supplies as well as preparing joint submissions for contestable grants under the EPA funded $465M Waste Less Recycle More initiative.

Shared Services

Council has a long history of initiating shared services. Sutherland has worked with City of Sydney Council for many years and provides an impounding and animal care service on their behalf. Council is a participant in the Regional Illegal Dumping (RID) squad with 11 other councils and was a foundation member, and past chairperson of, the Crime Prevention Practioners network.

Council is currently involved in a review with two neighbour Council, Liverpool City Council and Wollongong City Council, to ascertain what shared arrangements may be possible in the near future.

CREDIBILITY FOR MORE EFFECTIVE ADVOCACY AND A CAPABLE PARTNER FOR STATE AND FEDERAL AGENCIES

Through its size, location and the nature of areas beyond residential suburbs, the Shire is host to a number of facilities which are necessary for the wellbeing of the overall metropolitan area. These include a Regional Resource Recovery Facility, Nuclear Reactor, an Oil Refinery (now Oil Storage Facility) and a Desalination Plant.

Council actively seeks involvement with State and Federal agencies in planning for the future, as outlined below.

- Mechanisms are in place to communicate, monitor and review Council's policies and provide informed comment on Government policy both at State and Federal levels.
- Partnerships with Planning and Environment NSW, Transport NSW, NSW Police, DISPLAN committee, Family's NSW, NSW Health, NSW Environment & Heritage.
- Sutherland /Cronulla Active Transport Link - Council has been advocating sustainable /active transport options resulting in the NSW Government recently inviting tenders for the design of a shared cycle-walk link between Sutherland and Cronulla.
- IPART - most recently this includes the Regulation Review - Local Government Compliance and Enforcement - not only was the initial submission and the subsequent response to the IPART draft report in 2014 of significant interest to IPART but as a consequence of the submission the Manager of Compliance attended as a podium speaker at the IPART local government workshop (2012/13).
- Department Planning – E-Planning initiative, Electronic Housing Code (first planning portal for online lodgement of complying development).
- Office of Local Government – Swimming Pools Regulation via offering support on the Swimming Pool Advisory Committee
- Joint development with the State government of the Bate Bay Coastline Management Plan, Woronora Estuary Management Plan, Port Hacking Integrated Environmental Management Plan, and Georges River Estuary Management Plan
- Ongoing shared funding with the State government of the management and maintenance of the dunes and Greenhills area (Wanda to Boat Harbour)
- Innovative partnership with private developer Moran, delivered increased aged housing in the Shire in a central and socially sustainable location.
- Council is an active partner with Planning and Environment NSW in preparing the direction of the Subregional Plan for Southern Sydney and in the repeal of the SEPP (Kurnell Peninsula 1989).
- Desalination Plant – with the community and expert advice improved environmental impact of the Desalination Plant
- Council provided a trial test of the Interactive Building Tool for exempt development due to our Eplanning expertise.

RESOURCES TO COPE WITH COMPLEX AND UNEXPECTED CHANGE

The size of Council's budget, its resources, the volunteers who assist and a skilled workforce provide the Council with the opportunity to deal with any complex or unexpected change. That change can occur through legislation, for example a new Local Government Act or Environmental Planning Act, a natural disaster, an infrastructure failure or a project cost overrun. Council as part of its financial strategy keeps aside $1M of uncommitted working funds to cope with any change which may impact on its budget.

Over the years Council has had to recover from environmental disasters such as severe bushfires (particularly 1978, 1983 and 1994), regular wind and rain storms (particularly April 2015 storm event). Recovering from a disaster will require expenditure on replacement infrastructure, assistance to those who have lost family members or property, replacing bushfire fighting equipment, clearing after a storm and the like. Council is able to reallocate resources to meet these emergency needs.

In terms of a major infrastructure, again the Council has the flexibility and the financial capacity to meet those costs. With a commercial portfolio valued at $60M Council can also dispose of properties in order to inject emergency funds. Further improvements in asset management processes will support flexibility and capacity.

HIGH QUALITY POLITICAL AND MANAGERIAL LEADERSHIP

The community of the Sutherland Shire has been voluntarily involved in developing and managing many of the facilities that exist within the Shire. The community is articulate and heavily involved in civic matters and take a strong interest in the workings of the Council. Various mayors and councillors over the years have taken actions which were deemed necessary by the community. One third of the councillors have an accumulated 64 years service and knowledge with three of those councillors being in Local Government in excess of 20 years.

Positions on the Council are hotly contested with councillors having strong political connections. The leadership from mayors and councillors over the decades has ensured that this area has community and recreational facilities and infrastructure of the highest standard. The quality of life which is enjoyed in Sutherland Shire can only be achieved through quality political leadership.

Managerial leadership in Sutherland Shire has been consistent and stable. The council has had four Shire Clerks/General Managers since 1929 and the two most recent have been President of the NSW Division of Local Government Professionals. The culture and respect between councillors and senior staff has ensured high quality leadership, direction and management of the organisation.

FUTURE CHALLENGES

Sutherland Shire Council's position is built on a solid financial basis however Council faces a number of challenges which will impact on its financial capacity:

- A move by governments to redistribute grants to benefit rural and regional councils which wil reduce Council's Financial Assistance Grants and potentially other grants

- Reduced Section 94 funding due to changes in allowable contributions

- Council has many significant other projects that need to be delivered

- Organisation improvements have facilitated the funding of new and improved services and facilities, however as time goes by those gains are diminishing

- Potential major infrastructure upgrades

Looking ahead, the other major challenges faced by Sutherland Shire Council over the next years are:

AGEING POPULATION

The challenge of an ageing population not only requires a change in the type of services delivered and assets provided, but also results in economic, environmental and social challenges on a broader scale as a larger number of residential-owned premises have lower occupancy rates.

AGEING INFRASTRUCTURE

Sutherland Shire has a number of assets reaching maturity or end-of-useful life. Council will need to consider whether certain assets should be renewed, or whether a new asset entirely is required to address the changing need.

URBAN DENSITY CHANGES

Population growth and a decrease in occupancy rates will drive demand for increased housing options. The Department of Planning target for 10,100 net additional dwellings by 2031 will require the management of the social impact of increased urban densities.

RATE CAP LIMITATIONS

The increasing cost of construction and utilities have greatly increased above the rate-pegging amount. Council will need to examine further means of raising revenue, apart from a special rate variation, in the years 2015-2020.

COST SHIFTING BY SUCCESSIVE STATE GOVERNMENTS

The proposal by NSW Government to seek a 50% contribution from councils to dredge navigational channels is a recent example of cost-shifting. Sutherland Shire, with many other councils, have petitioned successive State Governments to reduce the burden of cost-shifting with limited success.

SERVICE LEVEL INCREASES

Community calls for increased services levels are often not funded through additional revenue. Council will address this challenge via focused community engagement that provides detailed costings for various levels of service provision, to enable the community to make an informed decision on the service level it seeks.

COMPETITION FOR SKILLED EMPLOYEES

There is increased competition, from the government and private sectors, for the acquisition and retention of skilled employees which creates a financial challenge to Council when its primary source of revenue does not accurately reflect the cost of labour market fluctuations.

INCREASED PARTICIPATION IN SPORT

Structured sporting activities are increasing in size and demand. The recent Synthetic Field Strategy and the development of an Open Space and Recreation Strategy will respond to these changes.

ADAPTING TO TECHNOLOGY CHANGES

Council needs to closely look at its business process automation and data management to enable a customer focussed and efficient foundation. The recently adopted IM&T strategy is critical in ensuring service delivery is not diminished by intervening technological change.

IMPACT OF CLIMATE CHANGE

Climate change will impact on Council's resources as a result of the Shire's natural characteristics, as will the increased likelihood of major storms, rising sea levels and the potential for more turbulent weather events.

