



**PLANNING A  
SUSTAINABLE FUTURE**

**MANUAL**



**Planning and Reporting Manual**  
for local government in NSW

2010

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## Planning requirements at a glance

Due dates/ frequency	Plan/ Strategy	Description/requirements	Legislative reference
For use during development of the Community Strategic Plan and councils' other planning activities.	<b>Community Engagement Strategy</b>	A strategy based on social justice principles for engagement with the local community when developing the Community Strategic Plan.	s402(4) (Act)
From 2012, endorsed by 30 June in year following election. Review every four years, and roll forward so remains at least 10 year horizon. Exhibit for at least 28 days, copy of plan and amendments to plan to DLG within 28 days of endorsement.	<b>Community Strategic Plan (CSP)</b>	Plan which identifies the main priorities and aspirations for the future of the local government area. Minimum 10 years.	s402(1)–(7) (Act)
Review in detail every 4 years as part of CSP review. Update annually when developing the Operational Plan.	<b>Long Term Financial Planning</b>	Included in Council's Resourcing Strategy for the provision of resources required to implement the CSP. Minimum 10 years.	s403(2) (Act)
	<b>Workforce Management Planning</b>	Included in Council's Resourcing Strategy for the provision of resources required to implement the CSP. Minimum 4 years.	s403(2) (Act)
	<b>Asset Management Planning</b>	Included in Council's Resourcing Strategy for the provision of resources required to implement the CSP. Comprises an Asset Management Strategy and Plan/s. Minimum 10 years.	s403(2) (Act)
From 2012, adopt by 30 June in year following election. Exhibit for at least 28 days.	<b>Delivery Program (DP)</b>	Details the principal activities to be undertaken by the council to implement strategies established by the CSP. Four years duration.	s404(1)–(5) (Act)
Adopt prior to beginning of financial year. Exhibit for at least 28 days. Post copy on website within 28 days of Council endorsement.	<b>Operational Plan (OP)</b>	Details the activities to be engaged in by Council during the year, and annual budget. Annual sub-plan of Delivery Program.	s405(1)–(6)  s532  s610B – s610F  s706(2) (Act)  cl201(1) (Reg)

## Reporting requirements at a glance

Due date/ frequency	Report	Description/requirements	Legislative reference
Within 5 months of the end of each financial year (ie by 30 November)	<b>Annual report</b>	<p>Report on the achievements in implementing the Delivery Program and the effectiveness of the principal activities undertaken in achieving the objectives in the Community Strategic Plan at which those activities are directed.</p> <p>Must be prepared in accordance with the Regulation and the Guidelines.</p> <p>Must include a copy of the Council's audited financial reports.</p> <p>Must be posted on Council's website.</p>	<p>s428 (Act)</p> <p>cl 217(1) (Reg)</p>
Included in annual report due 30 Nov in year in which an ordinary election is held. <i>(First one due by 30 November 2012)</i>	<b>End of term report</b>	Report on the council's achievements in implementing the Community Strategic Plan over the previous four years.	s428(2) (Act)
Included in annual report due 30 Nov in year in which an ordinary election is held	<b>SoE Report</b>	Reports on environmental issues relevant to the objectives for the environment established by the Community Strategic Plan. Must be prepared in accordance with the Guidelines.	s428A (Act)
At least every six months <i>(Dates determined by council)</i>	<b>Progress reports</b> on Delivery Program	Report on progress with respect to the principal activities detailed in the Delivery Program.	s404(5) (Act)
Not later than two months after the end of each quarter (except the June quarter) <i>(ie by 1 December, 1 March, and 1 June)</i>	<b>Budget review statement</b>	Shows, by reference to the estimate of income and expenditure set out in the statement of Council's revenue policy included in the Operational Plan for the relevant year, a revised estimate of the income and expenditure for that year.	cl203 (Reg)

# INTRODUCTION

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This Local Government Planning and Reporting Manual is issued in line with section 406(5) of the Local Government Act 1993 to provide guidance to councils to explain the reasoning behind, and the general intent of the requirements of the Legislation and Guidelines.

The guidance information in the Manual is provided to assist councils to understand what is required and how the various elements can fit together.

Because each council is different, it is reasonable to expect that the legislation and Essential Elements in the Guidelines will be applied in different ways, depending on the geographical location, demographics and culture of the council area. For example, a small rural council might carry out community engagement activities in a different manner to a large city council.

Councils should consider the Manual when preparing their plans and reports, but this information does not form part of the mandatory requirements prescribed by the legislation and Guidelines.

## A new approach to planning and reporting

A new planning and reporting framework for NSW local government has been introduced. These reforms replace the former Management Plan and Social Plan with an integrated framework. It also includes a new requirement to prepare a long-term Community Strategic Plan and Resourcing Strategy. The components of the new framework, and how they fit together are explained in this Manual.



Local Government Planning and Reporting framework



# INTRODUCTION

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## **Integrating council plans and reports**

The new framework recognises that communities do not exist in isolation – they are part of a larger natural, social, economic and political environment that influences and, to a large extent, shapes their future direction.

Neither do council plans exist in isolation – land use and infrastructure planning produces social, environmental and economic outcomes, and vice-versa – they are connected.

This framework encourages councils to draw their various plans together, to understand how they interact and to get the maximum leverage from their efforts by planning holistically for the future.

It recognises that most communities share similar aspirations: a safe, healthy and pleasant place to live, a sustainable environment, opportunities for social interaction, opportunities for employment, reliable infrastructure, etc. The difference lies in how each community responds to these needs. That is what shapes the character of individual towns and cities.

The new framework opens the way for councils and their communities to have important discussions about funding priorities, service levels and preserving local identity and to plan in partnership for a more sustainable future.

The framework has been developed after extensive consultation with the local government sector and other key stakeholders.

## **Commencing under the new framework and transition arrangements**

The *Local Government Amendment (Planning and Reporting) Act 2009* provides transitional provisions for phasing in the legislative requirements of the integrated planning and reporting framework over a three-year period. Councils will decide which of three Groups they will commence in. The timeframe for each of the Groups is as follows:

- Group 1: Community Strategic Plan and Delivery Program adopted by 30 June 2010
- Group 2: Community Strategic Plan and Delivery Program adopted by 30 June 2011
- Group 3: Community Strategic Plan and Delivery Program adopted by 30 June 2012.

Transitional provisions provide that councils continue to operate under the legislative requirements in place prior to the Amendment Act, until such time as their Group commences under the new Integrated Planning and Reporting framework. Councils have been particularly interested in clarifying their responsibilities during the transition period in relation to the following:

### **Social/community plans**

Under the previous legislation all general purpose councils must have a social/community plan for their area. These must be submitted to DLG every five years. Most councils submitted social/community plans in November 2004, and were therefore due to submit again by 30 November 2009.

Under the new Integrated Planning and Reporting framework, there is no longer a requirement for a separate social/community plan. However, social planning by councils continues to be a critical part of councils' business, but will now be integrated into a more strategic and streamlined approach to planning. Identified actions in existing social/community plans which may not have progressed into a council's annual management plan will now be embedded into the strategic planning framework. This elevates the importance of social planning by councils.

# INTRODUCTION

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Councils that choose to commence under the new legislation in Group 1 will not be required to develop a new social/community plan to meet the requirement to have a current plan at 30 November 2009. Depending on a council's progress in implementing its social/community plan, it may be in a position to extend the timeframe of that social/community plan to cover the period through to 30 June 2010.

This would enable the council to conduct a review of its existing plan, and utilise the findings to inform the Community Strategic Plan that is to be developed by 30 June 2010. Group 1 councils should focus their resources on engaging with all groups within their community to develop their Community Strategic Plan, which must address social, along with environmental, economic and civic leadership issues.

Group 2 and 3 councils must ensure that the social and community planning needs of their communities are in place at 30 November 2009 and through until they commence under the new legislation.

## **State of the environment reports**

Under previous legislative provisions, all general purpose councils are required to prepare a comprehensive State of the Environment report (SoE) for 2008-09 and submit this to DLG by 30 November 2009.

SoE guidelines are available from the 'Publications' page on the Division's website. A checklist for the preparation of SoEs is also available on the website under the 'Local Government Reform Program – Promoting Better Practice' page (see 'Information for Councils'). Previous SoE reporting requirements for councils remain in place until such time as a council commences in their nominated Group under the new framework.

# 1. THE PLANNING FRAMEWORK

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## 1.1 Getting the most from the new planning and reporting framework

The new planning and reporting framework is essentially a set of tools from which each council can build an integrated planning and reporting framework to suit their community's needs.

The framework will allow councils to build plans of appropriate size, scale and content for their communities. Just as each community in NSW is different, so each council's Community Strategic Plan will be different. The most important thing is that the Community Strategic Plan, and the implementation structures that support it, are fit for purpose and appropriate to the communities to which they relate.

The role of the Division of Local Government (DLG), Department of Premier and Cabinet in the planning process is to build the framework, to provide guidance and assistance to councils in implementing it and to check that it is working. Each council's role is to use the planning process creatively, for the benefit of their communities.

Apart from providing a clear picture for the future, the planning process can also help councils to better connect with their communities, to gain a more detailed understanding of the area in which they live and the regional context in which their community operates. The process can also provide opportunities for councils to streamline their operations.

### Key roles

The success of the planning process relies on the commitment of the Mayor and the General Manager as well as all Councillors. Without strong support and commitment, Council will find it difficult to develop and implement a meaningful plan.

The Mayor, as spokesperson for Council, is the public face of the planning process. The Mayor is responsible for explaining the purpose of the Community Strategic Plan to the community and for encouraging public support for the planning process. The ability of the Mayor and the Councillors to capture a vision for the community's future and to inspire others to participate in that future will be fundamental to the success of the project. It is important that all Councillors support this aim and are fully committed to the value of this project.

Similarly, the General Manager has a pivotal role to play in mapping out the council's approach to the planning process and ensuring the community receives the information it needs to participate in a meaningful way.

The General Manager will also be responsible for guiding the preparation of the Community Strategic Plan and council's response to it via the Delivery Program. The General Manager is responsible for implementing the Delivery Program and will report to Council on progress and ensure that it becomes a living document with regular updates and reviews. The General Manager's clear understanding of the planning process and the way the various components are integrated will be fundamental to the success of the project. The General Manager has an important leadership role to play in ensuring that each member of Council's staff understands how their particular work activity contributes to achieving the objectives of the Community Strategic Plan and what is expected of them in delivering its outcomes.

# 1. THE PLANNING FRAMEWORK

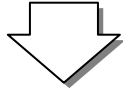
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## 1.2 Timeframes and sequencing

### 1. Scoping

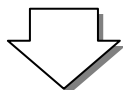
Council gathers information to inform the Community Strategic Plan: What do we know about our community? What opportunities/pressures could affect our community in the future? What State/regional plans are already in place?

What principles will guide the Community Strategic Plan? A community engagement strategy is prepared. Information is presented in a format that can be used for community consultation.



### 2. Engagement

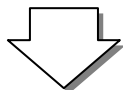
Council leads community engagement to identify long-term objectives of the community, strategies to achieve these objectives and the levels of service the community expects. Consultations with relevant State agencies and Catchment Management Authorities to identify opportunities may also be considered in consultations at this stage. A draft Community Strategic Plan is prepared.



### 3. Resourcing

Council sorts out which of the strategies outlined in the Community Strategic Plan are its direct responsibility and which are the responsibility of other agencies/groups.

Council prepares long-term financial plans for those matters which are its responsibility and prepares projected costings based on the level of service required by the community. The projections should consider matters such as the need for special variations to general income. Work commences on the development or review of the Asset Management Strategy. Strategies which are not council's responsibility are brought to the attention of other agencies or organisations. Partnership arrangements are encouraged. By this stage, a risk assessment process should be developed.



### 4. Final plan

The draft Community Strategic Plan, with resourcing options, is presented back to the community for review and comment. Any amendments are made and the Community Strategic Plan is formally endorsed by Council on behalf of the community. Council's Asset Management Strategy is finalised at this point. Possible impacts on the Local Environmental Plan are identified.

# 1. THE PLANNING FRAMEWORK

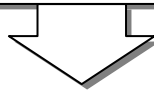
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## Timeframes and sequencing (cont.)

### 5. Delivery Program

Council uses the Community Strategic Plan, and the resourcing information that relates to its responsibilities, to prepare a 4-year Delivery Program for its term of office. Councillors allocate priorities for dealing with the various objectives and strategies identified in the Community Strategic Plan and determine appropriate measures to gauge success in delivering the Program. Internal reporting requirements are agreed between councillors and staff.

Financial plans are prepared for the four year period of the Program. These become the first four years of Council's 10-year Financial Plan. The Delivery Program is placed on public exhibition. The staff performance system for senior staff is aligned to Delivery Program objectives and performance measures.

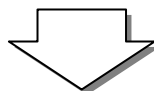


### 6. Operational Plan

Council uses the Delivery Program to prepare a detailed Operational Plan for each year of the Program. This plan is a sub-plan of the Delivery Program and lists all the activities Council will undertake during the year to achieve its strategic goals. Performance measures are included.

A detailed budget is prepared. This becomes the first year of the 10-year Financial Plan.

The staff performance system is aligned to Operational Plan goals and measures. Council continues to set its rates and charges annually and to place these on public exhibition.



### 7. Reporting

The General Manager reports quarterly to Council on the budget in the Operational Plan. Council reports to the community, each year, on its progress in achieving the Delivery Program objectives. In the last year of Council's term of office, an end-of-term report is prepared as an additional section for the Annual Report, outlining progress in achieving the objectives of the Community Strategic Plan during its term in office.

# 1. THE PLANNING FRAMEWORK

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## 1.3 Roles and responsibilities

The suggested roles and responsibilities of those involved in the new planning process are outlined here:

### **Mayor**

- Act as the spokesperson for the council in promoting the Community Strategic Plan and lead community engagement in the development of the Plan.

### **Mayor and Councillors**

- Promote the Community Strategic Planning process to the community, and support and participate in community engagement for the development of the Community Strategic Plan
- Consider advice on resourcing implications of the Community Strategic Plan and present options to the community for consultation
- Endorse the Community Strategic Plan, on behalf of the community
- Ensure the Community Strategic Plan is reviewed in accordance with the legislation and Guidelines
- Work with the General Manager and Senior Staff to develop a Delivery Program in accordance with the Guidelines
- Oversee the implementation of the Delivery Program and receive and review reports from the General Manager on progress towards achieving its objectives
- Review the Delivery Program on an annual basis
- Work with the General Manager and Senior Staff to develop an agreed schedule of reporting to council on the Operational Plan budget, ensuring compliance with the minimum standard specified in the legislation and the Guidelines
- Ensure that Council reports to the community annually, as required by the legislation and the Guidelines
- Work with the General Manager and Senior Staff to develop and oversee the implementation of the Operational Plan in accordance with the Guidelines.

# 1. THE PLANNING FRAMEWORK

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## Roles and responsibilities (cont.)

### **General Manager**

- Guide and advise Councillors and council staff in developing the various plans and requirements of the new framework
- Oversee the preparatory processes for the Community Strategic Plan to ensure adequate information/research is available to inform the Plan, the Community Engagement Strategy is prepared and approved by Council, and that members of the community are given sufficient information to participate in the planning process in a meaningful way
- Ensure the Resourcing Strategy is being developed and is presented to Council where necessary
- Provide advice on resourcing implications of the Community Strategic Plan to Councillors
- Work with Councillors to develop the Delivery Program, in accordance with the Resourcing Strategy and the requirements of the Guidelines
- Ensure an annual Operational Plan is prepared and approved by Council
- Implement the Community Strategic Plan, Resourcing Strategy, Delivery Program and Operational Plan and advise Council of any matters that may affect the delivery of the plans, as appropriate
- Work with Council to develop an appropriate reporting schedule on the implementation of the Delivery Program and Operational Plan, ensuring compliance with the minimum standard specified in the legislation and Guidelines
- Ensure that council staff are aware of their responsibilities in implementing the Delivery Program and Operational Plan and their performance in this regard is monitored through the council's staff performance system
- Oversee the preparation of the Annual Report to the community and the state of the environment report, in accordance with the legislation and Guidelines.

# 1. THE PLANNING FRAMEWORK

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## Roles and responsibilities (cont.)

### Staff in a senior role\*

*\* This will vary depending on Council's structure, but generally applies to roles such as Deputy General Manager, Director or Executive Manager.*

- Work with and support the General Manager in the development of the various plans and requirements of the new framework
- Maintain a watching brief over the implementation of the Community Strategic Plan, Resourcing Strategy, Delivery Program and Operational Plan and advise the General Manager of any matters that may affect the delivery of the plans, as appropriate
- Undertake specific responsibilities allocated to them in the Delivery Program and Operational Plan
- Ensure staff under their direction undertake responsibilities allocated to them in the Delivery Program and the Operational Plan
- Provide timely advice to the General Manager, as required, on the progress of projects/activities included in the Delivery Program and the Operational Plan.



## 2. THE COMMUNITY STRATEGIC PLAN

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### **The Community Strategic Plan**

*The Community Strategic Plan is the highest level plan that a council will prepare. The purpose of the plan is to identify the community's main priorities and aspirations for the future and to plan strategies for achieving these goals. In doing this, the planning process will consider the issues and pressures that may affect the community and the level of resources that will realistically be available to achieve its aims and aspirations. While a council has a custodial role in initiating, preparing and maintaining the Community Strategic Plan on behalf of the local government area, it is not wholly responsible for its implementation. Other partners, such as State agencies and community groups may also be engaged in delivering the long-term objectives of the plan.*

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## 2. THE COMMUNITY STRATEGIC PLAN

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### 2.1 The Community Strategic Plan

#### Local Government Act

Each council must develop and endorse a Community Strategic Plan, on behalf of its local government area. The plan must identify the community's main priorities and aspirations for the future.

#### Essential Element 1.1

The Community Strategic Plan should be developed and delivered as a partnership between Council, state agencies, community groups and individuals. It should address a broad range of issues that are relevant to the whole community.

The Community Strategic Plan essentially addresses four key questions for the community:

- Where are we now?
- Where do we want to be in 10 years' time?
- How will we get there?
- How will we know we've arrived?

Council's role is to guide the community through these important discussions and to document the response in a meaningful plan. However, it should be clearly understood that it is not the council's responsibility to deliver every aspect of the Community Strategic Plan.

It is important to explain this during the engagement process, or the community will not take ownership of the document and may develop unreasonable expectations about Council's role in the delivery process.

The Community Strategic Plan should aim for a partnership – what can individuals, community groups, state agencies and Council do to deliver the desired outcomes? It should also aim to establish partnerships or other arrangements to minimise the chance of the plan becoming a 'shelf document'.

The Community Strategic Plan should address the entire local government area, although councils may choose to include place specific sections if this is relevant to the community.

