



Fit for the Future  
Improvement Proposal

ATTACHMENT 5

2016-2017 Improvement Action Plan

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## Fit for the Future: 2016-2017 Improvement Action Plan

Objective	Strategy	Actions	2016-17 Milestones	Costs	Benefits	Risks	Assumptions
<b>A.</b> <b>Achieve and Maintain a balanced Operating Result by 2019/20</b>	<b>1.</b> <b>Reduce long term operating costs through best value resource allocation</b>	<b>1.1</b> The annual budgeting process is guided by a best value resource allocation framework that includes a focus on risk management  <i>2013-17 DP/OP: Pages 97, 98, 105 (includes links to SBM 2025)</i>	<ul style="list-style-type: none"> <li>Best value governance framework in place and guiding resource allocation</li> <li>Service and Asset Plans updated to inform annual business planning and budget process</li> <li>Operating Plan including budget complete within best value resource allocation</li> </ul>	<ul style="list-style-type: none"> <li>In-house resources utilised</li> <li>Possible reprioritisation of work focus</li> </ul>	<ul style="list-style-type: none"> <li>Improved Operating Performance Ratio through reduced long term operating costs</li> <li>Building and Infrastructure Asset Renewal Ratio improved</li> <li>Favourable impact on Real Operating Expenditure Ratio</li> <li>Infrastructure backlog Ratio improved</li> <li>Asset Maintenance Ratio improved</li> </ul>	Risk that funding is not targeted to reducing long term costs  <i>Likelihood- Unlikely</i> <i>Consequence = Major</i> <b>Risk = Significant</b>	<ul style="list-style-type: none"> <li>No major shocks to the business or the City e.g. bushfires</li> <li>State and Federal funding is stable</li> <li>Required changes made to the annual business planning and budgeting cycle / process</li> </ul>
<b>A.</b> <b>Achieve and Maintain a balanced Operating Result by 2019/20</b>	<b>1. continued</b>	<b>1.2</b> The Council has strengthened its asset management decision making and resource allocation to reduce whole of life cycle asset costs, maximise life of assets and manage risks  <i>2013-17 DP/OP: pages 97, 98, 105 (includes links to SBM 2025)</i>	<ul style="list-style-type: none"> <li>Optimised decision making framework/approach developed</li> <li>Improved “whole of life cycle” asset planning and management data available to inform allocation and timing of expenditure</li> </ul>	<ul style="list-style-type: none"> <li>To be confirmed – contingent on outcome of asset management information system / data improvement in 2015-2016</li> </ul>	<ul style="list-style-type: none"> <li>Efficient and effective allocation of funding to maximise life of assets while reducing life cycle costs</li> <li>Reduced life cycle costs contribute to improved Operating Performance Ratio</li> </ul>	Risk that asset expenditure is not optimally targeted  <i>Likelihood = Unlikely</i> <i>Consequence = Major</i> <b>Risk = Significant</b>	<ul style="list-style-type: none"> <li>Improvement to existing asset management information systems / data in 2015-2016 with ongoing review and enhancements</li> </ul>

Note: Key risks for this Action Plan have been assessed using the Council's Corporate Risk Assessment Matrix, shown in the appendix to this document (see page 14).