Overall, Council considers that it is well-placed to meet the challenges articulated above.

Sutherland Shire Council has, is, and will be a strong advocate for Local Government in seeking policy and legislative change at the state and federal government levels to enable the sector to meet the challenges that exist going ahead into the future.

This Improvement Plan brings together a broad range of strategies and actions that Council proposes to improve its operations over the next five years and beyond.

RATIO PERFORMANCE FORECAST

Category	Measure/Benchmark	Definition	Benchmark	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	IPART Assessment Criteria
Sustainability	Operating Performance ratio*	Core measure of financial sustainability – indicates council's capacity to meet ongoing operating expenditure requirements.	Greater than or equal to breakeven average over 3 years	-2.36%	-2.34%	-1.18%	0.17%	0.64%	0.43%	0.34%	Must meet within 5 years
Sustainability	Own Source Revenue Ratio*	Councils with higher own source revenue have greater ability to control their own operating performance and financial sustainability.	Greater than 60% average over 3 years	77.14%	83.50%	83.60%	89.04%	89.13%	90.53%	90.65%	Must meet within 5 years
Sustainability	Building and Infrastructure Asset Renewal Ratio *	Measures whether a council's assets are deteriorating faster than they are being renewed – indicator of whether a council's backlog is likely to increase.	Greater than 100% average over 3 years	133.54%	151.38%	147.63%	138.82%	117.91%	102.36%	91.70%	Meet or improve within 5 years
Infrastructure and Service Management	Infrastructure Backlog Ratio	Measures how effectively the council is managing its infrastructure. Increasing backlogs may affect the council's ability to provide services and remain sustainable.	Less than 2%	3.76%	2.70%	2.50%	2.30%	2.10%	2.10%	2.00%	Meet or improve/inform within 5 years
Infrastructure and Service Management	Asset Maintenance Ratio *	Measures whether the council is spending enough on maintaining its assets to avoid increasing its infrastructure backlog.	Greater than 100% average over 3 years	100.44%	99.79%	101.16%	100.00%	100.00%	100.00%	100.00%	Meet or improve/inform within 5 years
Infrastructure and Service Management	Debt Service Ratio*	Indicates whether the council is using debt wisely to share the life-long cost of assets and avoid excessive rate increases.	Greater than 0% and less than or equal to 20% average over 3 years	5.80%	2.15%	2.03%	1.82%	1.50%	1.21%	1.15%	Meet within 5 years
Efficiency	Real Operating Expenditure per Capita	Indicates how well the Council is utilising economies of scale and managing service levels to achieve efficiencies	A decrease in Real Operating Expenditure per capita over time	$772.61	$764.08	$763.84	$756.94	$749.72	$743.20	$734.10	Must demonstrate operational savings over 5 years

*Note: * denotes that the figures are the rolling three year averages*

ACTION PLAN

OVERVIEW OF OBJECTIVES

Integrating Policy and Strategy with Services and Assets

Achieving greater congruence between each of the strategies is critical in achieving and sustaining the overall Fit for the Future ratios.

Ongoing community engagement is critical in effectively managing scarce resources for service and asset management and achieving a responsive customer focussed organisation.

Figure 4 - Integration of Objectives

Policy and Strategy

Improve community engagement to ensure alignment between corporate policy and strategy and to deliver improved human and financial management using customer focussed KPIs to support people and culture

This objective aims to both set a long term framework for aligning council direction and operations, and support effective and efficient service delivery and asset management. The three key areas in which we will focus our improvement efforts are Community Engagement, People and Culture, and Financial Management.

Service Management

Critically evaluate the service portfolio and improve business processes to enhance customer service and achieve efficiencies.

The strategies within this objective will support decision making in regard to what services council provides and to what level they are provided. Community engagement will be the driving factor of a service delivery review and will underpin business process improvements. The results of these strategies will inform asset management strategies.

Asset Management

Continue the development and application of sound asset management strategy, structure, framework and processes across the organisation.

This objective will incorporate the results of community engagement in council goals, services and finances to sustainably manage council assets to ensure effective service delivery that meets the needs of the community.

FIVE-YEAR IMPLEMENTATION PLAN

Objective	Strategy	Action	Start date	End date
Objective 1: Policy and Strategy	Engagement Plan	Develop Delivery Program 2013/14 - 2016/17 incorporating Operational Plan 2016/17	Dec-15	May-16
		Develop a strategy to skill managers to link community engagement to IP&R and business plans	Jan-16	June 20
		Review Community Strategic Plan	Mar-16	June-17
		End of Council Term Report & State of Environment completed	July-16	Nov 16
		Six monthly report on achievements against adopted IP&R Framework	Aug-15	Aug-20
		Develop Delivery Pro gram 2017/18 – 2020/21 incorporating Operational Plan annually	Dec-16	June-20
		Commence Review Community Strategic Plan	Jun-20	Nov-21
		Review effectiveness of engagement tools & strategy	Jul-15	June 20
	People & Culture	Develop a program of training and activities to foster a positive and proactive organisational skill set and culture and integrate into the Workforce Strategy	Jul-15	Dec-16
		Implement skill and culture strategy on an annual basis	Jun-15	Jul-20
		Implement IM&T Strategy 2015 – 2020 with clearly defined goals for each year	Jun-15	Jul-20
		Determine a hierarchy of KPIs and integrate within a defined performance management framework that impacts on levels of staff	Jan-16	Jul-18
	Financial Sustainability	Review Fixed Assets Register	May-15	Jun-18
		Identify new or alternative revenue sources	Jul-15	Jun-16
		Identify $1M in savings and productivity improvement for 2015/16	Jul-15	June-16
		Develop Asset Capitalisation Accounting Policy	Jul-15	Dec-15
		Continual improvement of Special Schedule 7 reporting	Jul-15	Jun-20
		Revisit Council's community leasing policy	Oct-16	Jun-17
		Implement a full lifecycle costing methodology for new assets	Jul-16	Jul-17
		Identify redundant assets and develop a divestment strategy	Sep-16	Mar-17
		Costing of revised service models following Service Delivery Review	Mar-17	Mar-19
		Costing of revised asset requirements to support newly adopted Service Management Model	May 17	Mar-19
		Audit special schedule 7 (External Audit)	Jul-16	Oct-16
Objective 2: Service Management	Service Delivery Review	Creation of a comprehensive list of all services and development of criteria to determine priority	Jul-15	Oct-15
		Data collection for service statements and engagement strategy for priority services for review	Oct-15	Mar-16
		Investigate appropriate business models for service delivery	Mar-16	June-20
		Service Delivery Review 2016/17 Priority Services	Apr-16	June-17
		Service Delivery Review Annual Priority Services	Jul-17	June-20
	Business Process Improvement	Determine priority business processes for review	Aug-15	Sept-15
		Support Business Unit Managers in skill development related to BPM	Sept-15	Feb-16
		Conduct organisation–wide census of processes	Sept-15	Feb-16
		Process Improvement Priority Projects	Jan-16	Jun-16
		Process Improvement Annual Projects	Jan-17	Jun-20
Objective 3: Asset Management	Asset Management Improvements	Community remains informed between engagement exercises	Ongoing	Ongoing
		Develop an Asset Management Roadmap to be adopted by Council	Apr-15	Jul-15
		Asset Management Policy Review	Apr-15	Jul-15
		Asset Custodian Policy (Roles & Responsibilities)	Mar-15	Nov-15
		Capital Project Prioritisation Policy	Sep-15	Mar-16
		Strategic Asset Management Plan (SAMP) incorporating CX Framework	Jul-15	Mar-16
		Annual revision of Asset Management Plans as part of operational plan preparation	2015	2020
		Integrated Transport Strategy	Nov-14	Mar-16
		Building & Facilities Strategy	Jan-16	Sep-16
		Open Space & Recreation Strategy ("Shire Life")	Feb-15	2017
		Verification of Stormwater Asset Data	May-15	Mar-16
		Verification of Open Space Asset Data	May-15	Dec-16
		Address risk management in Asset Management Decision Making	Ongoing	Ongoing
		Total Stormwater Management Strategy	Oct-16	Nov-16
		Alignment of Council's asset management system to ISO 55000	Oct-15	Oct-17
		Achieve a core level of asset management maturity based on well-documented system by 2020	Jun-15	June-20
		Integration of Asset Management with IP&R reporting mechanisms	Jun-15	June-20
		Determine cost of services on the basis of customer service levels being translated to technical service levels	Jun-15	June-20
		Broaden CX Framework to include service provision and management costings, new asset classes and areas, and integrate with PDDM	Jun-15	June-20
		Ongoing community consultation on "satisfactory" levels of service provision, costings and agreed levels of service	Jun-15	June-20
		Future Renewal Estimates are included in the long term financial plan	Jun-15	June-20