It is also possible for the Community Strategic Plan to be undertaken on a regional basis, in co-operation with a number of council areas. However, councils should bear in mind that they will be required to develop their own Resourcing Strategy and Delivery Program based on the regional plan.

## 2. THE COMMUNITY STRATEGIC PLAN

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### Requirements for County Councils

#### Local Government Regulation

The Regulation provides the exemptions and modifications to the strategic planning provisions in Part 2 of Chapter 13 of the Act for County Councils.

It is not expected that County Councils will prepare a Community Strategic Plan as such, because this work will be undertaken by their constituent councils.

However, County Councils will be required to prepare a minimum 10 year strategic plan for the activities undertaken by their organisation. This plan must give due regard to the Community Strategic Plan/s of the constituent councils and be developed in consultation with the constituent councils. Community engagement will also be required on the issues specific to the County Council's plan.

Specific exemptions and modifications to clarify the requirements for county councils are included in the Local Government (General) Regulation 2005.

#### Councils under administration

In the event that a council is placed under administration, the Community Strategic Planning process will continue as normal. It will be the Administrator's responsibility to guide the community engagement process for the Plan and to work in co-operation with council staff to ensure the draft Community Strategic Plan, Resourcing Strategy and Delivery Program are developed.

## 2. THE COMMUNITY STRATEGIC PLAN

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### 2.2 Deciding on timeframes

#### Local Government Act

The Community Strategic Plan must cover a period of at least 10 years.

The minimum timeframe for a Community Strategic Plan is 10 years. This is based on accepted principles of strategic planning and reflects the requirements of the National Framework for Local Government Financial Sustainability which were signed off by all States and Territories in 2007/08.

Some people find it challenging to envisage the future more than a few years ahead, or to think in big picture concepts, so it is important to concentrate on general themes and objectives rather than specifics when preparing the Community Strategic Plan. For example, a Plan might say “*we want to increase educational opportunities in our area*” rather than “*we want a new TAFE college or uni campus in a our town*”.

This allows the community to consider a wide range of options for a wider range of people and encourages a more innovative approach.

The actual details of projects and programs to support the community’s strategic objectives will be spelled out in Council’s Delivery Program and Operational Plans, or included in any partnerships established with other providers, such as State agencies.

The purpose of the Community Strategic Plan is to provide a road map of what is important to the community and where it wants to go.

#### **Councils responsible for water supply and sewerage infrastructure**

Councils that have responsibility for water supply and sewerage infrastructure need to comply with the requirements and timeframes of the NSW Government’s *Best-practice Management of Water Supply and Sewerage Guidelines, 2007*. These requirements include:

- preparing and implementing a 30-year Integrated Water Cycle Management (IWCM) Strategy
- preparing and implementing a 20-30 year Strategic Business Plan, Financial Plan and associated asset management plans
- Annual Performance Monitoring, including preparing an annual Action Plan to review the council’s performance and to identify and address any areas of under-performance. The review also includes whether the current Typical Residential Bill is in accordance with the projection in the Strategic Business Plan and any proposed corrective action.

The development of both the IWCM Strategy and the Strategic Business Plan require significant community involvement. Further information on these requirements is available from the NSW Office of Water website [www.water.nsw.gov.au](http://www.water.nsw.gov.au).

## 2. THE COMMUNITY STRATEGIC PLAN

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### 2.3 Getting started

The effectiveness of the Community Strategic Plan and the implementation structures that support it (the Resourcing Strategy, Delivery Program and Operational Plans) will depend largely on the quality of information that is used to inform them and the way the plans are organised and presented to the community. It is important that everyone has a clear vision of what they are trying to create and how they are going to do it.

Council is responsible for managing the planning process, so that a wide range of community members have a chance to contribute to the Community Strategic Plan. Other partners, such as State agencies, also have a responsibility in this regard to assist the council with relevant, available data and to participate in consultation.

There are a number of preparatory processes to undertake before Council and the community can start setting long-term objectives and devising strategies to achieve them.

These activities include:

- Deciding how Council will manage the project - Who will be responsible for what? What are the timeframes we need to work to?
- Agreeing on the principles that will underpin the Community Strategic Plan
- Identifying key issues affecting the area and possible impacts and opportunities
- Identifying existing plans that may relate to or inform the Community Strategic Plan
- Preparing a Community Engagement Strategy – how will Council involve the community in the development of the Community Strategic Plan? Who needs to be involved? How will it be done?

#### Managing the project

It is recommended that councils use a multi-disciplinary team to manage the planning process.

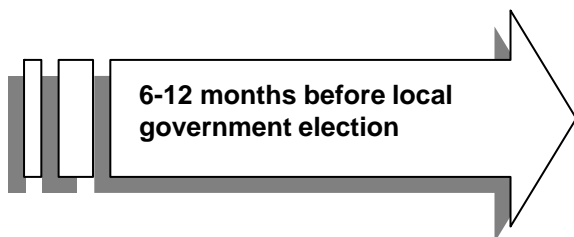
Because the new plans are *integrated* plans, it is important that community services, environmental management, asset management, engineering and corporate services staff are involved, as well as planning practitioners.

For the first Community Strategic Plan (2008-2012 council term) each council will have differing timeframes to prepare the Community Strategic Plan, Resourcing Strategy and Delivery Program. For subsequent terms, Council will have 9 months to review and update as necessary the Community Strategic Plan and the Resourcing Strategy and prepare its Delivery Program. This means that council may need to start the preliminary work before the local government election so that new councillors can use their first three months of office to meet their responsibilities in the planning process and preparing for their role in the community engagement sessions. The General Manager should make allowance for this when preparing the Councillor induction program.

## 2. THE COMMUNITY STRATEGIC PLAN

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A suggested timeline for the planning process follows:



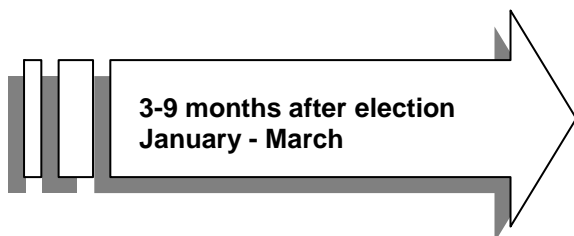
Outgoing council oversees a review of progress in implementing the Community Strategic Plan. The report is presented to the final meeting of Council and published in the Annual Report.

Council officers begin a review of the information that informs the Plan and update statistics etc as required. Preliminary consultation with target groups or community satisfaction surveys may be conducted to improve the information base for the Plan.



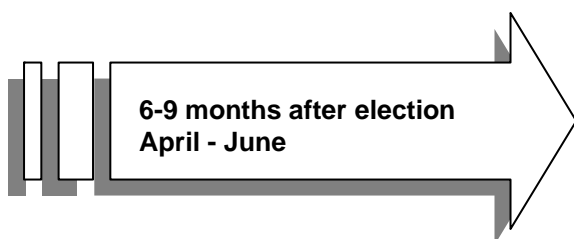
New councillors undertake an induction program and become familiar with their responsibilities in the planning process, review the report on the Community Strategic Plan from the previous council and read the updated information that staff have prepared.

Council officers finalise the underpinning information for the Community Strategic Plan and present it to councillors via reports/discussion papers/workshops etc. The General Manager oversees the preparation of the Community Engagement Strategy, in consultation with councillors.



Community engagement program is undertaken and a draft Community Strategic Plan prepared.

Resourcing Strategy is reviewed and updated and a draft Community Strategic Plan and resourcing options are presented to the community for further comment. Work commences on the Delivery Program.



The Community Strategic Plan, Resourcing Strategy, Delivery Program and Operational Plan for Year 1 are finalised and adopted in time for the new financial year.

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### 2.4 Agreeing on principles

The new planning framework does not prescribe a set of principles for communities (other than those already included in the Council Charter). It is up to each community to decide what the underpinning principles will be for its Community Strategic Plan. The principles chosen should aim to become a part of every day decision-making, actions and management.

The Council Charter (Local Government Act 1993 Section 8) comprises a set of principles that are to guide a council in the carrying out of its functions. A council may add other principles not inconsistent with those in the Charter.

One principle requires councils to “*properly manage, develop, protect, restore, enhance and conserve the environment of the area for which it is responsible, in a manner that is consistent with and promotes the principles of ecologically sustainable development*”.

There are many different views on what constitutes a ‘sustainable community’. Some councils are already involved in sustainability-based programs, such as Cities for Climate Protection or Local Agenda 21. Others have used commonly accepted definitions of sustainability to inform their long-term plans and sustainability plans. Some have developed their own definition of sustainability in partnership with the community.

Some principles councils may wish to consider include:

- The ‘Melbourne Principles’ for Sustainable Cities. These were devised as part of the United Nations Environment Program (UNEP). Although they are nominally for ‘cities’, the principles apply equally to smaller communities. For more information, see the website [http://www.iclei.org/fileadmin/user\\_upload/documents/ANZ/WhatWeDo/TBL/Melbourne Principles.pdf](http://www.iclei.org/fileadmin/user_upload/documents/ANZ/WhatWeDo/TBL/Melbourne_Principles.pdf).
- The sustainability principles outlined in the NSW Local Government Sustainability Health Check, developed by Local Government Managers Australia, NSW and the former Department of Environment and Conservation. This is available from the LGMA website [www.lgmansw.com.au](http://www.lgmansw.com.au).
- The International Council for Local Environmental Initiatives (ICLEI) can also provide guidance. More information is available from the ICLEI website [www.iclei.org](http://www.iclei.org).

The *Protection of the Environment Administration Act 1991* and the *Environmental Protection Authority Act* define environmental sustainable development as requiring the effective integration of economic and environmental considerations in decision-making processes.

The National Strategy for Ecologically Sustainable Development (ESD) defines ESD as: “*using, conserving and enhancing the community's resources so that ecological processes, on which life depends, are maintained, and the total quality of life, now and in the future, can be increased*”.

This highlights that councils must consider the different options for determining the principles that will guide the development of their Community Strategic Plan and choose the approach that suits its community best.

Underpinning the planning and reporting framework is the need for councils to take a long-term view when making decisions and the need to consider social, economic and environmental aspects as well as the needs of existing and future generations.

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The importance of civic leadership, accountability and transparency in decision-making should also underpin the Plan. Communities require sound leadership to ensure their long-term viability – it is a key factor in achieving an appropriate balance among the above considerations.

### Your community's principles

Part of the community engagement process will be to agree upon the principles that will underpin the Community Strategic Plan. In preparing for the planning process, the planning team should review a number of options and make recommendations as to which principles might be adopted. Depending on the approach chosen, the principles will give rise to a number of planning issues.

For example, if a council chose to use The Melbourne Principles, examining these principles will help the team to identify possible key issues. One of the principles is “*Enable communities to minimise their ecological footprint*”. To work towards this aim, the community would need to have a picture of what its ecological footprint is currently like and an understanding of processes that could be used to reduce its impact on the environment.

This suggests that the evaluation of environmental considerations might include the current and future energy consumption, the number of vehicles in the city or shire, the volume of waste generated each year, etc.

### Social Justice principles

#### Local Government Act

The Community Strategic Plan must be based on the social justice principles of equity, access, participation, and rights.

The NSW Government's social justice strategy is based on the following interrelated principles:

- **Equity** – there should be fairness in decision making, prioritising and allocation of resources, particularly for those in need. Everyone should have a fair opportunity to participate in the future of the community. The planning process should take particular care to involve and protect the interests of people in vulnerable circumstances
- **Access** – all people should have fair access to services, resources and opportunities to improve their quality of life
- **Participation** – everyone should have the maximum opportunity to genuinely participate in decisions which affect their lives
- **Rights** – equal rights should be established and promoted, with opportunities provided for people from diverse linguistic, cultural and religious backgrounds to participate in community life.

Councils must ensure that their Community Strategic Plan reflects the four social justice principles and that social considerations are adequately addressed in the planning process.



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They can do this by:

- ensuring that a broad range of community members have input into developing the Plan
- specifically consulting with those groups whose voice is often not heard in community discussions
- testing the objectives of the Plan against the four principles – are the objectives fair? Do they exclude anyone from participating in the community's future? Would anyone be disadvantaged by these decisions?
- ensuring that the Community Strategic Plan is adequately informed by sound social research and needs analysis
- ensuring that the Community Strategic Plan provides opportunities for community members to become involved in its delivery and assessment of its effectiveness in achieving its objectives.

In practice, this means that much of the work previously undertaken for the Social and Community Plan will now be incorporated into the Community Strategic Planning process. Councils should continue to refer to the guidance in the *Social and Community Planning and Reporting Manual*, DLG, 2002. In particular, the demographic profile, needs assessment and consultation guidance remains relevant.

### 2.5 The four key areas – addressing the quadruple bottom line

#### Local Government Act

The Community Strategic Plan must address social, environmental, economic and civic leadership issues in an integrated manner.

Each Community Strategic Plan must adequately address social, environmental, economic and civic leadership considerations. This approach is generally referred to as 'the quadruple bottom line'. In some models the fourth element is described as 'governance'. In the new planning framework, the term 'civic leadership' has been chosen to indicate it relates not only to the way that Council will interact with the Community Strategic Plan, but the way that members of the community might become involved in delivering some of the Plan's objectives.

The quadruple bottom line approach was chosen to ensure that the Community Strategic Plan would be balanced and take a holistic view, rather than favouring one particular aspect. Councils can arrange their Community Strategic Plan in any way they like, as long as they can demonstrate that social, environmental, economic and civic leadership issues have been considered and are adequately addressed. There are a number of ways of doing this.

#### Basic approach

The simplest way is to group items that Council and the community want to consider under the four key headings to make sure there is an adequate range under each heading. For example, when setting out its Community Strategic Plan, a larger council might draw up a table like the one on the following page.

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Social	Environmental	Economic	Civic Leadership
<ul style="list-style-type: none"> <li>• Access and equity issues</li> <li>• Cultural activities</li> <li>• Recreation and active living</li> <li>• Built environment – urban design and planning for growth</li> <li>• Providing and maintaining community facilities</li> <li>• Heritage issues</li> <li>• Consultation networks</li> <li>• Public health and safety</li> <li>• Affordable housing</li> <li>• Education</li> <li>• Transport links between communities in our LGA</li> </ul>	<ul style="list-style-type: none"> <li>• Total water cycle management</li> <li>• Preserving biodiversity</li> <li>• Waste management</li> <li>• Protecting specific environmental features</li> <li>• Climate change impacts and initiatives</li> <li>• Alternative energy sources</li> <li>• Air quality</li> <li>• Environmental impact of development</li> <li>• Environmentally sound operation of assets</li> </ul>	<ul style="list-style-type: none"> <li>• Regional economic profiles and opportunities</li> <li>• Economic sustainability strategies</li> <li>• Commercial and industrial opportunities</li> <li>• Small business strategies</li> <li>• Tourism</li> <li>• Providing vocational pathways</li> <li>• Supply chain issues</li> <li>• Transport and trade links with other centres</li> <li>• Financial sustainability of Council</li> </ul>	<ul style="list-style-type: none"> <li>• Policy frameworks</li> <li>• Decision-making principles and allocation of priorities</li> <li>• Leadership and representation</li> <li>• Levels of service</li> <li>• Council's role as a responsible employer</li> <li>• Business efficiency and probity expectations of council</li> <li>• Ethical practices</li> <li>• Consultation and community participation in decision making</li> <li>• Community ownership and implementation of the strategic plan</li> </ul>

This approach ensures that the four key areas are addressed and a variety of issues are considered, but it does not take into account that some issues are relevant to more than one key area. As a result, different councils will consider and classify them in different ways. For example, transport links within the LGA has been placed in the 'social' column above because this particular community felt it was about promoting a sense of wellbeing, allowing people to travel safely and easily to neighbouring settlements for social or recreational purposes and promoting active living.

Another council might place it in the 'environment' column because the community's priority is to provide transport links such as bicycle paths and walkways that reduce the amount of car movements and, consequently, the community's greenhouse gas emissions.

It doesn't matter how each issue is classified, as long as it is considered in the planning process, and adequate attention is given to each of the four key areas.

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### More comprehensive approach

A more comprehensive way of addressing the four key areas is to test each issue against them and consider the implications. For example, a council might draw up a table for each of its key objectives (for example, its top five priorities) like the one that follows.

Objective	Social issues	Environmental issues	Economic issues	Civic leadership issues
<b>Developing tourism opportunities</b>	<ul style="list-style-type: none"> <li>▪ Employment opportunities</li> <li>▪ Promoting a 'sense of place' and pride in the community</li> <li>▪ Opportunities for cultural exchange, entertainment and events</li> <li>▪ Equity – sharing facilities and balancing the needs of residents and visitors</li> <li>▪ Public amenity and community safety impacts</li> <li>▪ Development design and scale</li> </ul>	<ul style="list-style-type: none"> <li>▪ Protecting environmentally sensitive areas from development and human activity</li> <li>▪ Reducing environmental impacts of tourist operations eg water consumption, waste, energy</li> <li>▪ Encouraging eco-tourism developments</li> <li>▪ Impact of climate change on key tourist areas</li> </ul>	<ul style="list-style-type: none"> <li>▪ Build a diverse economic base for the community</li> <li>▪ Regional opportunities in co-operation with neighbouring LGAs</li> <li>▪ Attracting outside investment</li> <li>▪ Local business development strategies, links with existing businesses</li> <li>▪ Sustainable income – seasonal trends and over-supply issues</li> <li>▪ Opportunities for public/private partnerships</li> </ul>	<ul style="list-style-type: none"> <li>▪ Opportunities to engage other agencies</li> <li>▪ Governance structures for the city's tourist operations</li> <li>▪ Managing volunteer programs for residents to welcome and assist tourists</li> <li>▪ Level of council support for local tourist industry – what will be provided, what are the priorities?</li> </ul>

This approach allows each objective to be considered thoroughly and opens the way for more innovative approaches in implementing it. It may also highlight unexpected consequences or issues that need to be addressed.

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### 2.6 Identifying the big issues - relevant information and research

#### Local Government Act

The Community Strategic Plan must give due regard to the State Plan and other relevant state and regional plans.

Council must ensure the Community Strategic Plan is adequately informed by relevant information relating to social, environmental, economic and civic leadership issues.

#### Essential Element 1.2

Information that identifies key issues and challenges must be presented to the community in an accessible format to assist its participation in the planning process.

#### Essential Element 1.3

Any relevant state or regional draft plans and strategies that are available at the time of preparing the Community Strategic Plan must also be considered.

Although the new Community Strategic Plan is a community driven process, it is difficult for members of the community to make important long-term decisions if they have no information or evidence upon which to base those decisions.

Strategic planning also requires a different type of thinking – it focuses on broad issues, such as social justice, human dignity, sustainability and social capital. Although people will have opinions on these issues, they may need some guidance to translate them into goals or objectives for the community.