## Fit for the Future: 2016-2017 Improvement Action Plan

Objective	Strategy	Actions	2016-17 Milestones	Costs	Benefits	Risks	Assumptions
<b>A. continued</b> <b>Achieve and Maintain a balanced Operating Result by 2019/20</b>	<b>2.</b> <b>Continue to progress implementation of service planning and service reviews to ensure best value services that meet changing community needs</b>	<b>2.1</b> Service reviews for parks, libraries and pools have been progressed  <i>2013-17 DP/OP: pages 67, 84, 82, 86, 97, 98 (includes links to SBM 2025)</i>	<ul style="list-style-type: none"> <li>Community engagement on service reviews commenced</li> </ul>	<ul style="list-style-type: none"> <li>Actual cost of community engagement to be determined – but within available 2016-2017 expenditure budgets</li> <li>In-house resources utilised</li> </ul>	<ul style="list-style-type: none"> <li>Potential to achieve cost savings, efficiencies and services responsive to changing community needs</li> </ul>	Risk that service reviews are not progressed  <i>Likelihood = Unlikely</i> <i>Consequence = Major</i> <b>Risk = Significant</b>	<ul style="list-style-type: none"> <li>New Council supports progressing service reviews including community engagement on required and affordable levels of service</li> </ul>
<b>A.</b> <b>Achieve and Maintain a balanced Operating Result by 2019/20</b>	<b>2. continued</b>	<b>2.2</b> Review of existing assets against required service provision and service levels  <i>2013-17 DP/OP: pages 67, 84, 82, 86, 97, 98, 105 (includes links to SBM 2025)</i>	<ul style="list-style-type: none"> <li>Ensure any service reviews undertaken confirm assets required to meet assessed required service delivery</li> <li>Asset rationalisation strategies completed where required</li> </ul>	<ul style="list-style-type: none"> <li>In-house resources utilised</li> <li>Disposal costs to be determined</li> </ul>	Rationalisation of assets that are not required will support improved: <ul style="list-style-type: none"> <li>Operating Performance Ratio through reduced long term operational costs</li> <li>Building and Infrastructure Asset Renewal Ratio</li> <li>Infrastructure Backlog Ratio</li> <li>Asset Maintenance Ratio and result in</li> <li>Favourable impact on Real Operating Expenditure Ratio</li> </ul>	Service reviews do not assess required level of assets  <i>Likelihood = Unlikely</i> <i>Consequence = Major</i> <b>Risk = Significant</b>	<ul style="list-style-type: none"> <li>New Council supports progressing service reviews including community engagement on required and affordable levels of service</li> </ul>

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Objective	Strategy	Actions	2016-17 Milestones	Costs	Benefits	Risks	Assumptions
<b>A.</b> <b>Achieve and Maintain a balanced Operating Result by 2019/20</b>	<b>3. Increase income through:</b> <ul style="list-style-type: none"> <li>Maximising returns from the Council's Property Disposal and Investment Program, Commercial Property Portfolio, Tourist Caravan Parks; Roads &amp; Maritime Service Agency (BMCC is an agent for RMS at Katoomba)</li> <li>Seeking grant funding that supports delivery of required services and facilities</li> <li>Providing sound financial management of the Council's investments</li> </ul>	<b>3.1</b> Key commercial activities are guided by 4-10 year business plans/ strategies  <i>2013-17 DP/OP: pages 92-93, 104, 109 (includes links to SBM 2025)</i>	<ul style="list-style-type: none"> <li>Complete 4-10 year commercial activity business plans / strategies</li> </ul>	<ul style="list-style-type: none"> <li>In-house resources utilised with expert consultant input as required</li> </ul>	Increased revenue will improve: <ul style="list-style-type: none"> <li>Operating Performance Ratio</li> <li>Own Source Revenue Ratio</li> </ul>	Commercial activity financial targets for increased revenue not met  <i>Likelihood = Unlikely</i> <i>Consequence = Moderate</i> <b>Risk = Significant</b>	<ul style="list-style-type: none"> <li>Commercial business plans/ strategies completed including revenue targets</li> </ul>