OBJECTIVES & STRATEGIES

OBJECTIVE 1 - POLICY AND STRATEGY

Improve community engagement to ensure alignment between corporate policy and strategy and to deliver improved human and financial management using customer focussed KPIs to support people and culture.

WHICH RATIO WILL THIS OBJECTIVE IMPROVE?

Criteria	Sustainability			Infrastructure and Service Management			Efficiency
Objective	Operating Performance Ratio	Own Source Revenue Ratio	Asset Renewal Ratio	Infrastructure Backlog Ratio	Asset Maintenance Ratio	Debt Service Ratio	Real Operating Expenditure
Policy and Strategy	✓	✓	✓	✓	✓	✓	✓

Through community engagement, Council will determine community priorities and satisfaction levels which will allow it to identify the optimal point for reinvestment in assets and formulate a hierarchical approach to prioritisation of service management to all assets. This will drive maintenance expenditure and determine appropriate depreciation calculations (Operating Performance Ratio, Asset Renewal Ratio, Asset Maintenance Ratio and Real Operating Expenditure Ratio) and assist in allocating capital expenditure to the required renewal areas (Infrastructure Backlog Ratio).

The appetite for financing asset creation or renewal through external borrowing has been established (Debt Service Ratio). Financial management strategies, such as identification of redundant assets, development of a divestment strategy, identification of $1 million of budgetary improvements in 2015/16, lifecycle costing and service portfolio review are designed to create efficiencies within the organisation and reduce expenditure (Operating Performance Ratio, Asset Maintenance Ratio and Real Operating Expenditure Ratio),

Identification of new or alternative revenue and funding sources will increase Council's revenue base, as will increasing existing fees or introducing user pays models for assets (Own Source Revenue Ratio and Operating Performance Ratio).

How we will achieve this objective?

The procedure to be adopted by Council in implementing a systematic approach to Fit for the Future is driven by informed Strategy and Policy. Community engagement will be the foundation of improvements to both Service and Asset Management which is key to forming the basis of a flexible and sustainable organisation.

In 1999, Sutherland Shire Council established the benchmark for developing a long-term strategic plan that articulated the vision and aspirations of our community, long before the implementation of Integrated Planning and Reporting legislation. Almost two decades ago, our community engagement process brought together over 17,000 participants; residents, businesses, community organisations, and all levels of government setting a vision that remains in place to this day.

Community Engagement, 2015

In its most recent revision, the Community Strategic Plan - *Our Shire, Our Future: Our Guide to Shaping the Shire 2030* includes six primary strategies that prioritise the key areas directed by the community. Council strives to contribute to the agreed outcomes of these strategies by direct provision, partnering with other levels of government or agencies, or lobbying them to:

- Provide effective and integrated infrastructure
- Deliver integrated transport options
- Conserve natural resources
- Protect our environment
- Strengthen our community
- Respect and value all culture and heritage.

Our current suite of high-level strategy documents complements the Community Strategic Plan. Each plan provides greater detail around key issues and directions for addressing areas of concern.

The Integrated Planning and Reporting process is well established within Council's management system. Building on the 4 year Delivery Program and yearly Operational Plan Council, has also already embarked on engagement processes that inform the Fit For The Future Action Plan.

COMMUNITY ENGAGEMENT

Council has for many years and will continue to lead a community engagement process to identify the long term objectives of the community and develop strategies at a level of service the community expects within the resources available. Council regularly undertakes a community satisfaction survey where residents note the importance of a service and satisfaction levels. The gap analysis has assisted council to change priorities and reallocate resources. These surveys will be continued into the future. The engagement process will include other levels of government ensuring congruence with higher level mandates. This process will inform the revised Community Strategic Plan and Delivery Program to be adopted by June 2017. Resource allocation aligned with this program will then drive an updated LTFP.

An internal engagement process with business units will be implemented over the next 5 years. This will ensure the development of business plans that align with the Annual Operating Plan and subsequently

to the broader goals of the Delivery Program. The engagement process will empower and inform business unit managers to undertake cultural change across their area of responsibility, aligning KPIs to the achievement of the outcomes of the yearly Operating Plan through a Results Based Accountability Process.

Engagement with business unit managers will further enhance their capacity to undertake meaningful satisfaction surveys providing a feedback loop that will enhance service delivery to residents.

The Engagement Cycle (Fig. 5) is fundamental to the implementation of the IP&R framework driving change in organisations' culture and systems. The cycle is designed to:

- Engage the community to understand their priorities and plan for the future
- Engage council staff and community partners to design and improve services
- Monitor progress, listen to feedback and learn - feeding back into the cycle.

Figure 5: Engagement Cycle

STRATEGY 1: COMMUNITY ENGAGEMENT

Actions	a) Develop Delivery Program 2013/14 - 2016/17 incorporating Operational Plan 2016/17 through implementing the Community Engagement Strategy b) Develop a strategy to skill managers to link community engagement to IP&R and business plans c) Four yearly review of the Community Strategic Plan d) End of Council Term Report & State of Environment completed e) Six monthly report on achievements against adopted IP&R Framework f) Develop Delivery Program 2017/18 – 2020/21 incorporating Operational Plan annually g) Review effectiveness of engagement tools & strategy
Assumptions	• The Engagement Policy will be implemented and supported • Our current suite of high-level strategy documents complement the Community Strategic Plan • Key stakeholders will be effectively engaged • Council recognises that engagement will not always bring agreement, nor is it a substitute for decision making. • Stakeholders will always be informed of non negotiable mandates / issues • Council will provide feedback on the outcomes engagement processes clearly demonstrating that views have been heard.
Costs	• On line engagement software $27,000 • Intensive focus group program costs of $25,000 ($2,500 x 10) • Hard copy delivery & processing $50,000 • Telephone Surveys $20,000 • Include engagement costs as an integral component of key infrastructure projects • Costs will reduce over time as take up of electronic 'Join The Conversation' process increases
Benefits	• An educated and engaged community is able to make informed decisions • Develop a greater understanding of community priorities and satisfaction levels • Involve stakeholders in finding solutions to complex issues • Enhanced capacity to use more sophisticated and intensive question types • Intensive focus group programs used to validate or otherwise complement engagement outcomes, building confidence in the on line environment in the longer term.
Risks	• Use of on-line portal may exclude some sections of the community or over representation of some groups • Registration process may deter participation. • Transition to electronic system will require time to raise awareness and build participant base. • Consultation can add costs to projects and is not always necessary where Council already has a clear understanding of community views • Creating unrealistic expectations of service delivery
Key Milestones	• Cohesive point of contact for all engagement processes established 2015 • Build electronic database of Join The Conversation registrations – 1000 by 2016, increasing by 500 per year to a minimum of 3000 by 2020 • Community Strategic Plan and Delivery Program reviewed and presented to new Council in 2017 review for 2021 commenced • Compliance with IP&R legislative framework at 6 month, 12 month and end of term.