To put the Plan together, the community will need to address four key questions:

- Where are we now?
- Where do we want to be in ten years' time?
- How will we get there?
- How will we know we've arrived?

One of the most important roles for council in the strategic planning process is to guide the community in identifying major issues and understanding how these issues may impact on the community. This is the 'Where are we now?' part of the planning process.

#### How could Council go about this exercise?

To get people thinking about future directions and solutions, it is necessary to do a stocktake on where the community is right now. One of the easiest ways to do this is to provide a series of discussion papers, workshops or lists of key local issues to encourage community discussion during the engagement process.

For example, when one council set out to prepare its first city plan, it prepared five background papers on key themes to assist the community. The themes that it chose were:

- *A Sense of Community* – which looked at demographic trends and characteristics and social needs within the city

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- *Places for People* – which considered issues relating to the built environment and urban design
- *A Prospering City* – focusing on the city’s local and regional economic context and economic development issues
- *Moving Around* – which looked at transport issues and the social, land use, economic and sustainability issues that arise from how people move around
- *Looking after our Environment* – which gave an overview of the city’s local and regional natural environment and recreational context.

This was one way of providing a sound basis for community discussion on key issues. Some councils use a ‘State of the Shire’ report to highlight key local issues. Some smaller councils have used innovative approaches to start discussion on long-term planning, such as collecting photos of what people like and don’t like about their community.

Drawing all this information together and presenting it in a user-friendly format is a considerable task and councils will need to approach the exercise according to their own particular circumstances. For example, a small rural council may only need one general discussion paper, or presentation to support its discussions. A large metropolitan council would need to take a more comprehensive approach. The important thing to remember is that this is an *integrated* planning framework – so relevant information will come from a variety of sources and the planning process will involve a variety of different people. Council should aim to gather the best available information.

Although many councils currently have a strategic planning team, the pre-plan work shouldn’t be restricted to this team alone. The Community Strategic Plan will ultimately affect everyone who works at the council, as well as the community, so it is best to get a variety of people involved in the process.

Part of the process will be to think about some of the possible impacts and implications of the issues that are identified. In this respect, it would be very valuable to have a range of people working on the project. For example, if you are considering waste management issues, engineering staff might highlight different implications to, say, community services practitioners, or financial managers, or members of a local environment group.

### **Where will the team start in gathering information?**

There are usually a couple of issues that are at the forefront of public debate. These generally relate to external pressures or changes that the community may be experiencing – for example in metropolitan communities the concern may be about managing growth and development in the area. For rural communities, it might be about ensuring the long-term survival of towns and industries. Both communities might be concerned about the impacts of climate change, but for varying reasons.

Communities are also concerned with quality of life issues – such as personal safety, open space and places for recreation, general amenity and aesthetics of the area, protection of the environment, employment and educational opportunities.

The challenge is to drill down into these general issues and identify some specifically local concerns: What is the current state of play? What are the likely impacts and implications?

It is also important to identify and understand the drivers of change. What are the pressures or influences that will affect the community and bring about the expected changes? Can we do anything about them? Are there any opportunities that could be explored?

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When identifying the key issues for your council's community, use the four key areas of the Community Strategic Plan. The range of issues you identify must broadly address all these key areas.

### **Other plans**

An important part of gathering information is to look at existing plans, strategies and other sources of information to see what has been highlighted before. Are any of these issues relevant to our community? Should they be incorporated into our Community Strategic Plan?

Under the new framework, councils are required to give due regard to the State Plan, and other relevant state and regional plans. Councils are also required to consider relevant state or regional draft plans and strategies that are available.

Councils already have obligations in respect to land use planning, regional strategies and the Sydney Metropolitan Strategy (where applicable). These should be considered when preparing the Community Strategic Plan.

### **The State Plan**

The NSW State Plan was developed after a consultation program in 2006. It combined issues highlighted through the Government's own research, as well as concerns raised by community members throughout NSW.

The Government committed to a review after three years, which has now been completed, to ensure the plan continues to remain relevant and effective.

The NSW State Plan 2009 sets clear priorities for Government action to reflect the community's vision for the future of NSW in which:

1. Our economy grows stronger — supporting jobs and attracting business investment
2. Our transport network is world class — safe, reliable and accessible
3. Our state is the Clever State — our children are better educated, our people more skilled and we are known for our research and innovation
4. Our health system provides the highest quality care accessible by all
5. Our state is the Green State — our energy is clean, our natural environment is protected and we are leaders in tackling climate change
6. Our cities and towns are great places to live, we experience a high quality of life and a strong sense of community
7. Our most disadvantaged communities are strengthened and our most vulnerable citizens are supported
8. Our police and justice systems keep people safe.

The NSW Government has set challenging targets to achieve these goals.

Reviewing the State Plan's priorities, targets and actions may give Council a starting point to identifying relevant issues for its Community Strategic Plan. It will also provide a clear view of where the NSW Government will be investing its energies in coming years.

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### Local Action Plans and Regional Strategies

Under the State Plan delivery framework, local action plans are being prepared for each region of NSW to respond to local priorities that were raised during community consultations.

These plans are driven locally by Regional Managers Networks that bring together senior officers from across State Government agencies at a regional level.

Local action plans and regional strategies are good sources for identifying issues that may be relevant to each council's community. They also provide an idea of the projects and priorities that the NSW Government will be working on in Council's region over the coming years. There may be opportunities for Council to connect with, and benefit from, these programs.

Information on the NSW State Plan and the preparation of local action plans can be found at [www.stateplan.nsw.gov.au](http://www.stateplan.nsw.gov.au).

### State and regional plans

This includes plans such as:

- *The Sydney Metropolitan Strategy* and its various sub-regional strategies (<http://www.metrostrategy.nsw.gov.au/dev/uploads/paper/introduction/index.html>)
- Regional Strategies prepared by the Department of Planning (<http://www.planning.nsw.gov.au/PlansforAction/Regionalplanning/tabid/161/Default.aspx>)
- Catchment Action Plans prepared by Catchment Management Authorities (<http://www.cma.nsw.gov.au/>)
- *Towards 2020: New South Wales Tourism Masterplan* ([http://corporate.tourism.nsw.gov.au/State\\_Tourism\\_Masterplan\\_p556.aspx](http://corporate.tourism.nsw.gov.au/State_Tourism_Masterplan_p556.aspx))
- *Towards 2030: Planning for our changing population* which is the NSW Government's strategy to actively plan for demographic change. (<http://www.dadhc.nsw.gov.au/dadhc/Publications+and+policies/towards2030.htm>)

Examining these plans will provide an overview of some of the issues and priorities identified for Council's region and the possible impacts they may have on the community. Due regard must be given to these when preparing the Community Strategic Plan, particularly where the plans have mandatory targets, such as the Sydney Metropolitan Strategy's growth targets.

### Council's existing plans

Councils already have a wide range of plans that will help identify key community issues. These include:

- social and community plans
- State of the Environment reports
- economic development strategies
- cultural plans
- transport studies
- tourism plans
- sustainability plans
- environmental management plans
- heritage studies
- Section 94 contributions plans
- land use strategies, or conservation and development strategies

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- Local Environmental Plan
- asset management strategies.

These plans are an excellent starting point for highlighting issues, considering local implications and suggesting priorities. Consider the recommendations that the various plans have made over the years. Have these been implemented? Are they still relevant?

### **Other available data**

This might include data gathered by other agencies eg the Australian Bureau of Statistics census figures, regional and LGA profiles; the NSW Bureau of Crime Statistics; State of the Catchment Report Cards; NSW Chief Health Officer's Report; and Department of Housing rent and sales reports.

Analysing local trends in these figures may provide an indication of emerging issues. For example, is the local population increasing? Are there more people from a non-English speaking background moving to the area? Are average rental prices increasing? Has there been an increase or decrease in a particular type of crime? Are more people travelling outside the LGA to go to work? It is also helpful to compare LGA figures with state or regional averages.

### **Community feedback**

There are a number of ways to sample community views before the formal engagement process. A good starting point is to discuss issues with council staff. Frontline workers, such as customer service staff and repair crews, are a good source of information because they get regular feedback from the public regarding council services, issues and concerns.

Councillors also talk to their constituents regularly and are involved in a range of community activities. One way to tap into councillors' knowledge is to hold a workshop or pre-planning day. Using a strategic planning tool such as a SWOT analysis will help get the workshop focused on broad issues and identify key community concerns. In this process, participants are asked to identify the strengths, weaknesses, opportunities and threats that they believe relate to the community. There are many variations of the SWOT analysis, any of which could be used as a good broad brush starting point.

Many councils also undertake regular customer satisfaction or community surveys. These are a valuable source of information to help the pre-planning process, as they provide a clear indication of residents' opinions and priorities.

### **Understanding the big issues – what do people need to know?**

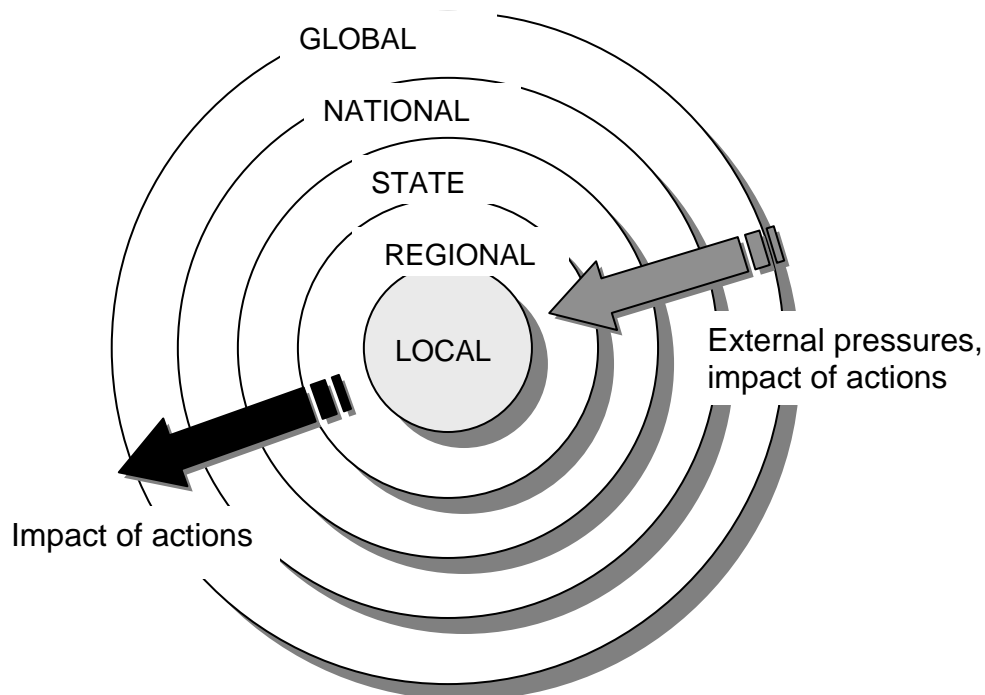
Once Council has identified what it believes to be the key issues for the community's future, the next step is to provide a local focus on these issues and think about some of the possible implications for the community. In doing this, it is important to consider scale. Some issues will be mainly local. Some issues will be global, national, regional or catchment based. Understanding where an issue sits in the wider picture will help the community to determine a suitable response to it.



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The following diagram illustrates the concept:



All issues will have multiple threads and connections because things don't work in isolation within a community. The environment, for example, is not a separate entity – it has connections with the built environment, social structures and the local economy. Infrastructure has links to community services, economic needs and environmental outcomes. Decisions about community services affect land use planning. Decisions about public health affect asset management, and so on. Exploring these connections will help to develop a more integrated planning framework.

### Examples

The following examples suggest how councils might explore the various issues that are highlighted in the pre-plan process.

Assuming that climate change has been identified as a significant issue, it is important to understand not only the global implications, but also the possible local effects. Some of the information Council might draw on to help people understand this issue could include:

- climate change models that relate to the local area or region (eg sea level projections)
- population projections and demographic profiles
- state, national or global targets or policies that may be relevant
- information on local greenhouse gas production eg energy consumption, number of vehicles in the LGA
- projects that are already underway at local, regional, state or national level.

It is also important to consider some of the possible implications of this issue on the local community. For example, if the community were to reduce local vehicle usage as one of its climate change strategies, what impacts might this have on land use planning decisions, urban design, investment in new infrastructure, increased need for public transport etc? What are some of the financial implications of these impacts?

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This is where Council will benefit from having a range of people on its planning team to consider the issue fully.

If infrastructure has been identified as a key issue, the information that might be relevant includes:

- condition assessments of Council's current assets
- Council's existing capital works program and Section 94 plans
- population projections and demographic profiles
- projects identified in regional or state plans
- national infrastructure programs.

The social, environmental and financial implications of infrastructure provision and maintenance should also be considered, particularly if the need for major capital works has been identified.

If protection of the environment has been identified as a key issue, the information that might be relevant includes:

- condition assessments and recommendations from State of the Environment Reports
- previous environmental studies undertaken for the LEP
- Council's Environmental Management Plans
- Catchment Action Plans from relevant Catchment Management Authorities (CMAs)
- State of the Catchment Report Cards from relevant CMAs
- regional environmental studies
- studies undertaken by local environmental groups
- coastal and floodplain management studies
- heritage studies
- NSW State of the Environment Report
- State Plan environmental priorities, targets and progress reports.

When considering potential implications for this issue, it is particularly important to think about scale and connectivity. For example, is this a regional or catchment-based issue? Is it a state, national or global issue? How are the various systems connected? Will actions that affect one system also affect another? What social and financial impacts could environmental protection measures have?

If community services have been highlighted as an issue, the information that might be relevant includes:

- previous needs analysis undertaken for the Social/Community Plan or other council plans
- social trends identified in local demographic profiles, for example an ageing population
- comparison of service/facilities demand data with current supply information involving council and non-council services – are existing services currently at capacity, or under-utilised? Are they accessible to all members of the community?
- comparison with established standards – how does the area compare with State averages or benchmarks?
- legislative requirements – are there specific requirements to provide certain services/facilities that are currently not being met?
- NSW Government social policy frameworks for particular groups
- results of previous community consultation and feedback.

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When analysing the information it is important to consider not only broad issues and implications, but also the representation of particular groups who may have special needs or issues. These groups were formerly referred to as ‘target groups’ in the social planning process and include:

- children
- young people
- people with disabilities
- older people
- women
- Aboriginal and Torres Strait Islander people
- people from culturally and linguistically diverse backgrounds
- people from diverse sexualities

For example, Aboriginal people or people with disabilities may have different housing needs to those of the general community. Giving particular consideration to these groups will help to ensure that all members of the community receive a fair go in planning future services or facilities and that Council meets the requirement to ensure the Plan is founded on social justice principles.

Also consider how community services are interlinked with economic, environmental and urban design issues. This is particularly relevant, for example, if affordable housing is emerging as a key social issue for your area.

### **What sort of information?**

In preparing its discussion papers or presentations on key issues, Council should consider both quantitative and qualitative information. For example, there may be crime statistics available for the local area, but there are also people’s perceptions of community safety. Often the two won’t completely align.

Community feedback might suggest that people feel unsafe when walking local streets at night, even though crime statistics for the area show there is a very low personal risk involved. The perception may originate from poor street lighting, seeing groups of drunk or disorderly people in the main street, neighbourhood hear-say, or reports on television or in the local newspaper.

Regardless of where the perception came from, it is very real to the people who hold that belief and affects the way that they participate in the community.

There will also be some aspects that hold particular or special values for your community which elevate their significance in the planning process. This might be a particular heritage building, a natural feature or a memorial park. In these cases, the way people feel about the feature, or the personal value they place on it, may be more relevant to long-term decision making than the facts and figures that relate to it.

### **Presenting the information**

The effectiveness of the Community Strategic Planning process relies on the way that information on issues, impacts and possible solutions is presented to the community. The community engagement process will serve as a testing point for the issues Council has identified – Are these the matters of key concern to the community? Are there other issues that should be highlighted? As the community works through the issues, long-term goals will become clearer and strategies for achieving those goals can start to take form.

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In presenting the information, Council may need to keep in mind that many members of the community aren't actually aware of what their council does, the range of services it provides, nor the various sources of its income. To help encourage informed community debate on long-term objectives, strategies and resourcing, you may wish to provide some background information on Council's role to residents. This information might include:

- an outline of the range of services Council currently provides
- an explanation of Council's regulatory functions and legislative responsibilities
- an outline of key sources of income
- an outline of key expenditure
- an explanation of how the Community Strategic Planning process works

It is important that Council also discusses future projections of income and expenditure with the community. What does it expect will happen in the next 10 years? What might happen, for example, if something changed eg significant population increases, changes to transport or local industry?

### 2.7 Engaging the Community

#### Local Government Act

Council must prepare and implement a Community Engagement Strategy for engagement with the local community in developing and reviewing the Community Strategic Plan

#### Essential Element 1.5

As a minimum, the Community Engagement Strategy must identify relevant stakeholder groups within the community and outline methods of engaging each group.

#### Essential Element 1.4

Due consideration must also be given to the expected levels of service expressed by the community when preparing the Community Strategic Plan.