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<b>A.</b> <b>Achieve and Maintain a balanced Operating Result by 2019/20</b>	<b>3. continued</b>	<b>3.2</b> Implement income generating activities to achieve revenue including: <ul style="list-style-type: none"> <li>Property Disposal and Investment Program, Commercial Property Portfolio, Tourist Caravan Parks and Roads and Maritime Service Agency has been reviewed to maximise returns</li> <li>Opportunities for introducing and/or increasing user pay where appropriate have been considered e.g. for tourism facilities</li> </ul> <i>2013-17 DP/OP: pages 92-93, 104, 109 (includes links to SBM 2025)</i>	Planned service delivery implemented and returns maximised for: <ul style="list-style-type: none"> <li>Property Disposal and Investment Program</li> <li>Commercial Property Portfolio</li> <li>Tourism Caravan Parks</li> <li>Roads &amp; Maritime Service Agency (BMCC is an agent for RMS at Katoomba)</li> </ul>	<ul style="list-style-type: none"> <li>In-house resources utilised</li> </ul>	Increased revenue will improve: <ul style="list-style-type: none"> <li>Operating Performance Ratio</li> <li>Own Source Revenue Ratio</li> </ul>	<i>As per A.3.1.1. above</i>	<ul style="list-style-type: none"> <li>Commercial activities implemented</li> <li>Revenue targets met</li> </ul>
<b>A.</b> <b>Achieve and Maintain a balanced Operating Result by 2019/20</b>	<b>3. continued</b>	<b>3.3</b> Monitor and seek grants that align with required service provision <i>2013-17 DP/OP: pages 103-104, (includes links to SBM 2025)</i>	<ul style="list-style-type: none"> <li>Monitor grant opportunities</li> <li>Apply for grants that support delivery of required services and facilities</li> </ul>	<ul style="list-style-type: none"> <li>In-house resources utilised</li> </ul>	Increased grant funding has potential to improve: <ul style="list-style-type: none"> <li>Operating Performance Ratio</li> <li>Building &amp; Infrastructure Asset Renewal Ratio</li> <li>Infrastructure Backlog Ratio</li> </ul>	Grants obtained may add to long term costs with unfavourable impact to Real Operating Expenditure Ratio  <i>Likelihood = Possible Consequence = Moderate Risk = Significant</i>	<ul style="list-style-type: none"> <li>Target grants that meet best value service provision and ideally do not increase long term operating costs</li> </ul>

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<b>A.</b> <b>Achieve and Maintain a balanced Operating Result by 2019/20</b>	<b>3. continued</b>	<b>3.4</b> Investments continue to be monitored to ensure best returns in line with the Council's adopted Investment Policy  <i>2013-17 DP/OP: page 103 (includes links to SBM 2025)</i>	<ul style="list-style-type: none"> <li>Review and monitor investments to ensure best returns within prudent risk parameters</li> <li>Implement the Council's adopted Investment Policy and Strategy</li> </ul>	<ul style="list-style-type: none"> <li>In-house resources utilised</li> </ul>	<ul style="list-style-type: none"> <li>Income earned from investments is projected to contribute \$1.5M to the revenue budget in 2016-17</li> <li>Increased investment supports improved Operating Performance Ratio</li> </ul>	<i>Risk of reduced investment returns than LTFP projections due to market conditions and low interest rates</i>  <i>Likelihood = Likely</i> <i>Consequence = Moderate</i> <b>Risk = High</b>	<ul style="list-style-type: none"> <li>Investment returns are maximised within the constraints of the Council's Investment Policy</li> </ul>
<b>A.</b> <b>Achieve and Maintain a balanced Operating Result by 2019/20</b>	<b>4.</b> <b>Continue to lobby federal and state governments for reduced cost shifting, fair distribution of and increased access to funding for local government / BMCC</b>	<b>4.1</b> <ul style="list-style-type: none"> <li>Continue to lobby other levels of government on key matters adversely affecting financial sustainability of the Council</li> <li>Strengthen Regional Strategic Alliance role in lobbying for and influencing regional initiatives that benefit the three alliance councils</li> </ul> <i>2013-17 DP/OP: pages 98 and 103 (includes links to SBM 2025)</i>	<ul style="list-style-type: none"> <li>Other levels of government lobbied as required</li> <li>Regional Strategic Alliance lobbies on relevant regional matters</li> </ul>	<ul style="list-style-type: none"> <li>In-house resources</li> <li>Shared resourcing for advocacy and lobbying between Blue Mountains, Penrith and Hawkesbury councils - as agreed</li> </ul>	Possible access to increased revenue to improve: <ul style="list-style-type: none"> <li>Operating Performance Ratio</li> <li>Asset Renewal Ratio</li> <li>Infrastructure Backlog Ratio</li> <li>Asset Maintenance Ratio</li> </ul>	Funding or grants obtained from lobbying may add to long term costs with unfavourable impact to Real Operating Expenditure Ratio  <i>Likelihood = Possible</i> <i>Consequence = Moderate</i> <b>Risk = Significant</b>	<ul style="list-style-type: none"> <li>Freezing of Financial Assistance Grants will mean lost revenue of \$1.003M in 2016-17</li> <li>The required 11.7% statutory contribution of the Council to Emergency Management will likely continue to rise in real dollar terms by at least 5% a year</li> <li>Assumes redistribution of federal and state funding to local government is possible e.g. following future clarification of roles and functions of the three tiers of government</li> </ul>