PEOPLE AND CULTURE

Current Council direction is to promote a positive and responsive attitude among staff, along with a focus on customer service improvements. Recent initiatives such as a general customer service review and detailed functional reviews in areas such as event facilitation, marketing and administration have identified a number of key initiatives:

- Development of customer service KPIs
- Adoption of new technology to support customer access
- Creation of an event sponsorship policy
- Review of the Learning and Development framework

Combined with recently trialled training programs and the development of a cohesive Learning and Development Framework, the implementation of these initiatives will lead to greater community engagement, improved customer service and more efficient decision making tools.

In 2014, Council restructured and consolidated all Information Management & Technology (IM&T) related functions and developed a new strategy. The IM&T strategy will establish the Council's future information architecture environment, to better support digital business (social, mobile, analytics, cloud, e-channels and consumer driven IT). This Strategy will support efficiency gains in digitisation and capture of corporate knowledge.

A key component of cultural change is the ongoing performance management of all staff and this requires strong leadership, clear and communicated vision, defined targets and a mechanism for measuring and rewarding employee efforts.

STRATEGY 2: PEOPLE AND CULTURE	
Actions	a) Develop a program of training and activities to foster a positive and proactive organisational skill set and culture and integrate into the Workforce Strategy b) Implement a Skill and Culture Strategy on an annual basis c) Implement IM&T Strategy 2015 – 2020 (Attachment 3) d) Determine a hierarchy of KPIs and integrate within a defined performance management framework
Assumptions	• New General Manager supports strategy • Staff training budget allocation continues and may be reviewed • All staff supported by senior management to improve skill set and culture
Costs	• Learning and Development Review (in 2014/15 budget) • Staff Training (current 2015/16 budget allocation is $194,000) • IM&T Strategy Implementation • Staff Resources across the organisation to review Delivery and Operational Plan KPIs • Online Performance Appraisal and Management Tool ($40,000-$100,000)
Benefits	• KPIs cascaded to all staff that clearly align with corporate and community goals • Defined Learning and Development pathways will support a culture of improvement • Cultural programs designed to improve risk management and support innovation and change • Organisation–wide IM&T development will focus on customer service improvements • HR Policy and procedures will provide guidance to staff and managers to support the new culture over the long term
Risk	• Challenges of change management • Cost of ongoing training • Culture change is notoriously difficult to fully implement in a limited timeframe • Staff reticence to be involved
Key Milestone	• Identify and plan cultural change activities – complete by November 2015 • Complete Learning and Development Framework review and implement recommended changes – by 2017 • Roll out cultural and L&D Programs to existing staff – 2017 • Implement IM&T Strategy as per timeline. • Establishment of community satisfaction surveys across service delivery points commencing 2015 and expanded to cover all service delivery points by 2017.

FINANCIAL MANAGEMENT

Council's key strategy for improvement of performance against sustainability measures is reducing operating expenditure and identification of income opportunities. This is underlined in the adoption of the 2015/16 Budget where a target of $1m has been set to continue improvement. Over recent years, Council has undergone significant change to its workforce. The financial impacts are now being recognised in the operating expenditure levels and are reflected in the improved ratios.

Council's budget process in recent years has required operations to restrict expenditure increases to a maximum of projected CPI and in some cases has maintained operating levels at that of the previous year. Through this, and with continual improvement, which has been the focus for several years, operational efficiencies have been identified and generated the required savings. It is expected the same approach will be taken into the future.

There are a number of significant developments identified over the next few years which will contribute to increased rate revenue and, as per policy, without an increase through a special rate variation. Council, in adopting the 2015/16 budget, have highlighted the direction it is taking to ensure sustainability:

> "The over-riding direction of the Council this term is to address the infrastructure backlog, renew and maintain our community infrastructure and reduce the cost of Council's operations so that maximum funds are available for the services and projects our community needs".

Council is currently in a debt reduction phase which indicates that external loan debt will be eliminated by 2022/23. The probable income from SITA of $100 million over the next 15 years, for new assets and renewals will assist council in its adopted strategy to become debt free and to meet infrastructure ratios.

STRATEGY 3: FINANCIAL SUSTAINABILITY

Actions	a) Costing of revised service models following Service Management Review
	b) Costing of revised asset requirements to support newly adopted Service Management Model
	c) Identify new or alternative revenue/funding sources
	d) Review the service portfolio
	e) Identify $1M in savings and productivity improvements for 2015/16
	f) With the Asset Management Group:
	    • Develop Asset Capitalisation Accounting Policy
	    • Implement a full lifecycle costing methodology for new assets
	    • Review Fixed Asset Register
	    • Integration of Financial Management System with Asset Management System
	    • Continual improvement of Special Schedule 7 reporting year on year
	    • Identify redundant assets and develop a divestment strategy
	g) Revisit Council's community leasing policy
	h) Audit Special Schedule 7

Assumptions	• The current focus on debt reduction will continue • Internal funding from Council's Property Fund continues to present a relevant and lower cost funding source • Council continues its policy to maintain rates within the rate peg limit as set annually by IPART. • Significant income sources, such as the Financial Assistance Grants, are available into the future.
Costs	• Minimal cost as majority to be undertaken by existing resources. Possibly external costs if community consultation required – up to $20,000.
Benefits	• Reduced and equitable distribution of operating expenditure • Increased revenue streams • Enhancement of intergenerational equity • Improved asset condition and satisfaction levels • Opportunity to bring forward provision of new assets
Risks	• Community dissatisfaction with increased rates (mitigated through community consultation) and divestment of assets • Community dissatisfaction with divestment of assets and outcomes of service portfolio reviews
Key Milestones	• Costing of revised service models and asset requirements undertaken • Alternative revenue sources identified and introduced into Council's Annual Budget • Funding strategies implemented where applicable • Policies reviewed and system enhancements implemented

OBJECTIVE 1 – POLICY AND STRATEGY 12 MONTH ACTION PLAN

Strategy	Action	Responsibility	Budget	Completion Date
Community Engagement	Develop Operational Plan 2016/17	Community and Strategy	$10,000	June 2016
	Increase registrations on Join The Conversation to 1000	Community and Strategy	$39,000	June 2016
	Develop a strategy to skill managers to link community engagement to IP&R and business plans	Community and Strategy	Staff costs	Dec 2015
	Implement first year of manager skilling strategy (above)	Community and Strategy	Staff costs	Dec 2016
	Commence the four yearly review of the Community Strategic Plan	Community and Strategy	$10,000	Nov 2017
	End of Council Term Report & State of Environment completed	Community and Strategy	Staff costs	Nov 2016
	Six monthly report on achievements against adopted IP&R Framework	Community and Strategy	Staff costs	Sept 2015
	Review effectiveness of engagement tools & strategy	Community and Strategy	$10,000	June 2016
People and Culture	Develop a program of training and activities to foster a positive and proactive organisational skill set and culture and integrate into the Workforce Strategy	Organisation Dev and Personnel	$8,000	Dec 2016
	Implement skill and culture strategy on an annual basis	Organisation Dev and Personnel	$45,000	June 2016
	Implement IM&T Strategy 2015 – 2020 (Attachment 3)	Chief Information Officer	Within current resources	June 2016
	Determine a hierarchy of KPIs and integrate within a defined performance management framework	Personnel, Strategy and Organisation Dev	Staff Costs	July 2018
Financial Sustainability	Identify new or alternative revenue sources	Finance	Staff Costs	June 2016
	Review the service portfolio	As per Strategy 4		
	Identify $1M in savings and productivity improvements for 2015/16	All units	Staff Costs	June 2016
	Develop Asset Capitalisation Accounting Policy	Finance/ Asset Planning	Staff Costs	Dec 2015
	Review Fixed Assets Register	Finance/ Asset Planning	Staff Costs	June 2018
	Continual improvement of Special Schedule 7 reporting	Finance	Staff Costs	On-going

OBJECTIVE 2 – SERVICE MANAGEMENT

Critically evaluate service portfolio and improve business processes to enhance customer service and achieve efficiencies.