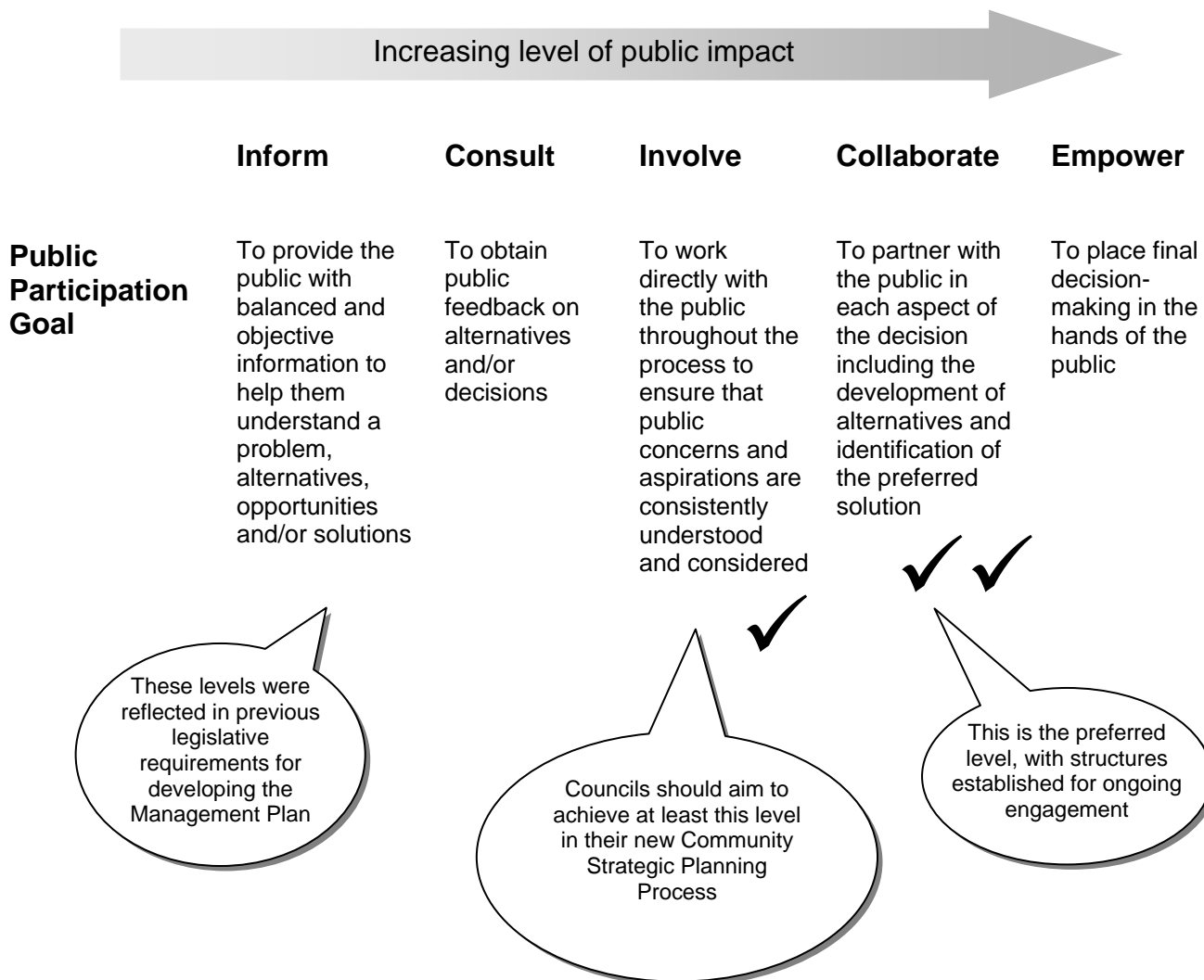
It is often challenging to involve the community in planning processes, but it is important for the long-term success of the Community Strategic Plan that as many community members as possible are involved in its development.

To prepare for this, councils are required to devise a Community Engagement Strategy for the development and review of the Community Strategic Plan.

There is no prescribed format for the Strategy, but there is a general requirement to identify stakeholders and plan methods of engaging each of these groups. How this is done will depend on the individual characteristics of the community, its existing relationship with Council and the time and resources available for the process. It is important that sufficient time is allowed for community engagement.

It is also important to understand the difference between community consultation and community engagement. This is best illustrated by the scale that follows. The scale was developed by the International Association for Public Participation. (IAP2). The IAP2 website (<http://www.iap2.org.au>) is a useful resource for community engagement activities. The State Government's Community Builders website ([www.communitybuilders.nsw.gov.au](http://www.communitybuilders.nsw.gov.au)) is also helpful.

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As the diagram shows, the previous level of participation required for the annual Management Plan could be described as ‘informing’ and ‘consulting’. Each council was required by the Act to place a copy of the draft plan on public exhibition and to consider comments from the public before adopting the plan. Some councils voluntarily undertook a higher level of consultation with their communities.

The new requirements call for a more comprehensive approach, as they will result in the development of long-term plans that will significantly affect all members of the community. The framework is built on the principle that all members of the community have a right, and a responsibility, to contribute to their community’s future.

These plans will span at least 10 years - well beyond the Council term of office – so it is expected that people in the community will take some ownership of them and contribute to their delivery in some way. This is why the term ‘engagement’ has been used in the new legislation, rather than ‘consultation’.

To effectively engage the community, councils should be aiming for at least the ‘involvement’ level, shown in the diagram above, where they are actively working with the community to ensure its concerns and ideas are reflected in the Community Strategic Plan and providing feedback as to how their input influenced the final document.

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Ultimately, councils should aim to achieve the ‘collaboration’ level where the community is involved in the ongoing delivery and monitoring of the Community Strategic Plan. This could be achieved by establishing consultative committees, or a special community taskforce, to have ongoing input into the process.

Over the years, many councils have become disenchanted with consultation attempts because “*no-one shows up to the meetings or responds to the public exhibition*”. Moving from consultation to engagement requires a different approach and the need for more innovation in planning public participation.

For example, people may not be willing to come to a public meeting on a week night, but they might be happy to share their views at a shopping centre display on community issues, or contribute to a blog on a council website. Residents might not read the council information sheet that comes with their rates, but they might listen to a local radio program on community planning issues, or read a story in their local paper.

There is a wide range of resources available to help councils plan community engagement activities and develop their engagement strategies. A list of useful resources is included on the Integrated Planning and Reporting webpage at [www.dlg.nsw.gov.au](http://www.dlg.nsw.gov.au).

### **Preparing for public participation**

One of the first stages of the Community Strategic Planning process is to prepare a Community Engagement Strategy. The Strategy should allow for public participation at various stages of the planning process and identify key stakeholder groups.

Some councils already have a general Public Participation or Consultation Strategy that covers all their activities. The Community Strategic Plan Engagement Strategy may be included in this document if the council wishes.

When preparing the Strategy, it is important to consider groups whose voice may not normally be heard in community discussions. This might include people with disabilities, Aboriginal communities, people from culturally or linguistically diverse backgrounds, young people, people in geographically isolated areas, single parents, and the elderly. Council is required to base the Community Engagement Strategy on social justice principles and this extends to the community engagement process.

As well as facilitating the participation of specific target groups in the planning process, councils may also find it useful to host some community planning forums which encourage cross-generational discussion and debate. Such forums provide an opportunity for people in one group of the community to hear first hand what some of the key issues are for another group in the community. This encourages a shared understanding of the issues, and promotes discussion about priorities and resource allocation that councils may find helpful in the planning process.

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The diagram following shows the main stages of the engagement process:

<b>Stage One</b> Preparing information	<b>Stage Two</b> Developing the Draft Community Strategic Plan	<b>Stage Three</b> Reviewing the Draft Community Strategic Plan, Resourcing Strategy & Delivery Program	<b>Stage Four</b> Reviewing the Community Strategic Plan at the end of each Council term
<p>Target discussions with particular groups, State agencies etc to help prepare discussion papers or 'State of the Shire' information, that will inform the Community Strategic Plan.</p> <p>These discussions may also identify relevant regional strategies or plans from other agencies and groups.</p> <p>Council may also seek to obtain feedback from particular stakeholders on the effectiveness of previous plans or strategies.</p>	<p>A series of engagement activities based on the discussion papers/ reports prepared in Stage One.</p> <p>This will be the most resource intensive stage, involving a range of activities for different groups, at different times.</p> <p>Discussions on levels of service and possible resourcing levels will be held at this stage.</p> <p>The aim is to prepare a Draft Community Strategic Plan.</p>	<p>This is the stage where the community will refine the Community Strategic Plan and consider Council's response to the Community Strategic Plan via the Delivery Program.</p> <p>Council will need to plan for broad-range information sessions to ensure as many community members as possible are aware of the draft Community Strategic Plan and the Delivery Program.</p> <p>Use of targeted discussions or focus groups may also be appropriate.</p>	<p>When there is a review of the Community Strategic Plan, the community gets an opportunity to review Council's performance in achieving the objectives in the Community Strategic Plan, and provide feedback on their appropriateness.</p> <p>It also provides an opportunity for the community to identify new issues to be included as the plan is rolled forward.</p>

There is no standard format for the Community Engagement Strategy. It is up to each council to decide how the Strategy will be developed and implemented.

When developing the Strategy, Council should consider the various reasons why community members may wish to be involved in the planning process. For example:

- some people will have 'place-based' interests – they are concerned for the future of their particular town, village or suburb
- some will share a common interest, such as a business group, or a sporting organisation
- others will share common needs, for example people who need child care or public transport
- some will be motivated by negative experiences with Council or community organisations and will want to address specific issues
- some will be motivated by philosophical commitments, for example, to sustainability or good governance.

Council should consider all these motivations when identifying stakeholders and determining how and when they may best be engaged in the planning process.

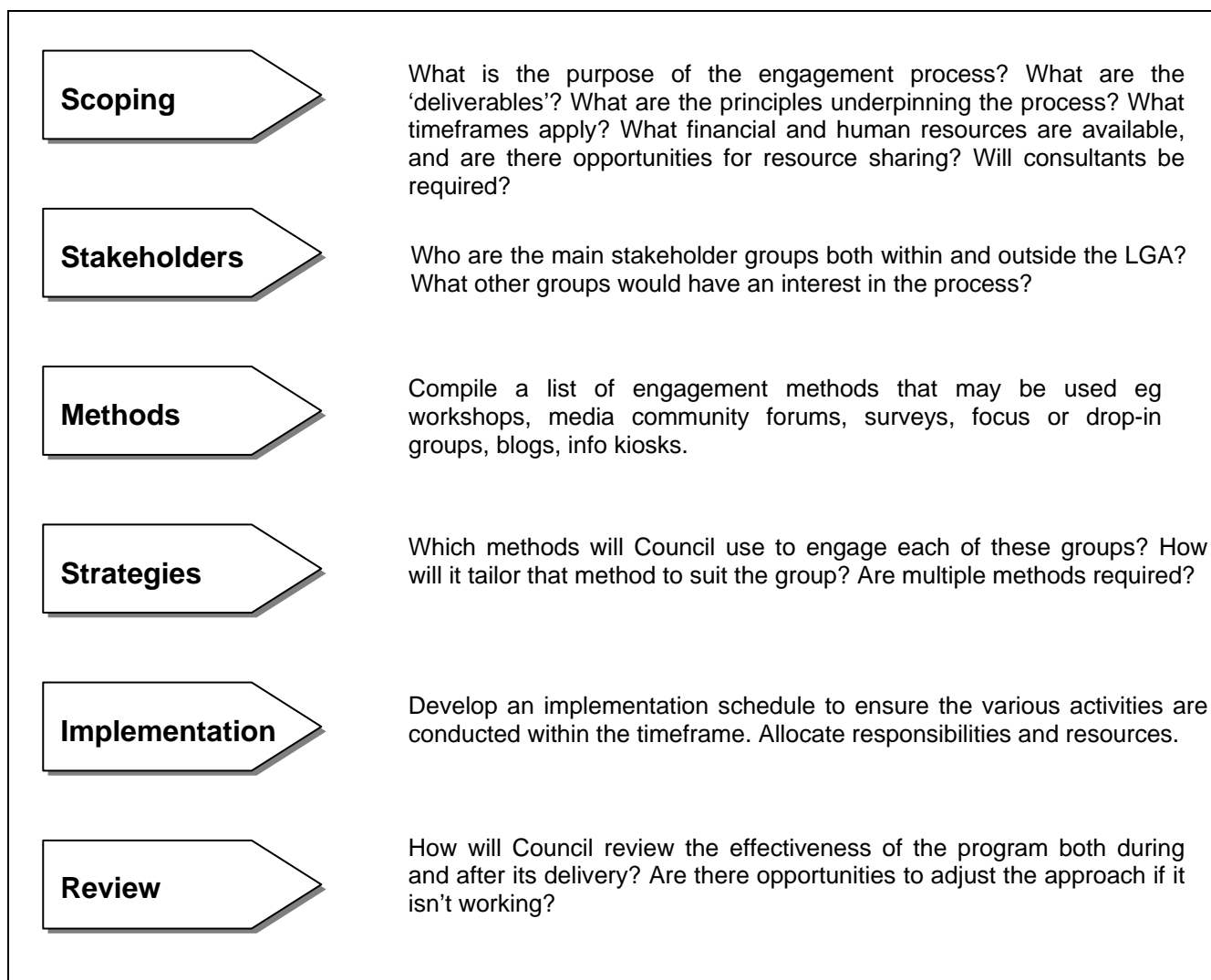
## 2. THE COMMUNITY STRATEGIC PLAN

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In developing the engagement program for the Community Strategic Plan, Council will essentially be undertaking three processes:

- I. **Providing information to the community:** this includes the information, statistics, discussion papers etc prepared by Council to inform the plan, as well as an outline of the planning process
- II. **Seeking information from the community:** obtaining feedback on levels of service the community wants and is willing to pay for, suggestions, opinions and other relevant information that may assist the planning process
- III. **Involving the community** in working through the issues raised and developing objectives and strategies for the Plan.

The diagram following illustrates the process a council might undertake when developing its Community Engagement Strategy for the Community Strategic Plan.



All councils are encouraged to make their Community Engagement Strategy available to their community by including it on their website.



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### **Levels of Service**

One of the most important discussions councils will have with their communities during the planning process is in regard to expected levels of service. Many councils find it challenging to meet the increasing expectations of their community – particularly in rural areas where changing demographics often bring different views of service standards. Although it may be difficult to gain consensus on levels of service, it is helpful to at least hold these discussions with the community.

What do people really expect in terms of rural roads or street cleaning or recreational facilities? Are they willing to meet the cost of increasing expectations? Can they identify priorities in service provision?

The Asset Management section of this Manual contains further information on determining service levels specifically in relation to assets. However, this information is also relevant to the provision of services.

### **Working with NSW Government agencies**

There are mutual benefits for local councils and NSW Government agencies in working together to deliver services for the community. To work effectively with State agencies, it is important to build on established relationships and utilise existing forums to identify areas in common and potential partnerships. Working on a regional basis, as part of a Regional Organisation of Councils for example, will be more efficient and effective than inviting State agencies to attend general community consultation sessions as part of the development of Council's Community Strategic Plan.

To obtain input from State agencies, in many cases it will be more effective to develop a draft Community Strategic Plan, or if working as a regional group, identify the priorities for the region, then convene a State agency forum that invites those agencies that have been identified as potential partners in the delivery of the community's or region's priorities and aspirations.

The Department of Premier and Cabinet (DPC) facilitates regional coordination of State agencies through the Regional Managers' Network. Councils within a particular region may find it beneficial to discuss with their DPC Regional Coordinator the best means of providing information to and seeking feedback from Regional Managers of State agencies. For example, if councils participate in a Regional Organisation of Councils (ROC) or similar regional networks, they may be able to utilise a Regional Managers' Network meeting to provide information and obtain feedback on regional priorities and other community issues.

Further information on the NSW Government's Regional Coordination Program is available at [www.dpc.nsw.gov.au](http://www.dpc.nsw.gov.au).

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### 2.8 Building the Plan

Councils are free to organise and present their Community Strategic Plan in any way they choose, as long as the legislative requirements and Essential Elements are addressed. As this is a community based plan, the document should be easy to navigate and understood by a wide range of readers.

#### Vision statement

##### Local Government Act

The Community Strategic Plan identifies the main priorities and aspirations for the future of the local government area.

##### Essential Element 1.7

The Community Strategic Plan must include:

- A community vision statement
- Strategic objectives for the community that address social, environmental, economic and civic leadership issues identified by the community
- Strategies for achieving each objective.

Providing a succinct vision statement for the Plan encourages community and council ownership and a sense of common purpose. It also helps people to focus on wider issues and aspirations for the community and to get in touch with the values and priorities that underpin the planning process. One of the easiest ways to develop a vision statement is to ask the community where it wants to be in 10 years' time.

Following are examples of vision statements from existing plans:

*“Between the city and sea, Waverley will be a vibrant, welcoming and inspiring place to live, work and play with its diverse population, creative culture, enriching lifestyle, stunning natural features and distinctive neighbourhoods”*

- Waverley Together strategic plan

*“To be a vibrant sustainable community of connected villages inspired by bush, beach and water”*

- Pittwater 2020 Strategic Plan

*“That the Liverpool Plains Shire achieves higher levels of growth and generates improved quality of life through expanded opportunities for economic and social development being realised within an ecologically and financially sustainable framework”*

- Liverpool Plains Community Strategic Plan

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Councils may also wish to include a statement of community values to support the vision statement. Following is an example from The Hills Shire Council's *Hills 2024 – Looking towards the future*:

*“Our values describe what we believe in, and how we aspire to live together. The Hills area will grow and develop characterised by the following key values defined by the community during the Hills 2024 engagement process:*

*Community spirit*

*Accessibility*

*Sustainability*

*Leadership*

*Natural beauty*

*Innovation*

*Balance*

*Proactivity*

*Safety*

*Families”*

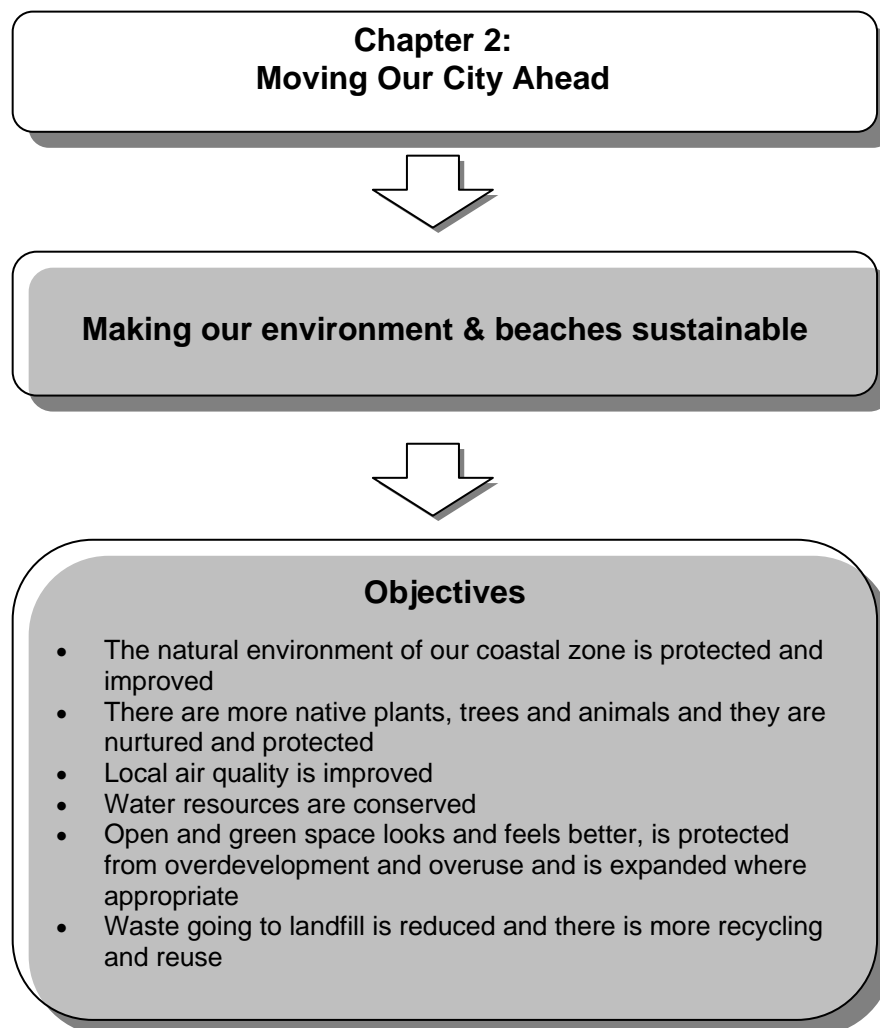
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### 2.9 Setting objectives

This is the point where the Plan starts to take shape, by identifying the high level objectives or aspirations of the community – the things that define more specifically what the long-term vision will look like. Councils can call them whatever they wish - some councils currently use the terms Strategic Goals, Strategic Outcomes or Strategic Directions.