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<b>B.</b> <b>Maintain &amp; increase own source revenue at 80%</b>	<b>5.</b> <b>Continue to implement strategies that increase own source revenue - including maximising returns from commercial activities and Property Disposal and Investment Program</b>	<i>See actions 3.1 and 3.2 above and associated Milestones, Costs, Benefits, Risks and Assumptions</i>					<ul style="list-style-type: none"> <li>○ Rate income (excluding special variations) pegged at 3% increase each year</li> <li>○ Waste charges increase by 5% a year based on historical trends</li> </ul>



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<b>C.</b> <b>Improve the Building and Infrastructure Asset Renewal Ratio</b>	<b>6.</b> <b>Implement the Asset Management Improvement Plan (AMIP) – to guide and target required expenditure on asset renewal</b>	<b>6.1</b> Implement the <i>Asset Management Improvement Plan</i> with a focus on: <ul style="list-style-type: none"> <li>Improving data that informs asset renewal planning</li> <li>Targeting expenditure to high risk required asset renewal</li> <li>Reducing whole of lifecycle costs and extending asset lives</li> <li>Updating / preparing required Asset Plans and Policies</li> <li>Strengthening asset risk management and governance processes</li> <li>Identifying required intervention strategies</li> </ul> <i>2013-17 DP/OP: page 105 (includes links to SBM 2025)</i>  <i>2014-2024 Resourcing Strategy – Asset Management Strategy, Section 4.8.4: Asset Management Improvement Plan, pages 198-201</i>	2016-17 AMIP actions implemented	<ul style="list-style-type: none"> <li>In-house resources and expert consultants as required</li> <li>Asset Management system and data improvement costs to be determined</li> </ul>	<ul style="list-style-type: none"> <li>Increased funding to high risk asset renewal reduces infrastructure backlog</li> <li>Building and Infrastructure Asset Renewal Ratio improved as expenditure on asset renewal is optimised in accord with lifecycle expenditure requirement</li> <li>Improved:               <ul style="list-style-type: none"> <li>Asset valuation and useful lives</li> <li>Depreciation</li> <li>Renewal cycles – whole of life</li> <li>Capitalisation of asset renewal expenditure</li> </ul> </li> </ul>	Asset expenditure is not optimally targeted  <i>Likelihood = Unlikely</i> <i>Consequence = Major</i> <b>Risk = Significant</b>	<ul style="list-style-type: none"> <li>Improvement to existing asset management information system / data in 2016-17 with ongoing review and enhancements</li> </ul>

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<b>C.</b> Improve the Building and Infrastructure Asset Renewal Ratio	<b>7.</b> Improve the accuracy of the Council's Financial Asset Register and alignment with required asset renewal expenditure	<b>7.1</b> The Asset Register is materially improved through: <ul style="list-style-type: none"> <li>Improving asset register data</li> <li>Identifying and implementing required revaluations</li> <li>Reviewing depreciation data including unit rates and assumptions on useful lives and unit costs</li> </ul> <i>2013-17 DP/OP: page 105 (includes links to SBM 2025)</i>	<ul style="list-style-type: none"> <li>Asset register maturity improved</li> <li>Required revaluations implemented</li> </ul>	<ul style="list-style-type: none"> <li>In-house resources and expert consultancy as required</li> <li>other Asset Management Improvement costs yet to be determined</li> </ul>	<ul style="list-style-type: none"> <li>If depreciation is reduced then Operating performance Ratio will improve</li> <li>More accurate Asset Registers will improve asset planning and management outcomes</li> </ul>	Inaccurate depreciation can have significant impact on Operating performance Ratio (favourably or unfavourably)  <i>Likelihood = Unlikely</i> <i>Consequence = Major</i> <b>Risk = Significant</b>	<ul style="list-style-type: none"> <li>Resourcing available to support review and improvement of asset registers</li> <li>Revaluations will be undertaken as required if there are material changes in useful lives, unit rates etc.</li> </ul>
<b>D.</b> Improve Infrastructure Backlog Ratio	<b>8.</b> Address the infrastructure backlog through targeting available revenue to residual high risk asset renewal	<b>8.1</b> Service and asset/ infrastructure planning informs required expenditure on asset renewal  <i>2013-17 DP/OP: page 105 (includes links to SBM 2025)</i>	<ul style="list-style-type: none"> <li>Complete programmed service, infrastructure and asset planning work / strategies</li> </ul>	<ul style="list-style-type: none"> <li>In-house resources</li> <li>Service and infrastructure asset Management planning costs to be determined</li> </ul>	Supports redirection of available funding to required renewal of existing assets that are high risk	Risk of: required expenditure on high risk asset renewal not being achieved resulting in increased Infrastructure Backlog  <i>Likelihood = Unlikely</i> <i>Consequence = Major</i> <b>Risk = Significant</b>	<ul style="list-style-type: none"> <li>All expenditure on assets is assessed through best value resource allocation decision making processes</li> <li>Maintenance spend is prioritised over asset renewal spend</li> <li>Asset renewal spend is prioritised over new / upgraded assets</li> </ul>