WHICH RATIO WILL THIS OBJECTIVE IMPROVE?

Criteria	Sustainability			Infrastructure and Service Management			Efficiency
Objective	Operating Performance Ratio	Own Source Revenue Ratio	Asset Renewal Ratio	Infrastructure Backlog Ratio	Asset Maintenance Ratio	Debt Service Ratio	Real Operating Expenditure
Service Management	✓		✓	✓	✓		✓

The Service Management strategies will enable a review of Council's operations and business processes resulting in cost efficiencies (Operating Performance Ratio and Real Operating Expenditure Ratio). The service delivery review will allow for consistent and equitable distribution of resources based on community importance, determining maintenance and satisfaction levels for the allocation of capital expenditure (Asset Renewal Ratio, Asset Maintenance Ratio and Infrastructure Backlog Ratio).

How we will achieve this objective?

Council's costs are increasing at a rate in excess of rate revenue rises and low interest rates are significantly re-ducing Council's income. In order to reduce expenditure, reviewing and evaluating the services Council provides to the community is critical. Service provision is at the heart of Sutherland Shire Council's purpose and culture. Capturing and measuring the services provided by Council, and dialogue with the community regarding their needs and expectations, will shape and inform the organisations priorities and the asset management portfolio.

Although there is a traditional focus on the cost of maintaining assets, the assets simply facilitate the delivery of services. The most significant and long term improvement to sustainability will come from reviewing the provision and level of services. Community consultation will occur throughout this process.

Optimum performance in service delivery will arise from customer service levels harmonising with the asset management technical level of service necessary to support the service.

Sutherland Shire Council has a strong capacity for undertaking meaningful service reviews and seeking innovative cost reduction and revenue maximisation strategies. Attachment 13 provides an overview of recent reviews and their outcomes.
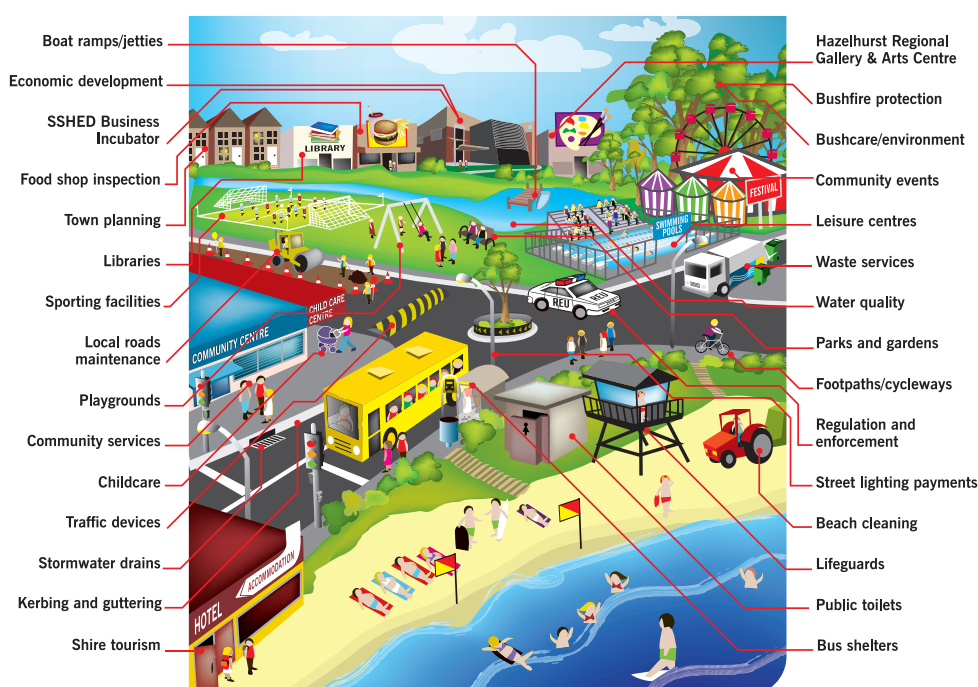

Figure 6 – an example of the range of services provided to the community

SERVICE DELIVERY AND BUSINESS PROCESS IMPROVEMENT

A Service Delivery Review (SDR) aims to drive more efficient use of resources whilst providing a defined suite services to meet the needs of the community. A service delivery review can take a 'whole of organisation' approach or just cover one department, service or strategic focus area. SDR's are an ongoing process to ensure local government is delivering what the community needs in the best possible way. Establishing a review process builds the capacity of both staff and the community to think critically and systematically about current and future service needs. It also leads to innovation in service provision and helps build a culture of continuous improvement.

A Service Delivery Review covers:

- Internal Services such as strategic planning, HR, finance and IT, and

- External Services such as waste collection, children's services and development application processing

The development of comprehensive data on services provided by council, categorised into core or discretionary services and listed by priority, will shape the structure of extensive consultation. This will ensure the provision of accurate information to the community and enable them to determine service levels with an understanding of the nexus between service levels and costs. The results of these consultations will then be used to inform both service delivery KPIs and asset management processes via the Resourcing Strategy and performance management frameworks.

Once a Service Delivery Review has been completed, each unit will be supported to undertake a business process review. Process mapping and improvement is a concept that has been widely adopted and applied within the commercial sector and more recently the local government sector. Since the Strategic Review, Council has increased its capacity to undertake process mapping and improvement, and has developed a program to clearly map end to end services and make changes that will improve the experience of the end customer.

Business process mapping and improvement has, as its end goal, the provision of sustainable services through efficient and fully costed processes. BPM aims to provide clear and concise information, staff ownership and accountability and a platform for continuous improvement.

Community Engagement
Service satisfaction and importance (IP&R)

Data Collection
Current operating & Asset costs (Current service level)

Data Analysis
Define options for available customer service level options

Business Process Review
Opportunities for efficiency in current model

Development of Options
Revised costs of service for each option

Targeted Engagement
To test each option

Implement preferred option
Adopt service level

Review and Report

Figure 7 – Service Delivery Review Process

STRATEGY 4: SERVICE DELIVERY REVIEW

Actions	a) Creation of a comprehensive list of services provided by Council b) Set the priority list of services to be reviewed c) Development of Service Delivery Statements to provide internal and external guidance: • Data extraction and collation • Development of the individual Service Delivery Statements d) Investigate appropriate business models for service delivery e) Develop and conduct service delivery evaluation engagement program f) Based on results, adjust service levels, resources, Service Delivery Statements g) Incorporates results into the Resourcing Strategy and associated IP&R Documents h) Where applicable build consistent service management plans based on the revised operating position
Assumptions	• All services can be fairly captured in the system • Reliable data is available • Ongoing senior management and political support for a fair and thorough review is forthcoming • Community engagement is effective • No additional services are added to the portfolio without integration into the system • Community and political support is available for investigating more efficient service delivery options and the potential for exiting services
Costs	• Staff resources • Community Engagement Service Review specific over 5 years ($100,000)
Benefits	• Consistent and equitable distribution of resources based on community importance • Better understanding of value for money in the provision of services • Community understanding of the link between service levels and costs • Exiting underutilised/redundant services • Increased resourcing for priority services
Risks	• That service levels may rise and costs increase • Lack of community interest in engagement phase • Council commitment to change service levels
Key Milestones	• Creation of a comprehensive list of services provided by Council– September 2015 • Setting the Priority List of Services to be reviewed – October 2015 • Development of Service Delivery Statements – October 2015 – October 2016 • Development of Service Delivery Evaluation Community Engagement Strategy – December 2015 – October 2016 • Conduct Service Delivery Evaluation Community Engagement Program – October 2016 – March 2017 • Based on results, adjust service levels, resources and Service Delivery Statements – April 2017 – Ongoing • Incorporate results into the Resourcing Strategy and associated Integrated Planning & Reporting Documents – April 2017 – Ongoing • Where applicable build consistent service management plans based on the revised operating position – April 2017 – Ongoing • Repeat process for annual priority projects