An example follows from a community strategic plan prepared by a metropolitan council. The community has chosen to group its objectives under chapters and headings.



There is no set requirement for what the objectives should be, or how many each community should have. However, it is recommended that the objectives are kept to a manageable number and it may be helpful to group them under common headings or chapters.

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### 2.10 Developing strategies

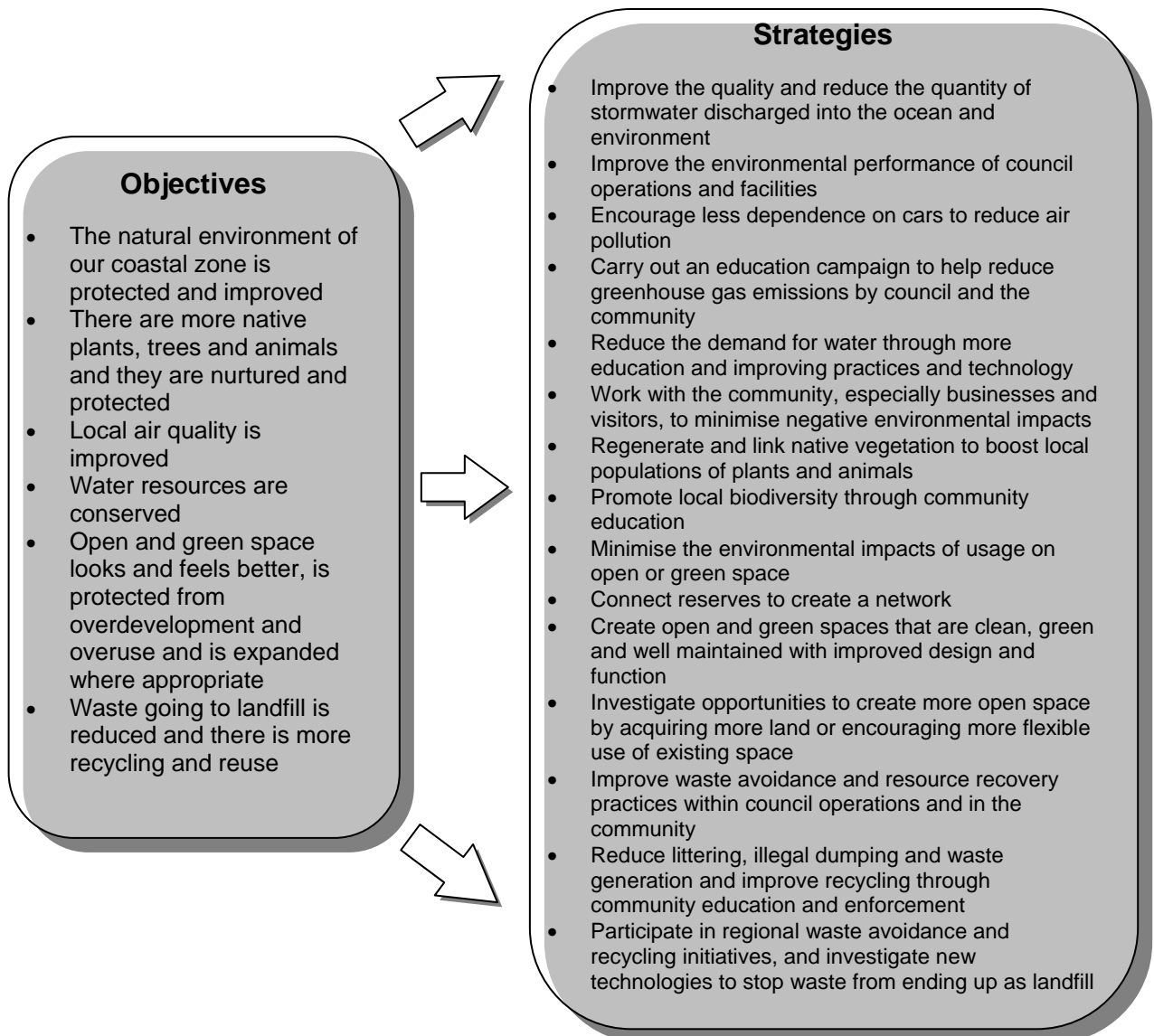
Each objective (or set of objectives) must be accompanied by a list of strategies that will be implemented to achieve the objective.

The new planning framework is designed to cascade into increasing levels of detail, to ensure that high level aspirations eventually result in some form of measurable action.

The objectives are the first cut – the broad directional statements. The strategies are the second cut – this is where the objectives start to take on more shape – How will we actually achieve these objectives? On which key areas do we need to focus?

Ultimately, the strategies will cascade down into the Delivery Program - where they will be fleshed out with more specific timeframes and responsibilities added - and finally into the Operational Plan.

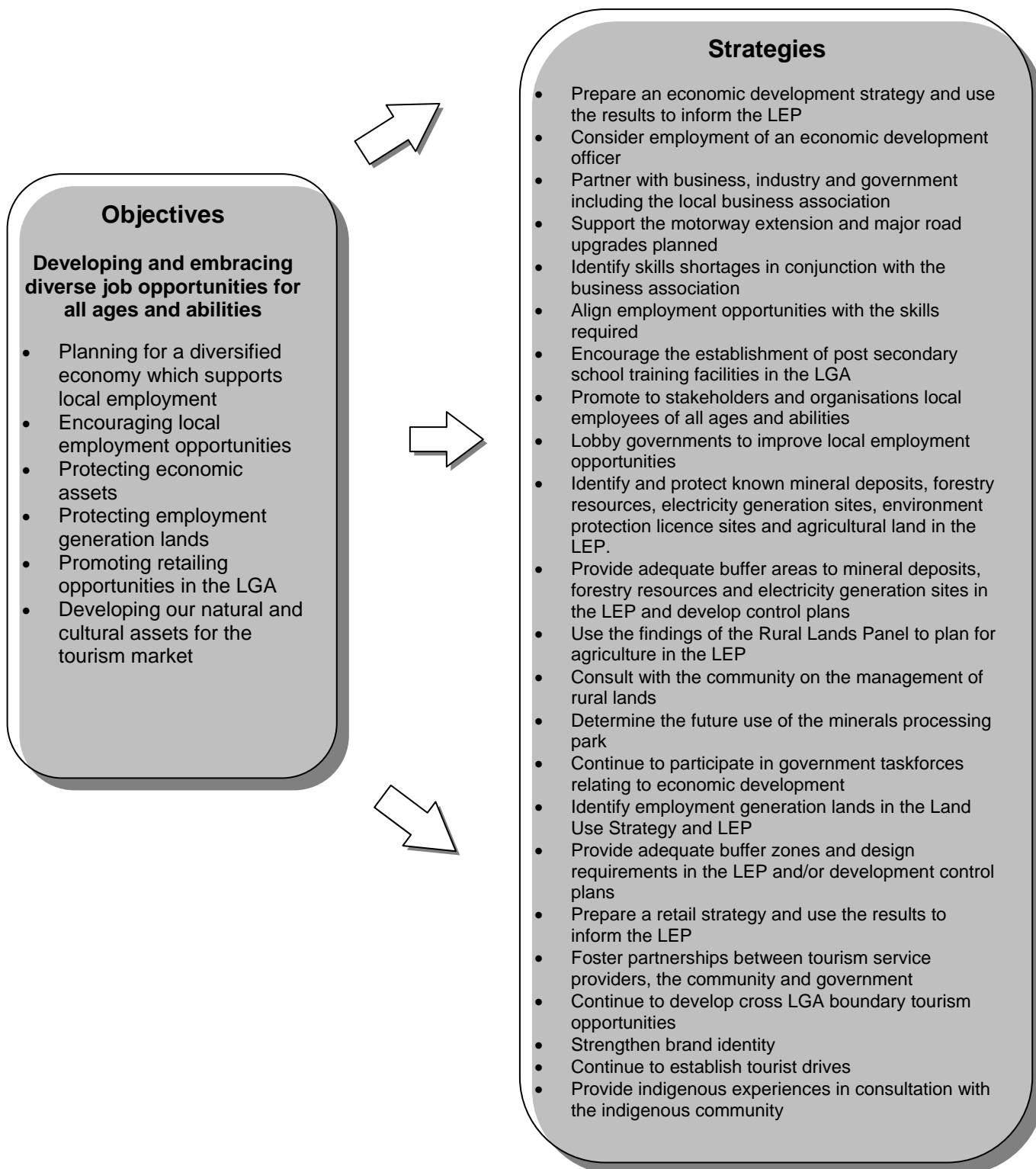
Using the example on the previous page, this is how Council expanded its objectives into strategies:



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Another example from a regional council's strategic plan follows:



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### 2.11 Connecting with the LEP and other land use planning mechanisms

The Community Strategic Plan will set high level objectives that relate to land use planning, but each council will still be required to prepare a Local Environmental Plan (LEP) in accordance with the *Environmental Planning and Assessment Act 1979* (EP&A Act) and associated Regulations.

The LEP is an important tool for mapping out the details of land use planning in the city or shire. Many councils already prepare Land Use Strategies or Conservation and Development Strategies to help capture the community's strategic objectives for land use and refine them into details which may ultimately be included in the LEP.

LEPs are the principal legal document for controlling development at the council level. In their preparation councils must demonstrate consistency with relevant State Environmental Planning Policies (SEPPs), local planning directions (section 117 directions under the EP&A Act), relevant regional and sub-regional strategies, the Standard Instrument Order (state-wide template for LEPs), as well as the objects and provisions of the EP&A Act.

It is important when drafting the Community Strategic Plan, and in any community engagement shaping the Community Strategic Plan, that it is identified and made clear up-front that, as a result of these other statutory considerations, there will be some issues raised that may not be able to be reflected in the LEP. Other issues may only be able to influence its content (e.g. through the overall aim of the LEP, local zone objectives and non-mandatory permitted or prohibited land uses). This is particularly important as the new Gateway Test for the LEPs will consider whether a council's LEP is consistent with the Community Strategic Plan. Where an issue is not able to be included in the LEP, its inclusion in another appropriate manner should ensure the issue is addressed – for example in the Development Control Plan, through a Council policy or Council information leaflets.

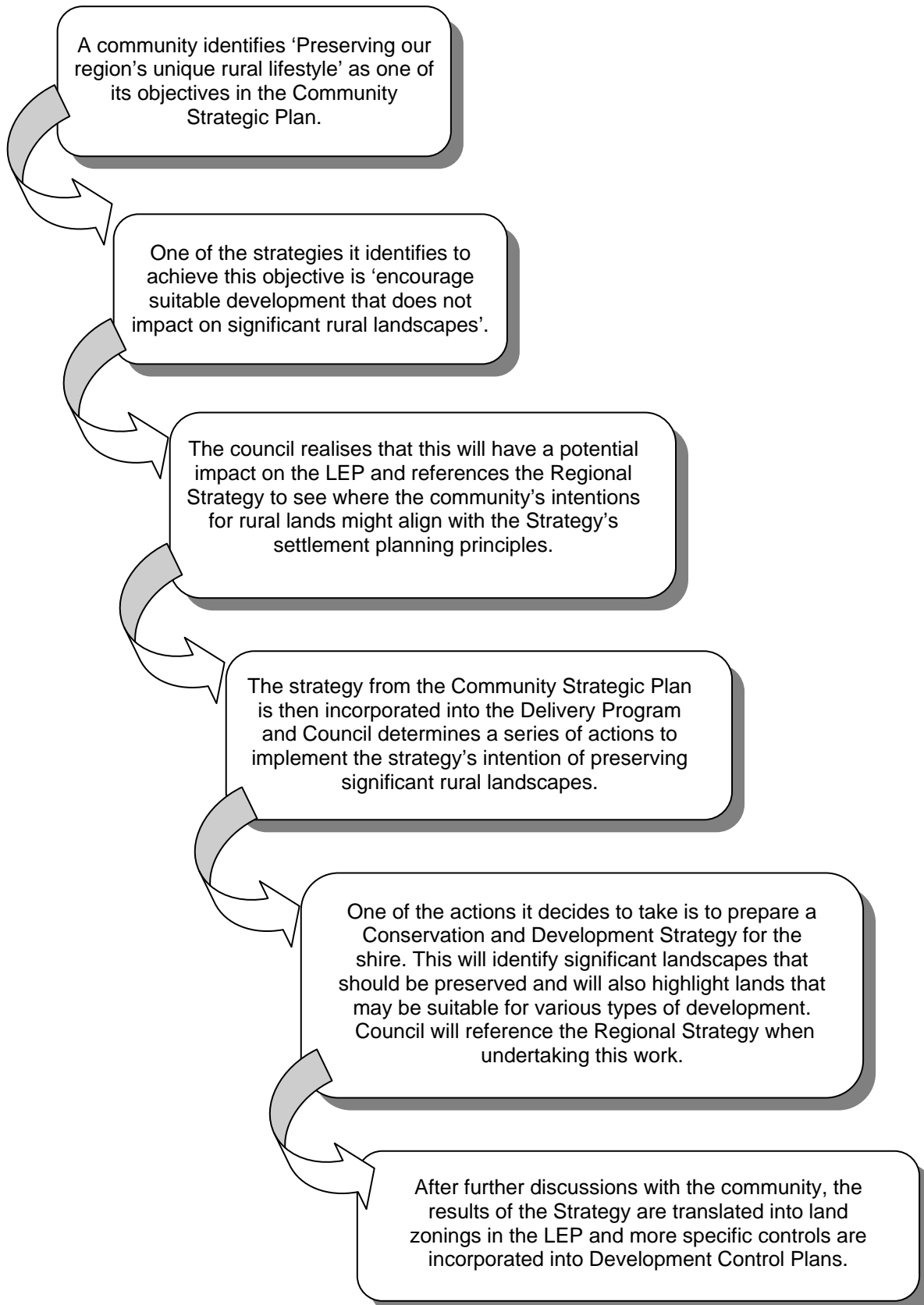
The example on the previous page shows one of the methods councils can use to connect the Community Strategic Plan with other planning mechanisms, such as land use strategies, the LEP and Development Control Plans.

In this particular example, the community has identified some key result areas for employment that will have impacts on land use within the local government area. It has also identified that one method of meeting these objectives is via the LEP. In this case, specific actions relating to the LEP have been included in the Community Strategic Plan. Other councils may choose not to be so specific in the Community Strategic Plan and reference the detailed connections with the LEP in the Delivery Program instead.

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The example following shows a method of linking the Community Strategic Plan with the LEP via the Delivery Program.





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### 2.12 Deciding on assessment methods

#### Essential Element 1.8

The Community Strategic Plan must identify assessment methods for determining whether the objectives are being achieved.

The purpose of developing and implementing a Community Strategic Plan is to bring about some form of positive change or desired outcome within the community. So it is important to check, at regular intervals, whether or not the community is making progress towards achieving these goals.

Councils are required to undertake a review process every four years to assess the effectiveness of the Community Strategic Plan in achieving its objectives. However, it is important to have frameworks in place to monitor progress on an ongoing basis.

The type of monitoring councils do will depend on the principles they have chosen and the objectives and strategies that have been set. The aim of the assessment process is to answer a few key questions:

- Are we starting to reflect our principles?
- Are we moving towards achieving our long term objectives?
- Are the various partners in the Plan doing what they said they would do?

A number of councils are already using sustainability indicators to assess their progress in delivering strategic outcomes. Others prefer to use frameworks developed through the Global Reporting Initiative (GRI) or assessment methods incorporated into the Business Excellence Framework.

All of these methods are appropriate and councils are free to choose the best approach for their particular circumstances. The only requirement is that each council must have an assessment framework in place to test the effectiveness of its Community Strategic Plan – is it achieving the community's vision for the future?

A weakness identified in many council State of the Environment reports has been that the focus was on delivering the report (output) and not on whether Council's environmental management was delivering better outcomes for the community. The assessment process should focus on outcomes rather than just outputs.

For example, if the strategic objective is to encourage recycling and one of the strategies chosen is community education, the assessment should not just focus on whether the education campaign was delivered, it should also seek to ascertain if the campaign actually achieved its aim – Did it change behaviours? Was there an increase, for example, in the amount of materials collected for recycling?

While it is not always possible to draw direct cause and effect correlations, the aim should be to gather as much information as practical to make an informed judgement on whether the plan actually worked, or is starting to work.

It is also important to develop an assessment system that tests the quadruple bottom line – social, environment, economic and civic leadership – not just one particular area.

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Monitoring systems should be designed for a particular purpose. They should focus on finding evidence of some form of change that would indicate progress, or otherwise, towards a strategic goal, rather than just gathering scientific data.

Where a council decides to undertake its own monitoring programs, it is recommended that standard methodologies or protocols be used and that a suitable timeframe for the program is developed.

For example, if a council decides that monitoring water quality in the local lagoon is important for tracking its progress towards a strategic goal, it should carry out the process in the same way, at the same place/s, over a relevant period of time to ensure a reliable set of data. Following standard protocols may also allow a council to exchange data with other partners, such as CMAs.

Looking at other assessment mechanisms may also help a council to design its own particular approach. For example, the State Plan has a comprehensive range of targets in place and a system for monitoring progress towards those targets on a regional basis. This information is provided in regular progress reports. Could Council use any of this information to help inform its own assessment processes?

The assessment process should draw on both qualitative and quantitative data. The way that people feel or respond to issues is often a stronger indicator of progress than a list of facts and figures. Combining both types of data will help to give a more comprehensive picture.

Following is a list of some of the methods that councils currently use to test the effectiveness of their long-term strategic plans:

- Community satisfaction ratings with various activities (determined by regular community surveys)
- Community perceptions (determined by regular community surveys)
- Housing affordability ratings – e.g. the percentage of residents considered to be in mortgage or rental stress
- Local employment trends
- Public health indicators
- Crime statistics
- Public transport usage and commuting distances
- Usage figures for key facilities e.g. sports fields and aquatic centres
- Participation in cultural activities
- Progress towards waste reduction targets
- Progress towards water quality targets
- Water and energy consumption figures
- Economic indicators such as commercial rental rates, gross regional product, tourism spend, labour market trends, development figures, property market details, retail spending
- Educational enrolments
- Access to childcare
- Infrastructure condition assessments and improvement targets
- Sustainability indicators

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### **Assessment example: Environmental Management**

The new planning and reporting framework has elevated environmental management to a strategic level and extended the planning timeframe by including it as a key component of the 10-year (minimum) Community Strategic Plan.