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<b>D. Improve Infrastructure Backlog Ratio</b>	<b>8. continued</b>	<b>8.2</b> Asset Management Plans and Risk Registers updated annually to identify and target high risk renewal expenditure  <i>2013-17 DP/OP: page 105 (includes links to SBM 2025)</i>  <i>2014-2024 Resourcing Strategy – Asset Management Strategy, Section 4.8.4: Asset Management Improvement Plan, pages 198-201</i>	<ul style="list-style-type: none"> <li>Asset Management Plans and risk registers updated</li> </ul>	<ul style="list-style-type: none"> <li>In-house resources</li> </ul>	Targeting of expenditure to high risk asset renewal will reduce Infrastructure Backlog	Risk of: Asset Management Plans and risk registers not being updated annually and that required annual expenditure on asset renewal is not identified/ achieved  <i>Likelihood = Unlikely</i> <i>Consequence = Major</i> <b>Risk = Significant</b>	<ul style="list-style-type: none"> <li>Annual update of Service &amp; Asset Management Plans and asset risk registers</li> <li>Improvement to existing asset management information systems / data with ongoing review and enhancements</li> </ul>
<b>D. Improve Infrastructure Backlog Ratio</b>	<b>9. Continue to engage with community on required and affordable levels of service to ensure best value service provision that meets changing community needs</b>	<b>9.1</b> <ul style="list-style-type: none"> <li>Engage the community on required and affordable service levels as part of the community engagement on the update of the Council's Integrated Plans</li> <li>Engage community on service reviews including affordable service levels and trade-offs</li> </ul> <i>2013-17 DP/OP: page 97 (includes links to SBM 2025)</i>	<ul style="list-style-type: none"> <li>Required update of Integrated Plans completed in consultation with community</li> <li>Community engagement on service levels and trade-offs progressed</li> </ul>	<ul style="list-style-type: none"> <li>In house resources</li> </ul>	Supports best value service delivery that meets community needs	NA	<ul style="list-style-type: none"> <li>New Council progresses implementation of service reviews</li> </ul>

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Objective	Strategy	Actions	2016-17 Milestones	Costs	Benefits	Risks	Assumptions
E. Improve Asset Maintenance Ratio	10. Fund required maintenance using evidence based assessment	<b>10.1</b> Implement agreed maintenance service level standards and monitor and report performance  <i>2013-17 DP/OP: all Key Directions - service areas with maintenance requirements (includes links to SBM 2025)</i>	<ul style="list-style-type: none"> <li>Programmed asset maintenance work completed within available resources and agreed service level standards</li> </ul>	<ul style="list-style-type: none"> <li>In-house resources</li> </ul>	Achieving agreed and required maintenance service level standards will improve: <ul style="list-style-type: none"> <li>Operating Performance Ratio</li> <li>Building and Asset Infrastructure Asset Renewal Ratio</li> <li>Real Operating Expenditure Ratio</li> </ul>	Risk of required core maintenance not being achieved  <i>Likelihood = Unlikely</i> <i>Consequence = Major</i> <b>Risk = Significant</b>	<ul style="list-style-type: none"> <li>Service and asset planning informs development and updating of required maintenance service level standards</li> <li>All expenditure on assets is assessed through best value resource allocation decision making processes</li> <li>Maintenance spend is prioritised over asset renewal spend</li> <li>Asset renewal spend is prioritised over new / upgraded assets</li> </ul>
E. Improve Asset Maintenance Ratio	10. continued	<b>10.2</b> Implement best value assessment of maintenance expenditure requirements  <i>2013-17 DP/OP: all Key Directions - service areas with maintenance requirements (includes links to SBM 2025)</i>	<ul style="list-style-type: none"> <li>Required maintenance is funded within available resources</li> </ul>	<ul style="list-style-type: none"> <li>In-house resources</li> </ul>	Ensuring maintenance expenditure meets best value requirements will improve: <ul style="list-style-type: none"> <li>Operating Performance Ratio</li> <li>Building and Infrastructure Asset Renewal Ratio Infrastructure Backlog Ratio</li> <li>Real Operating Expenditure Ratio</li> </ul>	Risk of: maintenance expenditure not being 'best value'  <i>Likelihood = Possible</i> <i>Consequence = Moderate</i> <b>Risk = Significant</b>	<ul style="list-style-type: none"> <li>Required maintenance service level standards have been reviewed and defined</li> </ul>