STRATEGY 5: BUSINESS PROCESS IMPROVEMENT

Actions	a) Determine priority business processes b) Support Business Unit Managers in skill development related to BPM c) Conduct organisation wide census of processes d) Review BPM process and evaluate outcomes
Assumptions	• New GM supports strategy • Staff Training budget allocation continues and may be reviewed • All staff supported by senior management to improve skill set and culture
Costs	• Resourcing (staff) • Training for unit managers • Potential for specialised software
Benefits	• Clearly defined and standardised processes • Unit Managers are upskilled to continue review process beyond priority processes • Process efficiencies result in cost and time savings • Customer service improvements result • Training costs are reduced as processes are simpler
Risks	• Unit Managers are not engaged or lack capacity to implement program • Efficiencies realised are less than forecast • Prioritisation misses key opportunities for improvement

Key Mile-stones	• An annual program is developed by December 2015 which includes
	   • Determination and approval of priority processes
	   • Management skilling in BPM
	   • Mapping completed and improvement plans developed
	   • Improvement plans implemented and reviewed
	• Implementation of annual program by June each year

OBJECTIVE 2 –SERVICE MANAGEMENT 12 MONTH ACTION PLAN

Goal	Action	Responsibility	Budget	Completion Date
Service Delivery Review	Creation of a comprehensive list of services provided by Council	Organisation Development	Current resources	Sept 2015
	Set the priority list of services to be reviewed	Directors	Current resources	Oct 2015
	Development of Service Delivery Statements for priority projects	Organisation Development	Current resources	March 2016
	Investigate appropriate business models for service delivery within each service review	Organisation Development	Current resources	June 2020
	Develop and Conduct Priority Service Delivery Evaluation Community Engagement Program	Community and Strategy	Current resources	May 2017
	Based on results, adjust Service levels, Resources, Service Delivery Statements	Council	Current resources	May 2017
	Incorporate results into the Resourcing Strategy and associated IP&R Documents	Community and Strategy	Current resources	Ongoing
	Where applicable build consistent service management plans based on the revised operating position	Unit Managers	Current resources	Ongoing
	Determine cost of services on the basis of customer service levels being translated to technical service levels	Asset Planning	Current resources	Ongoing
	Ongoing community consultation on "satisfactory" levels of service	Community and Strategy	Current resources	Jan 2020
Business Process Improvement	Determine priority business processes	Organisation Development	Current resources	Feb 2016
	Support Unit Managers in skill development related to BPM	Organisation Development	$8,000	Feb 2016
	Conduct business process mapping and procedures across the organisation	Organisation Development	Current resources	May 2016
	Review BPM process and evaluate outcomes	Organisation Development	Current resources	June 2016

OBJECTIVE 3 – ASSET MANAGEMENT

Continue the development and application of sound asset management strategy, structure, framework and processes across the organisation

WHICH RATIO WILL THIS STRATEGY IMPROVE?

Criteria	Sustainability			Infrastructure and Service Management			Efficiency
Strategy	Operating Performance Ratio	Own Source Revenue Ratio	Asset Renewal Ratio	Infrastructure Backlog Ratio	Asset Maintenance Ratio	Debt Service Ratio	Real Operating Expenditure
Asset Management	✓		✓	✓	✓		✓

This strategy focuses on asset maintenance and renewal and is designed to improve efficiency in the management of infrastructure assets. This will occur through dialogue with the community that explores the services they require, the condition they expect assets to be maintained to and their willingness to pay through existing (rates) or new charges (Operating Performance Ratio, Asset Maintenance Ratio, Infrastructure Backlog Ratio and Real Operating Expenditure Ratio).

Through this strategy, maintenance resources will be appropriately allocated to meet community requirements and reactive maintenance expenditure reduced, along with the identification of required renewals on a timely basis directed toward community expectation and consultation (Asset Renewal Ratio and Infrastructure Backlog Ratio).

How we will achieve this objective?

The asset portfolio for which Sutherland Shire Council acts as custodian totals more than $1.5bn in value, and comprises:

- Almost 1,000 parks and open space areas, equivalent to over 331 hectares, and an additional 804 hectares of natural areas
- 13.3 kilometres of beach
- 119 sporting fields, equivalent to almost 100 hectares across 70 sites
- More than 800 kilometres of roads, equivalent to almost 6.8 million square metres
- More than 400 kilometres of footpaths and 27 kilometres of shared pathways (cycleways)
- 612 kilometres of stormwater pipe connected to over 25,000 stormwater pits, 219 water quality devices and 4.5 kilometres of stormwater culverts and 2,101 stormwater headwalls
- 682 buildings and structures ranging in size from public toilets and sporting amenities up to arts and cultural facilities and leisure centres.

This asset portfolio services a community of more than 223,000 people living in 42 suburbs that extend from Alfords Point to Yowie Bay (2013 Estimated Resident Population ABS data).

Sutherland Shire Council is committed to providing high quality services and assets for the community, and does so with finite sources of revenue. Success comes from engaging with the community to deliver sustainable levels of service. Council's learning and development in the Asset Management discipline has grown in recent

years, and the organisation acknowledges there remains a significant challenge ahead. The dimensions of the challenge are clearly understood, and are articulated at a high level within this strategy in order to provide a benchmark by which improvement can be measured and evaluated.

This strategy also serves for internal and external stakeholders to consider Council's progress to date, and aid them to understand what the journey ahead will look like. Providing both a new General Manager (September 2015), and a new Council (2016/17) with a snapshot of the state of asset management within Sutherland Shire Council.

Asset Management Improvements

Prior to June 2013 the Asset Management function lacked structure and processes. As a result of the Strategic Review Restructure the opportunity to consolidate Asset Management into one group was pursued. The group is made up of the six major asset groups and an Asset Planning unit. The major asset groups include:

1. Buildings
2. Parks and Recreation
3. Sports Services Assets
4. Stormwater and Waterways
5. Traffic and Transport
6. Roads and Footpaths

This consolidation has allowed a new focus to be given to asset strategies which is intended to be integrated with similar strategies in service management and financial management. With the formation of a dedicated

Asset Planning unit, significant improvements in the development of Council's capital infrastructure budget have been achieved in the past two years. To date these include:

- Identification of renewals, upgrades and new assets arising from capital works is being captured.
- Capital project prioritisation is occurring at a high level.
- Whole lifecycle costs including renewal, maintenance and utility costs are collected for informing development of operational budgets.

The changes that have occurred in Asset Management over the past two years have seen significant improvement to the Asset Management function and these proposed actions will continue to reduce the infrastructure backlog over the next 5 years, in line with the Fit for the Future benchmark.

The Infrastructure Backlog Challenge

TCorp, in the report *Financial Sustainability of the New South Wales Local Government Sector* (June 2013) state "Infrastructure Backlog is defined as the estimated cost to bring infrastructure, building, other structures and depreciable land improvements to a satisfactory standard, measured at a particular point in time. One of the major drivers of the Infrastructure Backlog is the underspending on the maintenance of assets."