It is important that councils recognise that they will still need to prepare a State of the Environment report at the conclusion of each Council term. This will entail gathering information about the local environment, assessing this information, considering relevant issues and suggesting responses to these issues in order to inform Council's long-term plans.

The new framework shifts the focus away from reporting on prescribed themes and moves the emphasis towards reporting in a way that adequately informs long-term planning. Reporting is tied to whether or not strategic objectives are achieved. It will be up to councils to decide what are the most relevant environmental themes to consider when preparing information to inform the Community Strategic Plan.

A list of environmental themes that councils might consider to help them identify key local environmental issues follows. These themes should be used by councils as a starting point to identifying priorities when developing their Community Strategic Plan:

- Air
- Water
- Land
- Biodiversity
- Population and land use
- Energy
- Climate
- Transport
- Noise
- Waste
- Coastal and marine

Councils might also wish to consider the themes identified in the State Natural Resource Management targets, as well as themes that relate to other environmental issues. For example, these might include:

- Native vegetation
- Native fauna
- Threatened species
- Invasive species
- Riverine ecosystems
- Groundwater
- Marine waters and ecosystems
- Wetlands
- Estuaries and coastal lake ecosystems
- Urban water
- Soil condition
- Land management
- Population and settlement/land use
- Air
- Heritage
- Energy
- Climate
- Transport
- Waste

In determining whether they are achieving the desired outcomes of their Community Strategic Plan, councils will need to identify what environmental monitoring program is required. This program should inform Council's State of the Environment report.

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One of the problems identified with existing monitoring programs is that data collected at the local level is not used to inform environmental reporting at higher levels - regional, state and national. Some of the problems have been the use of different methodologies for data collection and inconsistency in collection.

Councils should engage with their local Catchment Management Authority and other relevant organisations in their area to come up with a system of monitoring, evaluation and reporting that involves collaboration across the various levels (local/regional/state).

The new framework establishes a number of opportunities for councils to work with each other, and with other groups and agencies in environmental management, monitoring and reporting. For example, councils should consider participating in regional state of the environment-type reviews to help inform the Community Strategic Plan in their local government area.

There is also opportunity to draw from a wider range of data, to form partnerships or data-sharing arrangements for environmental monitoring across a region with shared environmental features.

An example of this approach is the 2007/08 Namoi Regional State of the Environment Report. The Namoi region includes five local government areas. The purpose of the Regional State of the Environment report is to provide relevant data and research, and assess environmental issues to inform the development of long-term strategic plans and shorter term operational plans for councils in that area.

The Namoi Regional State of the Environment reports aim to:

- promote a big picture understanding of the environmental issues across the region
- identify external influences and pressures impacting on the environment
- provide clarification of the roles and responsibilities for particular environmental issues, and the role that councils may play (advocate, service provider, regulator, or facilitator) in responding to these
- identify links to the NSW State Plan and Namoi CMA targets
- to integrate with the Namoi Catchment Sustainability Plan
- identify opportunities or appropriate responses
- suggest processes to assess the effectiveness of responses and ensure an effective continual improvement loop.

It is essential that councils include sufficient emphasis on environmental assessment to satisfy their community that the environment is being effectively managed and protected.

### **Assessment example: Promoting Active Living**

Many communities identify 'healthy active communities' as a key objective of their long-term plans – but how does a community determine if its actions are actually having an effect?

The Premier's Council on Active Living (PCAL) has considered this issue and consulted with state and local government stakeholders to develop a list of ten key areas that could be sampled. The list is based on the understanding that the physical environment of an area has an effect on the physical activity of its residents.

The indicators are comprehensive and it is not intended that councils should monitor everything on the list. Councils may wish to choose the measures that best suit their situation, priorities and resources. For example, one item from each of the ten key areas would provide a good collection of evidence to indicate progress in promoting active living. As can be seen from the list, some evidence will be quantitative – facts and figures from various sources, and some will be qualitative – the way people feel about things.

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Possible information sources include:

- Council's Geographic Information System (GIS) data for built environment features
- NSW Health surveys
- Australian Bureau of Statistics (ABS) census results
- Community surveys and consultations

The ten key areas identified by the Premier's Council on Active Living (PCAL) are:

### (i) Land use environment

- Percentage of residents within 400m and 800m walk of town centres and/or transport hubs
- Degree of integration between residential and non-residential land uses, with measures of population and employment density per km<sup>2</sup>
- Measurement of land use mix (diversity of uses and accessibility)
- Number of dwelling units per km<sup>2</sup>
- Density within 400m and 800m of major transport stops

### (ii) Facilities

- Number of supporting facilities, services and programs that promote active living (eg number and location of recreation facilities)
- Total amount of open space per population
- Percentage of residents within 400m of neighbourhood park and 800m from a district park
- Street and park furniture including benches, resting places and awnings for shade
- Lighting

### (iii) Transport environment

- Footpaths (km of footpaths per km<sup>2</sup>, total length of footpaths, footpath connections between residential areas and shopping)
- Footpath maintenance schedules
- Cycling infrastructure (km of continuous cycleways, total length of cycleways, bicycle parking facilities at major destinations)
- Infrastructure connections (integrated bicycle network access to major destinations)
- Development and implementation of local integrated transport plans
- Number and length of 40 km/h and 50 km/h speed limits to reduce accidents and improve local amenity
- Street connectivity measures including ratio of intersections to land area (eg number of intersections per km<sup>2</sup>) and similar ratios relating to number of blocks, cul de sacs and/or access units
- Frequency of public transport to major destinations

### (iv) Aesthetics

- Landscaping, presence of grass, trees and shade
- Areas of interest
- Maintenance schedules for neighbourhood parks
- Amount of garbage or litter on a street segment
- Total graffiti and its rate of removal

### (v) Travel patterns

- Use of bicycle facilities (eg road counters on cycleways)
- Commuter statistics indicating increased public transport use and percentage of active transport mode share

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### **(vi) Social environments**

- Development of strategic community safety plans including crime prevention strategies
- Crime Prevention Through Environmental Design guidelines incorporated within Council's Development Control Plans
- Number of health impact assessments completed
- Income inequality
- Number of people visibly active within a neighbourhood

### **(vii) Land use economic**

- Amount of funding to enhance regional and local sport and recreation facilities
- Amount of funds for new facilities

### **(viii) Transportation economic**

- Amount of funding for footpaths and bicycle lanes

### **(ix) Policies**

- Incentives to use public transport
- Use of bicycle fleets
- Availability of end-of-trip facilities for cyclists
- Policies requiring sidewalks, cycleways and open space

### **(x) Promotion**

- Provision of education, promotion and driver awareness campaigns
- Brochures and signage to promote active living
- Community events such as walks or runs
- Local directories including local transport information, recreation facilities, walking/cycling networks and trails.

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### 2.13 Reviewing the Plan

#### Essential Element 1.9

From 2012, each newly elected council must review the Community Strategic Plan within nine months of the local government elections and roll the planning period forward by at least 4 years (so that it is always a 10 year minimum plan).

#### Essential Element 1.10

The review must include the following:

- A report from the outgoing council on the implementation and effectiveness of the Community Strategic Plan in achieving its objectives over the past four years.
- A review of the information that informed the original Community Strategic Plan.
- A community engagement program, as prescribed by the Local Government Act and Essential Element 1.5.

Although councils and their communities will plan ahead for 10 years, it is not expected that the plan will be set in stone for that period.

The community will have a chance to revisit the Community Strategic Plan every four years when its new council is elected. It may wish to change the priorities or objectives of the Community Strategic Plan if something significant has happened during that period, or revise the strategies if a particular course of action hasn't proved effective.

The review process will also roll the Community Strategic Plan forward by another four years, so that it is always a 10 year+ plan. The community may wish to add new long-term objectives, or change the timeframes originally planned for some projects.

From the 2012 council elections, the review must be completed within nine months of the election, to allow each council to prepare its Delivery Program, Operational Plan and budget for the coming financial year.

The review must include the following three stages as a minimum:

- (i) Preparing a report on the implementation and effectiveness of the Community Strategic Plan over the past 4 years (to be completed by the outgoing council)
- (ii) Reviewing the information that informed the original Community Strategic Plan (to be undertaken by the incoming council)
- (iii) Engaging with the community

The report on the implementation and effectiveness of the Community Strategic Plan must be prepared by the outgoing council and be included in the annual report for the election year, or as a supplement to the annual report. The report could be tabled by the outgoing council at its last meeting and published within the same calendar year as the election (ie for the 2012 council elections, it could be included in the annual report for 2011-12).

There is no specific requirement for the format or content of the report. However, councils must ensure that it is sufficiently comprehensive to allow for informed community discussion.

Some councils use a State of the Shire format to do a stocktake of the issues and pressures affecting their area and how effective particular programs have been in addressing the issues. The State of the Shire format is not mandatory, but is encouraged as a good practice approach.

## 2. THE COMMUNITY STRATEGIC PLAN

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The report should provide information about how effective the Community Strategic Plan has been in delivering the desired outcomes. To make this judgement, each council will need to revisit the assessment methods the community agreed on for the original plan.

The report should answer these questions:

- Did Council do what it said it would do towards achieving the objectives of the plan?
- Did other partners in the process do what they said they would do towards achieving the objectives of the plan?
- Were these actions effective – did anything change or start to improve?

The incoming council will also be required to contribute to the review process by revisiting and updating the information that the previous Council used to inform its Community Strategic Plan and considering whether anything has significantly changed.

For example, there may have been significant demographic, environmental or economic changes over the past four years. If these changes have implications for the Community Strategic Plan, they should be brought to the attention of the community during the engagement process.

The community engagement requirements for the review are the same as the requirements for the original development of the Community Strategic Plan. Each council must develop and implement a community engagement strategy.

It is also possible for the community to change the Community Strategic Plan within the council term if required, but this should only occur if there is a fundamental change that affects the whole community. An example might be a natural disaster such as a major storm, bushfire or flood that severely damages community infrastructure; or, if there was a significant change in a local government area's boundary.

Community engagement is required whenever significant changes are proposed to the Community Strategic Plan. 'Significant changes' would be those that require changes to the objectives of the plan, or the strategies outlined in the plan.



## 2. THE COMMUNITY STRATEGIC PLAN

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### 2.14 Submitting the plan

#### Local Government Act

Councils must provide the Director-General with a copy of the Community Strategic Plan and any amendment of the plan within 28 days of the Plan (or amendment) being endorsed.

Councils are required to submit the completed Community Strategic Plan to DLG within 28 days of it being endorsed by Council.

The purpose of submitting the Community Strategic Plan to DLG is to assist in information sharing with other councils, State agencies and other interested organisations. All Community Strategic Plans will be available on DLG's website so councils should submit their plans in electronic format (PDF files).

DLG will review all Community Strategic Plans when they are submitted during the initial three-year transition period for the new framework.

All councils are required to make their Community Strategic Plan available to their community by including it on their website.

## 3. THE RESOURCING STRATEGY

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### The Resourcing Strategy

*The Community Strategic Plan provides a vehicle for expressing long-term community aspirations. However, these will not be achieved without sufficient resources – time, money, assets and people – to actually carry them out.*

*The Resourcing Strategy consists of three components:*

- *Long Term Financial Planning*
- *Workforce Management Planning*
- *Asset Management Planning*

*The Resourcing Strategy is the point where Council assists the community by sorting out who is responsible for what, in terms of the issues identified in the Community Strategic Plan. Some issues will clearly be the responsibility of Council, some will be the responsibility of other levels of government and some will rely on input from community groups or individuals. The Resourcing Strategy focuses in detail on matters that are the responsibility of Council, and looks generally at matters that are the responsibility of others.*

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## 3. THE RESOURCING STRATEGY

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### 3.1 General Requirements

#### Local Government Act

A council must have a long-term Resourcing Strategy for the provision of resources required to implement the strategies established by the Community Strategic Plan that council is responsible for.

The strategy must include provision for long-term financial planning, workforce management planning and asset management planning.

The Community Strategic Plan provides a vehicle for each community to express its long-term aspirations. However, these aspirations will not be achieved without sufficient resources – time, money, assets and people – to carry them out. The Resourcing Strategy is a critical link when it comes to translating strategic objectives into actions.

It will also be one of the more challenging aspects of the new planning framework for councils to prepare, because the components cannot be completed in isolation and will take considerable time, especially asset management.

The integrated nature of the plans means that essentially they will all be developed concurrently, with cross-referencing and adjustment as the development of each plan progresses.

The community will need to have some basic information about community assets and their condition to help inform its strategic planning process, but the final strategy for asset management can't be completed until the Community Strategic Plan has been finalised. The Community Strategic Plan can't be finalised until financial projections and options have been prepared and discussed with the community. The Long Term Financial Plan will not take on a level of detail until the Delivery Program and Operational Plans are developed.

The Resourcing Strategy process will allow communities to consider a wider range of options for delivering strategic outcomes.

Councils do not have full responsibility for implementing or resourcing all the community aspirations identified in the Community Strategic Plan. Other stakeholders, such as State agencies, non-government organisations, community groups and individuals also have a role to play in delivering these outcomes. The Resourcing Strategy process provides an opportunity to quantify what Council's contributions might be.

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## 3.2 Long Term Financial Planning

### Local Government Act

Council's Resourcing Strategy must include provision for long-term financial planning.

### Essential Element 2.1

Each council must prepare a Long Term Financial Plan.

### Essential Element 2.2

The Long Term Financial Plan must be used to inform decision making during the finalisation of the Community Strategic Plan and the development of the Delivery Program.

### Essential Element 2.3

The Long Term Financial Plan must be for a minimum of 10 years.

The Long Term Financial Plan is an important part of Council's strategic planning process. This is the point where long-term community aspirations and goals are tested against financial realities. It is also where Council and the community may decide what resources councils need to influence and work with other parties so that they might deliver on responsibilities.

The Community Strategic Planning process will provide Council with valuable information about the future. From the exercise, both Council and the community will have a better understanding of:

- Expected pressures that will affect the community socially, environmentally and economically and the drivers behind this change
- Expected economic growth rates
- The community's aspirations and priorities for improving its economic, environmental and social outcomes
- The community's priorities in terms of expected levels of service and community projects.

The Long Term Financial Plan will seek to answer the questions:

- Can we survive the pressures of the future?
- What are the opportunities for future income and economic growth?
- Can we afford what the community wants?
- How can we go about achieving these outcomes?

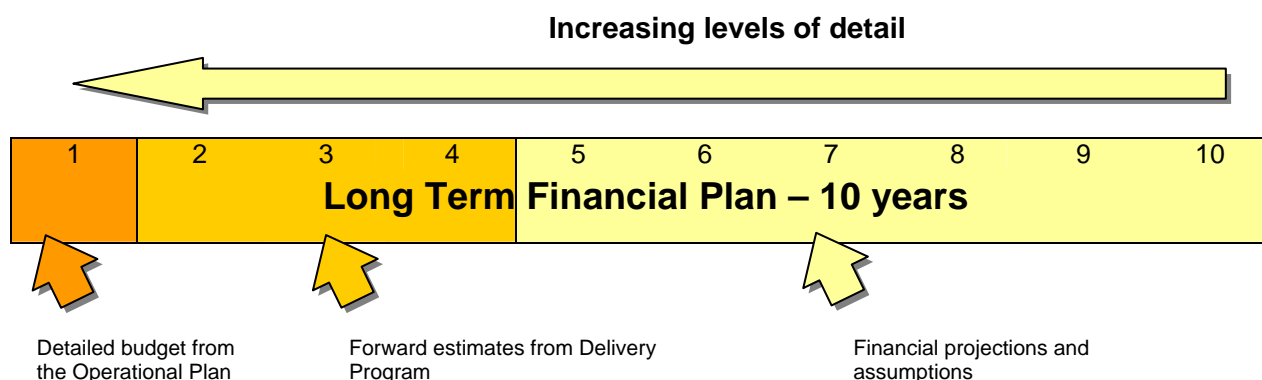
The Long Term Financial Plan (LTFP) is a decision-making and problem-solving tool. It is not intended that the LTFP is set in concrete – it is a guide for future action. The modelling that occurs as part of the plan will help councils to weather unexpected events. It will also provide an opportunity for Council to identify financial issues at an earlier stage and gauge the effect of these issues in the longer term.

The longer the planning horizon, the more general the plan will be in the later years. For example, it is not expected that the 10<sup>th</sup> year of a 10 year plan will include specific detail.

As decisions are made, more detail can be added to the LTFP. For example, as Council finalises its Delivery Program, the first four years of the LTFP will become firmer. As the Operational Plan is completed, the detailed budget will form the first year of the Long Term Financial Plan. The diagram following shows the relationships.

## 3. THE RESOURCING STRATEGY

Planning for major infrastructure, storm water drainage and water supply and sewerage may require a longer planning horizon. For example, the Integrated Water Cycle Management Guidelines (IWCM) required preparation of a 30 year IWCM strategy. Similarly, the planning horizon for water supply and sewerage strategic Business Plans must be at least 20 years.



### 3.2.1 Foundations of the Plan

#### Essential Element 2.6

The Long Term Financial Plan must include:

- Planning assumptions used to develop the plan
- Projected income and expenditure, balance sheet and cashflow statement
- Sensitivity analysis (factors/assumptions most likely to affect the plan)
- Financial modelling for different scenarios eg planned/optimistic/conservative
- Methods of monitoring financial performance.

#### Essential Element 2.4

The Long Term Financial Plan must be updated at least annually as part of the development of the Operational Plan.

#### Essential Element 2.5

The Long Term Financial Plan must be reviewed in detail as part of the four yearly review of the Community Strategic Plan.

The Long Term Financial Planning process is built on four foundations:

- Planning assumptions
- Revenue forecasts
- Expenditure forecasts
- Sensitivity analysis.

### Planning assumptions

Many of the planning assumptions will come from the Community Strategic Planning process, others will be derived from general financial planning practices. Assumptions from the Community Strategic Plan might include:

- population forecasts
- anticipated levels of local economic growth
- major planned expenditure, such as capital works.

# 3. THE RESOURCING STRATEGY

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Other assumptions that should be included in the financial planning process include:

- Federal, State and regional economic forecasts
- inflation forecasts
- interest rate movements.

## Revenue forecasts

In considering the likely revenue that will be available to meet the community's long-term objectives, the Long Term Financial Planning process needs to consider:

### Capacity for rating

This is a major component of any council's revenue base. The planning process should include an assessment of the community's capacity and willingness to pay rates and whether there is the potential for changes in that capacity. In making that judgement, Council might review information relating to:

- separate or specific rates and charges
- the potential to reduce the reliance on rates through increased revenues from other sources eg fees and charges
- potential growth/decline in rating revenues from changing demographic and industry makeup
- possible need to increase reliance on rating due to reduction of revenues from other sources eg a decline in grants or subsidies
- projected impact of the rate peg
- opportunities for a special variation to general income
- Council's current rating policy and likely changes to that policy in the future.