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<b>F.</b> Improve / maintain Debt Service Ratio within LTFP targets	<b>11.</b> Implement the Council's endorsed Borrowing Strategy	<b>11.1</b> Annual and ongoing: <ul style="list-style-type: none"> <li>Borrowing capacity reviewed</li> <li>Opportunities taken to reduce debt through one-off savings or appropriate use of cash reserves</li> <li>New borrowings supported by sound business case</li> <li>Subsidised state government / TCorp loan funding used where effective</li> </ul> <i>2013-17 DP/OP: page 103 (includes links to SBM 2025)</i>	<ul style="list-style-type: none"> <li>Borrowing Strategy actions for 2016-17 implemented</li> </ul>	<ul style="list-style-type: none"> <li>In-house resources</li> </ul>	<ul style="list-style-type: none"> <li>Annual debt repayments reduced</li> <li>Savings from debt repayments can be targeted to addressing Infrastructure Backlog and improving Asset Renewal and maintenance</li> </ul>	Risk of Borrowing Strategy not being implemented  <i>Likelihood = Unlikely</i> <i>Consequence = Moderate</i> <b>Risk = Significant</b>	<ul style="list-style-type: none"> <li>Borrowing Strategy implemented</li> </ul>
<b>G.</b> Decrease Real Operating Expenditure per capita over time	<b>12.</b> Implement Regional Strategic Alliance between Blue Mountains, Penrith and Hawkesbury councils to drive strategic opportunities, capitalise on economies of scale and enhance sub-regional planning and advocacy.	<b>12.1</b> <ul style="list-style-type: none"> <li>Through the cooperative agreement or Regional Strategic Alliance, identify opportunities to reduce costs and/or increase efficiencies through economies of scale</li> <li>Sub-regional planning strategy that recognises and maximises potential of all 3 councils developed</li> </ul>	<ul style="list-style-type: none"> <li>Through the Regional Strategic Alliance:               <ul style="list-style-type: none"> <li>Finalise the governance arrangements</li> <li>Investigate and identify projects and initiatives</li> <li>Develop Regional Alliance Action Plan</li> <li>Implement 2016-17 agreed projects and efficiency initiatives</li> <li>Monitor and report outcomes</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Shared resourcing – BMCC, PCC and HCC</li> </ul>	Contributes to reduction in Real Operating Expenditure  Potential to reduce operating costs thereby improving operating performance ration	Risk of Strategic Regional Alliance not delivering reduction in per capita operating expenditure for each Council  <i>Likelihood = Unlikely</i> <i>Consequence = Minor</i> <b>Risk = Moderate</b>	<ul style="list-style-type: none"> <li>Strategic Regional Alliance continues with Penrith City Council and Hawkesbury City Council</li> </ul>