The Infrastructure Backlog is calculated as a ratio.

$$\text{Infrastructure Backlog Ratio} = \frac{\text{Estimated Cost to bring assets to satisfactory condition}}{\text{Total (WDV) of infrastructure, buildings, other structures, depreciable land and improvement costs}}$$

The Infrastructure Backlog ratio is recognised as one of the Fit for the Future key performance measures for sustainability in Local Government. In recent years, Sutherland's backlog ratio has been trending downwards as a result of a number of business improvements, and enhanced granularity of asset data:

- Focusing on planned renewal in the capital works program.
- Improved quality of condition data in the corporate asset management system to allow optimum point of reinvestment in assets to be undertaken.
- Avoiding additional investment in short-lived and high cost of renewal assets.
- Better understanding of the condition levels 1-5 used in Special Schedule 7.
- Community engagement on services reliant on infrastructure assets.

In order to submit the Fit for the Future Improvement Plan, Council is required to prepare its Special Schedule 7 calculation for year ending 30 June 2015. Council's Infrastructure Backlog ratio calculation for 30 June 2014 was 3.76% (Annual Report rounded the figure to 4%).

The table below summarises Council's projected Infrastructure Backlog calculation as at 30 June 2015:

Transport Infrastructure (Roads)	$20.2m

Open Space	$2.9m
Buildings	$9.8m
Stormwater Drainage	$7.1m
TOTAL	**$40.0 m**
Written Down Value of Infrastructure Assets as at 30/6/15	$1,469.4m
Infrastructure Backlog Ratio projected at 30 June 2015	3%
Fit for the Future Instructure Backlog target	2%

Table 3 - Council's projected Infrastructure Backlog Calculation at 30/06/15 (figures have been rounded to nearest full percentage)

The assumptions supporting Sutherland's forward estimate of the infrastructure backlog include:

- Fine tuning of the service level for roads
- Remaining life calculation for drainage infrastructure may be extended
- Some classes of buildings may have their useful life extended beyond 75 years
- More capital is made available for optimum reinvestment in roads
- Capital investment prioritises renewals or renewal upgrades over the creation of new assets
- The funds received by Council via the Deed of Agreement with SITA associated with the increased landfill capacity at Lucas Heights Resource Recovery Facility are expected to be applied as a source of capital for investment to reduce Council's infrastructure backlog

Further details of assumptions and qualifications are found in "Calculation of Infrastructure Backlog Estimate 2015-2020" (Attachment 9).
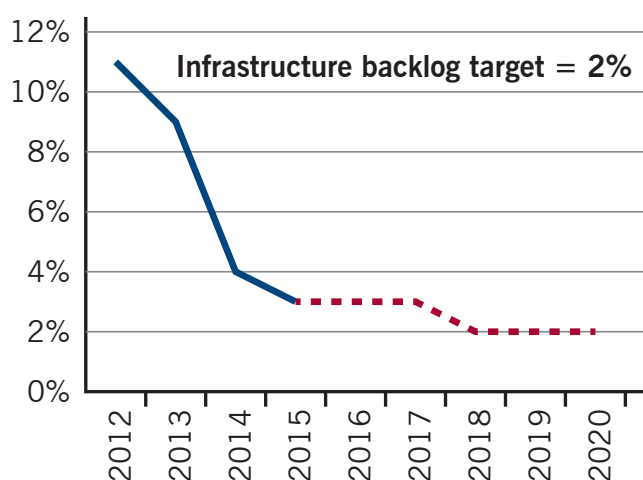
*Figure 8 - Council's Infrastructure Backlog Forecast*

Roles and Responsibilities for Asset Management

One of the most important challenges in integrated asset management going forward is clarity in the roles and responsibilities associated with the use, maintenance and lifecycle management of infrastructure assets. Council is expected to adopt a revised Asset Management Policy by July 2015. This key corporate policy will be aligned to ISO 55000 as well as drawing upon observations made by the Victorian Auditor-General in the report, "Asset Management and Maintenance by Councils", (February 2014). With regard to defining roles within the Asset Management system, Council has identified the following roles with corresponding responsibilities:

Asset Manager	• Responsible for lifecycle planning and management of assets. • Converts customer service levels from Service Managers into technical levels of service. • Owner of strategies for assets. • Defines scope and provides budget for CAPEX. • Defines specification and provides budget for planned maintenance. • Provides technical advice to Service Managers on asset performance. • Purpose: Supports service delivery by the Service Manager.
Service Manager	• Delivers customer based services reliant on a council asset (internal or external) based on defined customer service levels. • Works with the Asset Manager to convert the customer service level into technical levels of service. • Has responsibility for operational budget items. • Purpose: Is the customer for capital works and maintenance services.
Project Manager	• Receives adequate scope and budget from the Asset Manager to deliver a defined output in the specified timeframe. • Has a defined handover of responsibility and later a handback to the Asset Manager on behalf of the Service Manager. • Purpose: To deliver projects on time as per agreed brief and on budget.
Works and Operations Manager	• Provides reactive and planned maintenance services to the Service Manager. • Services are based on the provided budget and agreed service specification with the Asset Manager. • Purpose: Physical support of service delivery by the Service Manager

Table 3 – Roles and responsibilities for Asset Management.
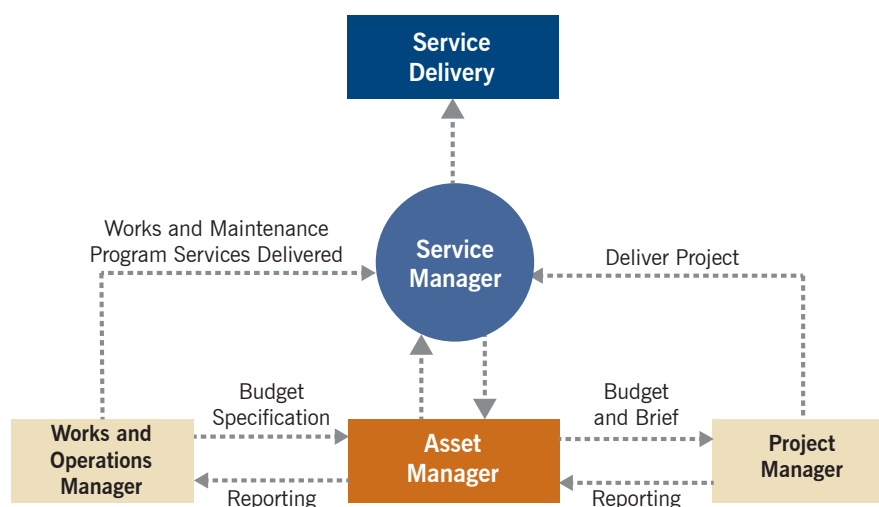
Figure 9 - Workflow of responsibilities

Asset Management in 2020

Sutherland Shire Council has a clear vision of where it wants to be in 2020. The following headline items are major targets for improvement over the coming five years, and it is Council's aspiration that by 2020, Council will be able to confidently assert:

That Asset Management is integrated with Service Management and Financial Management.

- That Council is able to identify in all asset classes the optimal point for reinvestment in assets based upon service levels agreed with the community.
- That Asset Management and Service Management is underpinned by clear corporate strategies for service delivery.

- The Asset Management System and Finance Fixed Asset Register are harmonised.
- That the community is an active participant on a regular and continuous basis in the setting and reviewing of service levels.
- That subject to accounting code changes, depreciation reflects actual asset consumption.
- That the Infrastructure Backlog ("renewal gap") will be managed to sustainable levels based on community engagement and a review of available revenue sources.
- The Long Term Financial Plan is integrated with annual reviews of Asset Management plans.