### Fees and charges

Many of the services provided by councils are offered on a 'user pays' basis. In preparing the Long Term Financial Plan, Council should consider possible future income from fees and charges, including opportunities to reduce reliance on other forms of income. It should also consider community members' future capacity and willingness to pay fees and charges and issues that may impact on that capacity.

### Grants and subsidies

Councils receive general purpose Financial Assistance Grants from the Commonwealth Government and may also receive other grants and subsidies through specific programs. In preparing the Long Term Financial Plan, Council should consider the potential effects of these grants and subsidies being reduced and whether Council has the capacity to replace the revenue stream, or the ability to provide the same level of services without this source of funding.

### Borrowings

Most councils finance some of their capital expenditure through borrowings. Generally these are for expenditures on major infrastructure projects. Borrowing the funds allows the cost of these projects to be spread over a number of years in order to facilitate inter-generational equity for these long-lived assets. Borrowings can also be used to smooth out long-term expenditure peaks and troughs. Preparing the Long Term Financial Plan will help Council to identify these peaks and troughs more readily and plan strategies to address them.

### Cash reserves

An alternative to borrowing for expenditure peaks and troughs is to build up cash reserves in years when expenditure is lower, for use in years when higher expenditure will occur. The problem with cash reserves is that they can often be diverted to uses other than those originally intended, leaving Council short of funds for its other planned expenditures. Cash reserves need to be carefully

## 3. THE RESOURCING STRATEGY

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managed to achieve optimum investment incomes and to be available when needed for planned expenditures.

### **Expenditure forecasts**

The Community Strategic Plan will give Council a good idea of the amount of money required to meet the community's expectations for the future. This should be considered along with the information Council already has about its ongoing operational costs.

Balancing expectations, uncertainty of future revenue and expenditure forecasts will be one of the most challenging aspects of the financial planning process. Council should review the expenditure forecast several times as the Community Strategic Plan and Asset Management Strategy and Plan/s are finalised and more details are refined in the Delivery Program and Operational Plans.

There will be a point where Council goes back to the community to discuss the draft Community Strategic Plan and its financial implications. Are the objectives of the Community Strategic Plan achievable? How much is the community willing to pay to achieve these objectives? Are there other sources of revenue? What are the priorities?

In developing expenditure forecasts, it is important to consider not only the new expenditure items that are proposed in the draft Community Strategic Plan, but also Council's ongoing commitments. Relevant sources of information on ongoing commitments might include the draft asset management strategy, previous management plans and repayment schedules for long-term borrowings. However, it shouldn't be assumed that expenditure patterns will continue exactly as they have in the past. The Community Strategic Planning process encourages decisions about future priorities and levels of service, so it may be that some existing services are no longer provided, or that new services are provided, or that different service standards will apply.

When considering new expenditure items, it is important to look at complete costings for capital and recurrent expenditures. Some commitments may extend beyond the life of the Long Term Financial Plan. For example, a masonry building that has a useful life of between 50-100 years will incur operational and maintenance costs beyond the life of the 10-year Long Term Financial Plan. The building will also require replacement at the end of its useful life and the anticipated cost of replacement will need to be considered when developing future Long Term Financial Plans. Another example would be a bid for a specialist staff member (eg an Economic Development Officer or Road Safety Officer) which will require not only salary costs, but also salary on-costs, travel, training, support service, office space and other costs.

It is also important to ensure appropriate phasing of costs across the Long Term Financial Plan. For example, with capital projects which are to be completed during the Long Term Financial Plan, the cost should reflect when specific expenditure for planning, construction, implementation and maintenance is expected to occur.

The format for the projected income and expenditure, balance sheet and cash flow statement must be in accordance with the current Code of Accounting Practice.

### **Sensitivity analysis**

Long term financial plans are inherently uncertain. They contain a wide range of assumptions, including assumptions about interest rates and the potential effect of inflation on revenues and expenditures. Some of these assumptions will have a relatively limited impact if they are wrong. Others can have a major impact on future financial plans.

## 3. THE RESOURCING STRATEGY

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It is important that:

- all the assumptions in the Long Term Financial Plan are documented. This should be contained in a Planning Assumptions Statement that accompanies the Plan
- those matters which will have moderate to significant impacts are identified
- the Plan is tested by varying the parameters of moderate to significant assumptions (eg changing interest and inflation rates, changing the population growth rate, reducing or eliminating grants and subsidies, increasing taxation rates)

### 3.2.2 Risk assessment

Once the Long Term Financial Plan begins to take shape, it is important to continue testing the assumptions through a risk assessment process. This should consider questions such as:

- How accurate are the projected estimates of expenditure?
- How certain is the revenue stream?
- What could impact on the expenditures?
- What could impact on the revenues?
- What other risks are associated with key projects eg loss of key staff, loss of subsidy?
- How reliable are investment options?
- Are ratepayers' funds at risk?
- What are the potential liabilities for Council – legal and financial – if key projects fail?

Other means of testing the Long Term Financial Plan include:

- undertaking a cost/benefit analysis
- conducting a SWOT analysis to ensure that problems can be anticipated and properly dealt with
- rigorously considering all the options and alternatives to carry out a function, provide a service or raise funds and choosing the option that is the least risky or the most likely to succeed.

### 3.2.3 Financial modelling

The development process for the Long Term Financial Plan should include financial modelling of different scenarios eg planned/optimistic/conservative.

This will provide Council with an idea of how much flexibility is in the Plan and how much latitude it has with various projects and scenarios.

These models will be important when discussing the financial implications of the Community Strategic Plan with residents and will also assist councillors in developing suitable actions for the Delivery Program.



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### 3.2.4 Performance monitoring

An intrinsic part of building the Long Term Financial Plan is deciding how Council will monitor its performance against the Plan. The statement of performance measures should be in accordance with Note 13 – Statement of Performance Measures of the current Accounting Code.

Council should review the LTFP each year as part of the development of the Operational Plan. This review should include an assessment of the previous year's performance in terms of the accuracy of the projections made in the LTFP compared to the actual results. Were the estimates accurate? Were the assumptions underpinning the estimates appropriate? The assumptions may need to be adjusted to improve the accuracy of the LTFP over the longer term. Major differences between budget and actual figures should be documented with an explanation.

The review process should be repeated every four years, in line with the review of the Community Strategic Plan. The LTFP will need to be adjusted if there are any substantial changes to the Community Strategic Plan. It is also an appropriate time to test the underpinning assumptions and the accuracy of the estimates of the past four-year period.

Council should not only monitor its performance against the LTFP and the annual budget, but also develop measures to assess its long-term financial sustainability. This might include reference to standard indicators such as debt service ratio, unrestricted current ratio, net current assets, and capital expenditure ratio. It might also include comparison of Council's proposed renewals expenditure over the next four years with the required renewals expenditure in its asset management plan.

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### 3.3 Workforce Management Planning

#### Essential Element 2.7

A Workforce Management Strategy must be developed to address the human resourcing requirements of a council's Delivery Program.

#### Essential Element 2.8

The Workforce Management Strategy must be for a minimum of four years.

Workforce planning will help to ensure that the community's strategic goals - as expressed in the Community Strategic Plan - will be met. The development of an effective workforce strategy will enable Council to focus on the medium- and long-term and also provide a framework for dealing with immediate challenges in a consistent way.

An effective workforce strategy aims to provide Council with the people best able to inform its strategic direction, develop innovative approaches to complex issues and deliver appropriate services effectively and efficiently.

By approaching workforce planning in a strategic way a number of aims and statutory requirements can be addressed in a single process to ensure that all aspects of Council's operations are appropriate and effective. These include EEO management planning and practising the principles of multiculturalism.

The benefits of ensuring a diverse workforce include better local representation, improved communication and better understanding of the issues affecting local communities, as well as maximising the pool of workers from which to address the issues facing councils. Such issues could include skills shortages, ageing workforce and business succession planning, as well as invigorating local communities and economies.

Strategic issues to consider when developing Council's Workforce strategy include the analysis of council's workforce requirements based on the commitments in the Community Strategic Plan and Delivery Program, developing an appropriate workforce structure to meet those objectives, workplace equity and diversity as a tool to benefit Council, strengthening Council's workplace governance, and supporting and developing Council's staff.

DLG is developing a web-based resource on workforce planning to assist councils, which will be included on the Integrated Planning and Reporting website at [www.dlg.gov.nsw.au](http://www.dlg.gov.nsw.au). Councils may also wish to consider the NSW Government's publication: [Workforce Planning: A Guide](#), which can be found on the NSW Department of Premier and Cabinet's website: [www.dpc.nsw.gov.au](http://www.dpc.nsw.gov.au).

## 3. THE RESOURCING STRATEGY

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### 3.4 Asset Management Planning

#### Essential Element 2.9

Each council must account for and plan for all existing assets under its control, and any new asset solutions proposed in its Community Strategic Plan and Delivery Program.

#### Essential Element 2.10

Each council must prepare an Asset Management Strategy and Asset Management Plan/s to support the Community Strategic Plan and Delivery Program.

NSW local government is the custodian of approximately \$50 billion of community assets which enable councils to provide services to their community. These assets include roads, water and sewerage assets, drains, bridges, footpaths, public buildings, recreational facilities and parks and gardens.

As custodian, councils are responsible for effectively accounting for and managing these assets and having regard for the long-term and cumulative effects of the decisions. This is a core function of councils and is reflected in the Charter in section 8 of the *Local Government Act 1993*.

Furthermore, a strong and sustainable local government system requires a robust planning process to ensure that these assets are managed in the most appropriate way on behalf of local communities.

#### Defining an asset

An asset is defined as “*a resource controlled by a council as a result of past events and from which future economic benefits are expected to flow to the council.*” At this stage, councils are only required to specifically consider their physical assets. However, some councils currently choose to plan for the long-term management of ‘soft assets’ (intangibles) such as intellectual property and natural assets.

Councils should ensure their asset management planning has a service delivery focus. In other words, the assets that are provided are necessary to meet the needs of the community as identified by the community.

#### Defining asset management

The term ‘asset management’ describes the process for ‘whole of life’ asset management from planning, purchase, operation, and maintenance to disposal of assets. It also encompasses integration of asset and service outcomes.

Under the Asset Management Standard Public Available Specification 55, asset management is defined as “*...the systematic and coordinated activities and practices through which an organisation optimally manages its physical assets, and their associated performance, risks and expenditures over their lifecycle for the purpose of achieving its organisational strategic plan*”<sup>1</sup>.

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<sup>1</sup> PAS 55 is published by the British Standards Institute

# 3. THE RESOURCING STRATEGY

## Key components of an asset management system

The key components or tools in a council's asset management system should include:

- Asset registers
- Asset condition assessments
- Asset maintenance and management systems
- Strategic planning capabilities
- Predictive modelling
- Deterioration modelling
- Risk analysis
- Lifecycle costing.

Asset management decisions should be informed by evaluation of alternative means of service provision (eg asset sharing), full lifecycle costing, and performance measurement and monitoring.

Informed decision-making recognises the long-lived character of infrastructure assets and the need to plan and budget for them on a full lifecycle basis beginning with the identification of a service need and the means to meet that need.

## The planning horizon

### Essential Element 2.11

The Asset Management Strategy and Plan/s must be for a minimum timeframe of 10 years.

The Asset Management Strategy and Plan/s will require three different but interlocking planning periods:

- A rolling 10-20+ years forecast, linked to the Community Strategic Plan and Long Term Financial Plan
- 4 years to guide asset decisions flowing from the Delivery Program
- An annual plan detailing the actions to be implemented in the Operational Plan.

As the Strategy is a 'living document' that will include benchmarks and milestones aimed at improving Council's asset management processes and procedures, it must be monitored regularly and amended to reflect progression in its implementation.

In addition, the Strategy and the Plan/s need to reflect any major changes in Council's asset portfolio. These changes may reflect asset investments or disposals that have resulted from, or are reflected in, Council's Delivery Program. Alternatively, these changes may result from unexpected major events, such as the decommissioning of a major asset due to severe storm damage or other natural disaster.

Asset Management Plans should also be subject to ongoing monitoring and regular review (at least annually) to reflect any changes in asset conditions and/or the asset portfolio.

With a 10 to 20+ year forward plan, elected members of Council and staff are in a better position to appreciate their current position and to be in a position to ensure any decisions take into account the impact on future generations. A council should not face any surprises in managing its assets. The relationship between long term financial planning and asset management planning is discussed further on page 5 of the Australian Infrastructure Financial Management Guidelines <sup>2</sup> (AIFMG).

<sup>2</sup> Australian Infrastructure Financial Management Guidelines – Version 1.0, 2009

## 3. THE RESOURCING STRATEGY

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### 3.4.1 Asset Management Strategy

#### Essential Element 2.12

The Asset Management Strategy must include an overarching council endorsed Asset Management Policy.

#### Essential Element 2.13

The Asset Management Strategy must identify assets that are critical to the council's operations and outline the risk management strategies for these assets.

#### Essential Element 2.14

The Asset Management Strategy must include specific actions required to improve Council's asset management capability and projected resource requirements and timeframes.

### Starting with an Asset Management Policy

The Asset Management Policy is a council endorsed policy which sets the broad framework for undertaking asset management in a structured and coordinated way. It outlines why and how asset management will be undertaken. It provides a clear direction for asset management and defines key principles that underpin asset management for the council.

The Policy should set the framework for the preparation of Council's Strategy and Plan/s, while the Strategy will support and implement Council's Policy. In doing so, the Policy should:

- establish the goals and objectives for asset management in terms of providing a platform for service delivery
- integrate asset management with Council's strategic planning
- maximise value for money by adoption of lifecycle costing, combined with performance measurement
- assign accountability and responsibility for service delivery together with asset management
- promote sustainability to protect the needs of future generations.

### - Issues to be addressed in Council's Policy

Typically, a council's Asset Management Policy will contain information regarding:

- the organisational context and importance of asset management
- the organisation's overall vision and goals and supporting asset management vision and goals
- asset management policies underpinning the strategic goals
- key performance measures for policies, including broad timeframes and deadlines (eg frequency of Asset Management Plan reviews, timing of community consultation inputs)
- asset management responsibilities and relationships
- how asset management integrates into the organisation's business processes
- audit and review procedures.

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## Developing the Asset Management Strategy

The development of an Asset Management Strategy will enable councils to show how their asset portfolio supports the service delivery needs of their communities into the future.

It should include:

- a description of the current status of Council's asset management practices (processes, asset data and information systems)
- specific actions to be undertaken to improve or enhance Council's asset management capability (a gap analysis), including resource requirements and timeframes
- specific actions to be undertaken to achieve the Council's strategic objectives.

When developing the Strategy, Council should address the following questions:

- What is the current situation?
- Where do we want to be?
- How will we get there?

### Current situation analysis

The first step in developing an Asset Management Strategy<sup>3</sup> is to develop a clear understanding of the current situation of the council's assets and their management. Issues to consider include:

- What is the current condition of the assets?
- Do they meet Council's and the community's current and forecast future needs?
- Is the funding base for their operation, maintenance and renewal appropriate and affordable?
- What is the state of Council's asset management procedures, systems and training?

These questions need to be answered from a strategic perspective – they are 'big picture' questions.

Then there are more 'micro' considerations. Questions which inform the main elements of a current situation analysis include:

- What is Council's current asset stock?
- What is the condition of council's current assets?
- What is the value of the assets?
- What are the operating and maintenance costs of the assets?
- What is the level of utilisation of existing assets?
- What is the level of user satisfaction with service provision?
- What is Council's future renewal profile?
- What asset management procedures, systems and training does Council currently have in place?

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<sup>3</sup> For those councils that have responsibility for water supply and sewerage, asset management planning requirements are comprehensive. Compliance with the *Best-practice Management of Water Supply and Sewerage Guidelines, 2007* and the *NSW Reference Rates Manual for Valuation of Water Supply, Sewerage and Stormwater Assets, 2007* is required. Further guidance for councils is provided in the *Water Supply and Sewerage Asset Management Guidelines, 1991*. These documents may be found at [www.water.nsw.gov.au](http://www.water.nsw.gov.au).

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## **Where do we want to be?**

Council's Asset Management Strategy must fit within the vision and objectives of its Community Strategic Plan. If the Strategy does not fit within the vision and objectives set out in the Community Strategic Plan, it is on the wrong track. Similarly, the Community Strategic Plan needs to respond to the council's asset management realities.

Central to this process are forecasting the service delivery needs and the capacity to meet them on a short, medium and long-term basis.

The answer to the question 'Where do we want to be?' lies in the outcomes wanted by the community and may challenge current attitudes and practices. The key outcome is the provision of services responsive to the community's needs within available resources. This outcome sets the framework for a council's strategic planning. It identifies the strategic considerations to be met.

This section of the Strategy should therefore address where the council wants to be both in terms of:

- improving Council's asset management practices, and
- aligning Council's asset profile and performance with its Community Strategic Plan.

It also requires an understanding of what 'good' or 'best practice' asset management is, in order to determine where the Council wants to be and the areas where it believes it should focus its attention.

Typical elements of future considerations include:

- unchanged outcomes
- new outcomes
- outcomes that will cease to be met
- broad information on changing demographics and industry
- likely technological changes.

A council will have already identified many of these elements during the research and information gathering it has undertaken as part of its Community Strategic Planning process.

## **How will we get there – identifying and addressing the gaps**

Once Council has identified its existing asset profile and performance and its current asset management practices, and where it wants these to be, it can then embark on identifying a path to addressing the gaps.

A 'gap analysis' would include a comparison between the current situation and future objectives to highlight where strategies will need to be developed to cater for any changes, in accordance with Council's evaluation of the relevant economic, social, environmental and civic leadership considerations.

The gap analysis should include:

- the results of any risk assessment undertaken to identify asset management improvement needs
- details of the benefits and costs of addressing the gaps
- realistic timeframes for addressing the gaps
- identification of the priority actions to achieve Council's strategic goals and its Asset Management Policy.

The gap analysis will then form the basis of an improvement plan to address the gaps.