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<b>G.</b> <b>Decrease Real Operating Expenditure per capita over time</b>	<b>13.</b> <b>Implement the Council's Procurement Strategy</b>	<b>13.1</b> <ul style="list-style-type: none"> <li>Maintain organisation priority on Strategic Procurement</li> <li>Implement revised procurement policy framework</li> <li>Continue maximising benefits of joint procurement of insurance through membership of the Westpool insurance group and procurement opportunities through WSROC and other procurement aggregators</li> <li>Continue to implement contract management efficiency initiatives e.g. electricity contracts.</li> </ul> <p><i>2013-17 DP/OP: page 110 (includes links to SBM 2025)</i></p>	<ul style="list-style-type: none"> <li>New organisation structure for Strategic Procurement in place</li> <li>Procurement strategy /policy framework reviewed.</li> <li>Procurement of insurance through membership of the Westpool Insurance group continued</li> <li>Contract management efficiency initiatives implemented</li> <li>Review of energy contracts and energy efficiency projects commenced</li> </ul>	<ul style="list-style-type: none"> <li>In-house resources</li> </ul>	<p>Contributes to reduction in Real Operating Expenditure</p> <p>Potential to reduce operating costs thereby improving Operating performance Ratio</p> <p>Currently 25% of BMCC purchases are under procurement contract with potential for savings</p>	<p>Risk of Procurement Strategy not delivering cost savings as projected by LTFP - that can be captured by the organisation</p> <p><i>Likelihood = Unlikely</i>  <i>Consequence = Major</i>  <b>Risk = Significant</b></p>	<ul style="list-style-type: none"> <li>Procurement Strategy implemented</li> <li></li> <li>Council remains in Westpool Insurance Group</li> </ul>



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Objective	Strategy	Actions	2016-17 Milestones	Costs	Benefits	Risks	Assumptions
<b>G.</b> <b>Decrease Real Operating Expenditure per capita over time</b>	<b>14.</b> <b>Continue to implement business and process improvement initiatives that reduce costs, improve productivity and achieve best value effective and efficient service delivery</b>	<b>14.1</b> <ul style="list-style-type: none"> <li>Implement work redesign, productivity, efficiency and cost saving initiatives</li> <li>Continue tracking of productivity, cost saving and efficiency initiatives</li> </ul> <p><i>2013-17 DP/OP: page 98 (includes links to SBM 2025)</i></p>	<ul style="list-style-type: none"> <li>Work redesign, productivity, efficiency and cost saving initiatives implemented</li> <li>Track savings, efficiencies and productivity improvements</li> </ul>	<ul style="list-style-type: none"> <li>In-house resources and consultant expertise as required</li> </ul>	<p>Contributes to reduction in Real Operating Expenditure</p> <p>Potential to reduce operating costs</p>	<p>Risk of long term operating costs continuing to increase at greater rate than income increases</p> <p><i>Likelihood = Possible</i></p> <p><i>Consequence = Moderate</i></p> <p><b>Risk = Significant</b></p>	<ul style="list-style-type: none"> <li>Work redesign, cost saving and productivity efficiency initiatives progressed</li> </ul>
<b>G.</b> <b>Decrease Real Operating Expenditure per capita over time</b>	<b>15.</b> <b>Implement Waste Service review action for reducing Domestic Waste Charge to ratepayers through changing from a weekly to a fortnightly recycling service (with a larger recycling bin)</b>	<b>15.1</b> <p>NetWaste tender implemented with change to fortnightly 240L kerb-side recycling service</p> <p><i>2013-17 DP/OP: page 48 (includes links to SBM 2025)</i></p>	<ul style="list-style-type: none"> <li>Fortnightly recycling service implemented</li> </ul>	<ul style="list-style-type: none"> <li>Unfavourable impact on Own Source Revenue ratio – as savings from initiative passed on to ratepayers.</li> </ul>	<ul style="list-style-type: none"> <li>Landfill life extended</li> <li>Saving of \$30 per ratepayer per annum</li> </ul>	<p>Risk of other factors beyond Council's control increasing Domestic Waste Charge</p> <p><i>Likelihood = Possible</i></p> <p><i>Consequence = Moderate</i></p> <p><b>Risk = Significant</b></p>	<ul style="list-style-type: none"> <li>NetWaste tender implemented</li> </ul>