STRATEGY 6: ASSET MANAGEMENT IMPROVEMENTS

Actions	a) Develop an Asset Management Roadmap to be adopted by Council
	b) Revise Asset Management policy
	c) Prepare Asset Custodian policy (roles and responsibilities determination)
	d) Develop strategic asset management plan (SAMP) for inclusion in Resourcing strategy
	e) Revise asset management plans annually as part of the annual operational plan preparation
	f) Achieve a core level of asset management maturity based on a well-documented system by 2020
	g) Alignment of Council's asset management system to ISO 55000
	h) Asset management is integrated with IPR reporting mechanisms
	i) Future renewal estimates are included in Long term financial plan
	j) Develop capital expenditure prioritisation policy
	k) Develop service strategies for the four classes of assets
	  • Transport
	  • Building and Facilities
	  • Open Space
	  • Stormwater
	l) Review integrity of asset data in Open Space and Stormwater
	m) Address risk management in asset management decision making

Assumptions	• Council recognises the importance of asset maintenance and renewal as critical to support the sustainable delivery of services. • Community engagement will underpin all service level settings and strategy development • That the improvements to asset management will be mirrored by similar improvement plans for service management (inclusive of community engagement) as well as financial management • Future organisational structure will continue to support asset management as a core service provision, and resource accordingly. • The LTFP will resource necessary renewals in future years • Executive leadership of asset management will continue
Costs	Less than $200,000 over five years
Benefits	• Greater efficiency in the management of infrastructure assets • Alignment between asset service level condition and community expectation • Less reactive capital works • That Asset Management is integrated with Service Management and Financial Management. • The Asset Management System and Finance Fixed Asset Register are harmonised. • That subject to accounting code changes, depreciation reflects actual asset consumption. • That Council is able to identify in all asset classes the optimal point for reinvestment in assets based upon service levels agreed with the community. • That the community is an active participant on a regular and continuous basis in the setting and reviewing of service levels. • That the Infrastructure Backlog ("renewal gap") will be managed to sustainable levels based on community engagement and a review of available revenue sources. • That Asset Management and Service Management is underpinned by clear corporate strategies for service delivery. • The Long Term Financial Plan is integrated with annual reviews of Asset Management plans. • Clearer framework, with knowledge, responsibility and processes consolidated into one functional area. • Roles and responsibilities associated with Asset Management are clarified.

Risks	• New assets will be created without whole of life cost assessment, incurring unanticipated and unbudgeted operating costs • Assets will suffer unplanned failure with adverse business continuity impacts and financial consequences • Unmanaged service levels are a threat to financial sustainability • Organisational resistance to change • Align asset management system and processes to service delivery needs • Disconnect between community expectation and asset service provision • Functional disconnect between Community Strategic Plan and asset renewal and creation • Long term financial plan does not incorporate future renewal costs
Key Milestones	• Asset Management Roadmap adopted mid 2015/16 • Revised asset management policy adopted early 2015/16 • Condition level of assets is considered in asset-based service delivery reviews and supported by community engagement • Strategic Asset Management Plan (SAMP) adopted March 2016 • Asset Custodian (Roles and Responsibilities) Policy adopted November 2015 • Asset management system is aligned to ISO55000 by October 2017 • Backlog calculation reaches benchmark by 1 January 2020 • Future renewal estimates are included in the long term financial plan progressively.

OBJECTIVE 3 –ASSET MANAGEMENT 12 MONTH ACTION PLAN

Strategy	Actions	Responsibility	Budget	Completion Date
Asset Management Improvements	Develop an Asset Management Roadmap to be adopted by Council	Asset Planning / Group Manager, Asset Management	$1k	July 2015
	Asset Management Policy Review	Asset Planning	Staff Costs	July 2015
	Asset Custodian Policy (Roles & Responsibilities)	Asset Planning	Staff Costs	Nov 2015
	Capital Project Prioritisation Policy	Asset Planning	Staff Costs	March 2016
	Strategic Asset Management Plan (SAMP)	Asset Planning	Staff Costs	March 2016
	Annual revision of Asset Management Plans as part of operational plan preparation	Asset Management Group	Staff Costs	June 2020
	Integrated Transport Strategy	Traffic and Transport & Roads and Footpaths Managers	$140k	March 2016
	Building & Facilities Strategy	Building Assets Manager	$20k	Sept 2016
	Open Space & Recreation Strategy ("Shire Life")	Parks & Reserves, Sports Services, Asset Planning	$15k in FY15	2017
	Verification of Stormwater Asset Data	Stormwater and Waterways	$65k	March 2016
	Verification of Open Space Asset Data	Parks and Reserves	Staff Costs	Dec 2016
	Determine a process for evaluation in alignment with ISO55000, based on meaningful KPI's cascaded from strategy to business units	Asset Planning	Staff Costs	October 2017
	Address risk management in Asset Management Decision Making	Asset Management Group	Staff Costs	Ongoing
	Achieve a core level of asset management maturity based on well-documented system by 2020	Asset Management Group	Staff Costs	2020
	Integration of Asset Management with IP&R reporting mechanisms	Asset Management Group	Staff Costs	2020
	Future Renewal Estimates are included in the long term financial plan	Asset Management Group and Finance	Staff Costs	2020

ADDITIONAL INFORMATION

LINKS TO USEFUL INFORMATION

Community Strategic Plan

Our Shire, Our Future - Our Guide for Shaping the Shire to 2030 is a community plan developed by council with significant community input. It has been implemented in partnership with the community and other agencies. It identifies the long term aspirations for the Shire. We can then monitor and report how goals are met.

Plan: http://www.sutherlandshire.nsw.gov.au/Council/Publications/The-Community-Strategic-Plan

Outcomes: http://www.sutherlandshire.nsw.gov.au/files/assets/website/publications/strategic_plan_review_outcomes_2011.pdf

2014/15 Delivery Program

Our focus is on ensuring that through our actions, we work towards our community's vision for the future. Our Delivery Program and Operational Plan set out what we will be doing over the four year period and the year ahead respectively. This program also specifies how council's progress and performance will be measured, then informs how council will deliver specific functions.

http://www.sutherlandshire.nsw.gov.au/Council/Reporting/Strategies-and-Plans/Delivery-Program-201314-201617

Profile ID – Demographic Data

http://profile.id.com.au/sutherland/highlights

Economy ID – Economic Data

http://economy.id.com.au/sutherland/about

Resourcing Strategy

Our 10 year Resourcing Strategy details what infrastructure assets, human and financial resources will support the implementation of Council's Delivery Program and the Community Strategic Plan. It includes Council's:

- Asset Management Strategy
- Workforce Strategy
- Long Term Financial Plan

http://www.sutherlandshire.nsw.gov.au/files/assets/website/publications/resourcing-strategy-2013-14-2022-23.pdf

Council Engagement Policy

http://www.sutherlandshire.nsw.gov.au/files/assets/website/temp-dms/policies-pdf/policy-community-engagement.pdf

State of the Shire Report

The State of the Shire Report is developed every 4 years and measures how well we as a community are responding to the community vision and aspirations set out in the Community Strategic Plan. The next State of the Shire Report is scheduled for release November 2016.

http://www.sutherlandshire.nsw.gov.au/files/assets/website/publications/sutherland_state_of_the_shire_report_2011-2012.pdf

LIST OF ATTACHMENTS

Public attachments

1	2013 Strategic Review
2	Five Year Ratio Calculations
3	Information Management and Technology Strategy 2015/2020
4	Community Focus Group Asset Information Pack
5	Results of Community Satisfaction Survey including comparative data
6	Budget Survey Results - Financial Direction & Service Prioritisation
7	Long Term Financial Plan
8	Mayoral Minute 20/05/15 – Budget
9	Calculation of Infrastructure Backlog Estimate 2015-2020
10	Council Report and Workshop Presentation

Confidential attachments

11	Commercial Property Portfolio
12	Review of SSROC
13	Service Delivery Review
14	SITA Contributions Table