## Appendix: Blue Mountains City Council's Corporate Risk Assessment Matrix

### Risk Assessment

Consequences	LIKELIHOOD						Consequences
	Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)	Not applicable (0)	
Severe (5)	Moderate	High	Extreme	Extreme	Extreme	~	Severe (5)
Major (4)	Moderate	Significant	High	Extreme	Extreme	~	Major (4)
Moderate (3)	Low	Significant	Significant	High	Extreme	~	Moderate (3)
Minor (2)	Low	Moderate	Significant	Significant	High	~	Minor (2)
Negligible (1)	Low	Low	Low	Moderate	Moderate	~	Negligible (1)
Nil impact (0)	~	~	~	~	~	NA	Nil impact (0)

### Likelihood

Rating	Likelihood	Description / Expected Frequency	Likelihood		
0	Not applicable	Not applicable	NA	NA	NA
1	Rare/ very little	Rare/ very little	Rare/ very little		Once every 10 to 15 years
2	Unlikely/ small	Unlikely/ small	Unlikely/ small	The event might occur, but is not expected	Once every 5 to 10 years
3	Possible/ moderate	Possible/ moderate	Possible/ moderate	The event does occur from time to time	Once every 3 to 5 years
4	Likely/ large	Likely/ large	Likely/ large	The event is expected to occur at some time in the near future	Once every 1 to 3 years
5	Almost Certain/ extensive	Almost Certain/ extensive	Almost Certain/ extensive	The event will definitely occur at some time or occur as a consequence of another event	More than once a year



### Consequences

Rating	Impact	Financial Impact	Human / WH&S impact	Legal / Compliance / Regulatory impact	Operational impact	Political/Reputational impact	Resourcing impact	Impact
0	Nil impact	Nil impact	Nil impact	Nil impact	Nil impact	Nil impact	Nil impact	NA
1	Negligible	1) Potential financial loss/cost up to \$10,000pa, or one-off	1) Potential for minor injury requiring first aid treatment	1) Minor compliance issue or dispute - nil external intervention / minimal regulatory considerations /nil legal support costs required	1) No noticeable impact on operational or service levels minimal change to work conditions	1) Minor adverse impact that can be remedied immediately, or lived with	1) Impacts are to current staff numbers / time / skill levels	Negligible
2	Minor	2) Potential financial loss/cost of up to \$100,000 pa, or one-off	2) Potential for injury or illness resulting in medical attention and several days off work	2) Potential for compliance, contractual or regulatory breaches - external implications / minor regulatory considerations / minor legal support costs required	2) Small impact to service levels / Short-term disruption to operational /reduction in service levels /	2) Adverse impact that is short term or minor and reversible at minimal cost, minor political or media exposure	2) Minimal additional staff numbers / time / skill required which can be managed within budget / minimal staff reductions required/Short-term increase in working hours	Minor
3	Moderate	3) Potential financial loss/cost of up to \$250,000 pa or one-off	3) Potential for injury or illness resulting in short-term hospitalisation	3) Confirmed compliance, contractual or regulatory breach or requirement-specific activities required to comply or remedy situation. Some regulatory considerations / some legal support costs required	3) Significant disruption to operational/ reduction in or impact on service levels/ Sustained deterioration in working conditions or customer satisfaction	3) Adverse impact with potential for significant reputational and political damage	3) More than one section of organisation required to implement with some additional staff numbers / time / skill required / staff reductions required/ long term additional working hours	Moderate
4	Major	4) Potential financial loss/cost of up to \$500,000 pa or one-off	4) Potential serious long-term injury or illness	4) Significant penalties and/or costs to comply or remedy legal and/or compliance breaches. Significant regulatory considerations / significant legal support costs required	4) Extended disruption to operational/ service levels/ Long-term deterioration in working conditions resulting in increased sick leave and potential resignations/ loss of customers.	4) Impacts requiring long term remedial attention. Major damage to reputation and political standing	4) More than two sections of organisation required to implement with definite additional staff numbers / time / skill required / significant staff reductions required/ staff overworked	Major
5	Severe	5) Potential financial loss/cost of more than \$500,000 pa or one-off	5) Potential for death, permanent disability or ill-health	5) Severe penalties to council and/or staff / severe regulatory implications / sever legal support costs required	5) Collapse of operational functions / total service level failure / Unacceptable working conditions resulting in workplace injuries/illness and resignations	5) Irreversible political damage to brand and reputation	5) Implementation requires major input from most of organisation / significant additional staff numbers / time / skill required / major staff reductions required/ staff burnout	Severe