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## A suggested improvement plan

The International Infrastructure Management Manual (IIMM) suggests that improvement tasks can be grouped under the following six headings<sup>4</sup>. Under each heading are some typical improvement activities relating to these areas:

<p><b>1. Asset Management Preparation/Corporate Overview</b></p> <ul style="list-style-type: none"> <li>• Confirm asset management team/coordinator roles</li> <li>• Confirm corporate asset management objectives/programs</li> <li>• Confirm Asset Management Plan formats/scope</li> <li>• Prepare detailed activity asset management improvement plans</li> <li>• Define current levels of services/performance measures</li> <li>• List asset management policies (existing/required)</li> <li>• Prepare initial Asset Management Plans</li> <li>• Update existing/initial Asset Management Plans</li> <li>• Review selected levels of service</li> </ul>	<p><b>4. Asset Management Data Improvements</b></p> <ul style="list-style-type: none"> <li>• Confirm data classification/identification system</li> <li>• Confirm data collection priority</li> <li>• Confirm data collection/recording contract requirements</li> <li>• Collect and input priority asset management systems attribute data</li> <li>• Collect/input priority geographic information systems spatial attribute data</li> </ul>
<p><b>2. Asset Management Process Improvement</b></p> <ul style="list-style-type: none"> <li>• Confirm the following processes for each asset: <ul style="list-style-type: none"> <li>- Service delivery tendering</li> <li>- Level of service review/service performance monitoring</li> <li>- Asset condition assessment/performance monitoring</li> <li>- Attribute data collection/validation/recording</li> <li>- Customer enquiries</li> <li>- Asset accounting and economics</li> <li>- Renewal decision making/demand management</li> <li>- Capital expenditure improvements</li> <li>- QA/continuous improvement</li> </ul> </li> <li>• Include confirmed processes in Asset Management Plans</li> <li>• Review asset management processes</li> </ul>	<p><b>5. Organisational/People Issues</b></p> <ul style="list-style-type: none"> <li>• Review of corporate asset management structure and project brief</li> <li>• Review of training needs and revision of training program</li> </ul>
<p><b>3. Asset Management Information System Improvement</b></p> <ul style="list-style-type: none"> <li>• Confirm asset management system development plan</li> <li>• Asset management system purchase/training</li> <li>• Develop a strategy for integrating mapping, financial and asset information systems</li> <li>• Review asset management system development plan</li> </ul>	<p><b>6. Asset Management Commercial Tactics</b></p> <ul style="list-style-type: none"> <li>• Core business review</li> <li>• Review packaging and scope of contracts</li> <li>• Review incentives to encourage desired contractor behaviour</li> <li>• Review contract management/supervision processes</li> <li>• Modify specifications to incorporate contract requirements associated with revised asset management processes</li> <li>• Implement project management systems</li> </ul>

<sup>4</sup> International Infrastructure Management Manual, page 2.41



# 3. THE RESOURCING STRATEGY

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## **Implementing the Asset Management Strategy**

Implementing the maintenance and improvement actions will have a strategic and corporate significance to the council and may involve significant resources. All councils, irrespective of size or location, need to ensure that the sustainable management of assets is a 'whole of council' responsibility, and that this is recognised at all levels within Council.

Implementing the Strategy will therefore require Council to:

- identify and allocate responsibilities and accountabilities
- define performance measures for each asset manager in terms of quality, quantity, timing and budget
- train staff in asset management concepts and principles, software usage, data collection and data input
- monitor and report on progress.

If it is to be implemented effectively and efficiently, the Strategy should include a risk assessment matrix that identifies:

- the actions to be undertaken
- who is responsible for those actions
- the resources required to complete them
- linkages with other required actions
- the consequences for Council if those actions are not completed.

Such a matrix will assist the council in allocating its resources to the required actions and allocating appropriate timeframes for their completion.

## 3. THE RESOURCING STRATEGY

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### 3.4.2 Asset Management Plans

#### Essential Element 2.15

The Asset Management Plan/s must encompass all the assets under a council's control.

#### Essential Element 2.16

The Asset Management Plan/s must identify asset service standards.

#### Essential Element 2.17

The Asset Management Plan/s must contain long term projections of asset maintenance, rehabilitation and replacement costs.

Asset Management Plans are long-term plans that outline the asset activities for each service. The International Infrastructure Management Manual (IIMM) defines an Asset Management Plan as “...a written representation of the intended asset management programs for one or more infrastructure networks based on the controlling organisation's understanding of customer requirements, existing and projected networks, and asset conditions and performance”<sup>5</sup>.

Councils may choose to have a single plan that encompasses all the assets under its control, or it may have a series of plans for each asset class or asset group (eg roads, buildings).

As an Asset Management Plan outlines actions and resources to provide a defined level of service in the most cost-effective way, it should include as a minimum (core) approach:

- the best available information and random condition/performance sampling
- a simple risk assessment to identify critical assets and strategies to manage those risks
- a description of existing levels of service
- long-term cash flow predictions for asset operation, maintenance and renewals based on local knowledge of assets and options for meeting current or improved levels of service and for serving the projected population
- financial and critical service performance measures against which trends and Asset Management Plan implementation and improvement can be monitored.

There are specific asset management planning requirements for water supply and sewerage. They require compliance with the *Best-Practice Management of Water Supply and Sewerage Guidelines 2007* and the *NSW Reference Rates Manual for Valuation of Water Supply, Sewerage and Stormwater Assets*. Further guidance for councils is provided in the *Water Supply and Sewerage Asset Management Guidelines 1991*.

These requirements include the need to prepare an Asset Register, a 20 to 30 year Operation Plan, Maintenance Plan and a Capital Works Plan which identifies the required renewals, works for improved levels of service and works for serving new growth. Councils must continue to meet these asset management planning requirements for their water supply and sewerage infrastructure.

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<sup>5</sup> International Infrastructure Management Manual, page 2.39

### 3. THE RESOURCING STRATEGY

#### Developing an Asset Management Plan

A major use for Asset Management Plan(s) is to communicate information about assets, including particular actions required to provide a defined level of service in the most cost-effective manner.

For those councils that are yet to develop Asset Management Plan(s), they may wish to start off the process by developing a ‘first cut’ plan based on existing data and documenting existing levels of service, management strategy etc.

While there are likely to be many gaps identified, and it may not serve all the council’s needs, this ‘top down’ approach will provide a basis upon which the council can develop its Asset Management Strategy and ensures that some progress on asset planning is being made. The approach may be particularly attractive to smaller councils with limited financial and human resources.

For many councils, the prospect of embarking on a comprehensive Asset Management Planning process is overwhelming. A number of councils that are now well advanced in their Asset Management Planning have advised that this type of ‘one bite at a time’ approach made Asset Management Planning far less daunting. It also allowed them to gradually, and incrementally, build the knowledge and corporate support within their council.

Another alternative is the ‘bottom up’ approach which starts off the process by preparing the Asset Management Strategy, and through the Strategy improving the data and systems, and then preparing the Plan.

The IIMM identifies the following advantages and disadvantages of each of these approaches<sup>6</sup>:

	Top Down Analysis (Core)	Bottom Up Analysis (Advanced)
<b>Advantages</b>	<ul style="list-style-type: none"> <li>• Supports the 80/20 rule (get 80% of the results from the first 20% of effort)</li> <li>• Identifies the weaknesses in the plan earlier and focuses on appropriate data as opposed to perceived data needs</li> <li>• Initially less resource intensive</li> <li>• Better use of limited resources and quick results</li> </ul>	<ul style="list-style-type: none"> <li>• Outputs are data-driven with a high degree of confidence</li> <li>• Data is of a high quality</li> <li>• Ability to undertake data modelling and improve decision making</li> <li>• Continuous plan revision is simpler</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>• Potential for compromised quality and completeness of data</li> <li>• Assumptions required to make decisions</li> <li>• Potential for inappropriate decision making</li> <li>• Inability to undertake detailed modelling and sensitivity analysis</li> </ul>	<ul style="list-style-type: none"> <li>• Data collection takes time</li> <li>• Time of production can impact on the ability to make urgent decisions</li> <li>• Potential to lose focus on objectives – too focused on data issues</li> <li>• Costly and time consuming</li> <li>• Organisation can become data rich and information poor</li> <li>• Lack of focus on supporting asset management activities</li> </ul>

When preparing the Asset Management Plan, it is important to gather all the relevant information which informs the planning process. This includes information about the condition of assets, risks and how they might be managed, and probable lifecycle costs.

More detailed information on ‘core’ and ‘advanced’ asset management is discussed on page 4.6 of the Australian Infrastructure Financial Management Guidelines – Version 1.0, 2009.

<sup>6</sup> International Infrastructure Management Manual, page 2.41

## 3. THE RESOURCING STRATEGY

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### Condition assessment

The condition of an asset will generally deteriorate more quickly when insufficient or less than normal maintenance is undertaken, and will improve when additional maintenance work is performed.

It is therefore important when assessing the condition of an asset to be aware of the maintenance program, and to make a distinction between maintenance expenditure and capital works improvements.

Asset condition assessment is particularly useful in identifying areas where there is insufficient maintenance. Regular assessment of condition levels of assets enables profiles of the deterioration of assets to be developed. It also enables assessments to be made of the costs to reinstate assets to a reasonable condition.

Such information is important for planning purposes, when developing budgets, Asset Management Plans and when making submissions for funding. Recording of asset condition assessments will enable councils to plan future maintenance. There are many computerised systems available to councils to help in this regard.

### Consistent condition assessment

A consistent approach to the identification of asset conditions is a key objective of the NSW Government's integrated planning and reporting reforms. While the assignment of any asset to a particular asset category will require the professional judgment of councils, a uniform grading framework will provide a better picture of the state of the asset stock within NSW councils. The condition levels should be applied universally to all assets and can be assigned judgmentally when determining the remaining useful life of particular assets.

It is recognised that condition assessment of all assets is a major task for councils to complete. Therefore the model for condition assessment has not been prescribed. However, councils are encouraged to adopt the following five category model.

Level	Condition	Description
1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required.

Within the useful life of an asset, the condition may fluctuate from one condition level to another. Judgment will need to be exercised to determine whether the condition of an asset has changed to such an extent as to justify assigning a new condition level for the asset.

If an asset's condition level increases, one of the following must have occurred:

- a) The original evaluation of condition level was incorrect; or
- b) Works of a capital nature were carried out on the asset improving its condition. (Any such works should be capitalised and added to the value of the asset).

It must be recognised that it is possible for an asset condition level to move to a non-adjacent condition level between valuations, either as a result of major works or as a consequence of deterioration due to lack of routine maintenance over a valuation period.

## 3. THE RESOURCING STRATEGY

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### Suggested condition ratings

Suggested asset condition ratings for the major assets of a council (land, roads, bridges and culverts and urban stormwater drainage) are outlined below. However, the general condition ratings can be applied to any non-current assets.

It is appreciated that significant resources and skills are required in order to undertake condition assessments in a comprehensive manner. The suggested approaches outlined below could be considered as an approach relevant to a council at an advanced stage of asset management. Councils with more limited capacity will need to tailor their approach, particularly in the early years of implementation, to align their needs and abilities.

### Roads

Conditions for roads are particularly important when considering the pavement structure and seal of the road. For these components, more specific descriptions of condition levels may include:

Level	Condition	Description
1	Excellent	Normal maintenance
2	Good	Some surface/pavement structure deterioration - patching only needed for repair
3	Average	Serious surface/pavement structure deterioration – requires resurfacing or recycling of pavement structure
4	Poor	Deterioration materially affecting entire surface/pavement structure - requires renovation within 1 year
5	Very poor	Deterioration is of sufficient extent to render the surface/pavement structure unserviceable.

Due to the relatively long useful life of a road's earthworks component, it is expected that its condition level will remain at Level 1 or 2 for most of the road's useful life. There may be special circumstances, such as earthquake or flood damage, which will require consideration of a lower condition level for earthworks.

A similar approach to road condition level assessment can be readily applied for footpaths and car parks.

It is important that councils maximize their opportunities to secure funding for the maintenance and upgrading of their road network. The Australian and NSW Governments provide funding to councils for this purpose. For example, councils can seek funding for treatment of 'black spots' from either the Australian Government's Nation Building 'black spot' program, or the NSW Government's 'black spot' program. The NSW Roads and Traffic Authority provides information to support councils to seek funding to assist them to manage their road network. Councils should utilise the opportunities provided by these programs to assist with maintaining these important community assets. For more information on these and other programs and tools for councils go to:

[www.rta.nsw.gov.au/doingbusinesswithus/lgr/index.html](http://www.rta.nsw.gov.au/doingbusinesswithus/lgr/index.html)

### Bridges and culverts

To assess the condition of a bridge or culvert structure adequately it would normally be necessary to undertake some investigative work and testing of the structure, especially if the general condition is poor and the bridge or culvert is identified at being at condition level 3 or 4.

### 3. THE RESOURCING STRATEGY

Condition as it relates to both structural and functional adequacy should be assessed. For large bridge structures, it may be necessary to divide the structure into sections for assessment, especially if the design type, type of condition, or the structure varies along its length.

#### **Urban stormwater drainage**

The urban stormwater drainage network will need to be carefully surveyed to ascertain its condition levels. Due to the nature of the main underground drainage network commonly in place in urban areas, it is likely that any one of the five condition levels recommended may apply. However, without substantial effort being put into a survey of underground drains, it may be difficult to ascertain which condition level is appropriate.

For drainage assets other than underground drains, condition should be readily assessed from visual inspection.

#### **Risk assessment and management**

Every council is exposed to considerable political, managerial and financial risks due to their scale of investment in infrastructure assets. The type of risk events that might impact on assets include:

- natural events, for example, bushfires
- external impacts, for example, power supply failures
- operational and physical failure risks.

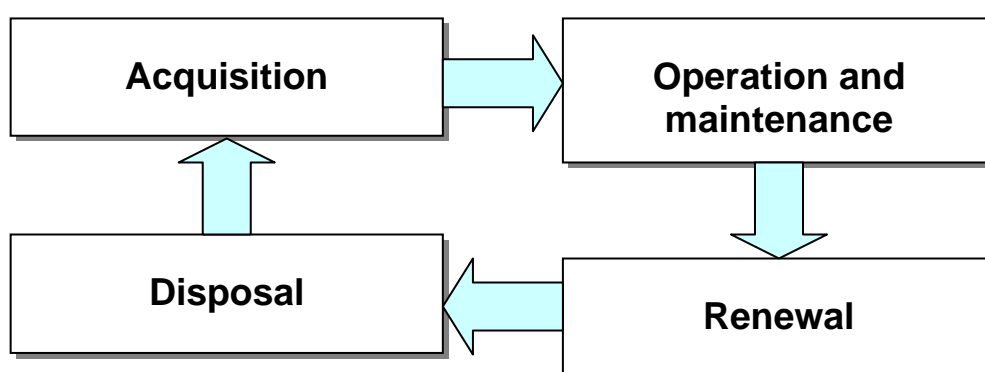
Through effective asset management planning, a council is better able to manage these risks, sustain business continuity and obtain better value for money in the delivery of services to the community.

A council's Asset Management Plan should therefore incorporate an assessment of the risks associated with the assets involved and the identification of strategies for the management of those risks. The strategies should be consistent with the overall risk policy of Council. The International and Australian Standard *AS/NZS/ISO/31000:2009 – Risk management – Principles and guidelines* provides a useful guide.

#### **Lifecycle costs**

Costs occur in all phases of an asset's life. It is important to attribute the costs to each phase of an asset's lifecycle so that the total lifecycle costs can be determined to enable better management decision-making.

There are four key phases of the asset management lifecycle of a council's assets, namely: acquisition, operation and maintenance, renewal, and disposal.



### 3. THE RESOURCING STRATEGY

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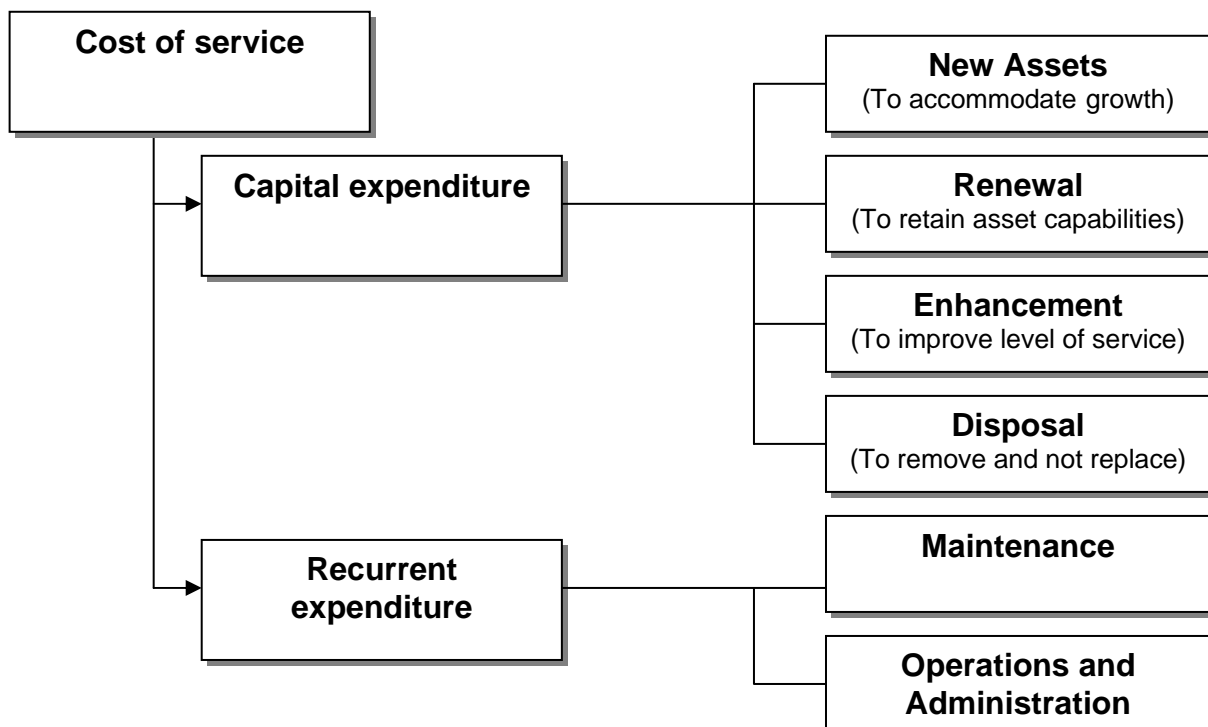
Sound and effective planning in all phases of the asset management cycle will assist in:

- setting levels for service delivery
- assessing the functional adequacy of existing assets
- identifying surplus or under-performing assets
- assessing the assets required for new policy initiatives
- evaluating options for asset provision (for example, private versus public investment)
- evaluating options for funding asset acquisition
- ensuring funds are available when required
- ensuring assets are maintained and disposed of in an optimum manner
- evaluating asset management performance, with the goal of continuous improvement.

Lifecycle costs include:

- initial capital/investment costs
- operation and maintenance costs
- refurbishment and renewal costs
- administration, overheads and taxes
- depreciation
- capital use charges/rate of return
- end-of-life materials disposal costs.

These costs are generally separated into capital and recurrent expenditure, as illustrated here:



The initial capital cost constitutes a significant up-front cost and often dominates the decision as to whether to acquire a new asset. However, analysis of investment options should be based on total lifecycle costs, including ongoing operation and maintenance expenditure and future renewal of the asset.

## 3. THE RESOURCING STRATEGY

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Councils should also be mindful when considering major asset investments that they have considered the following:

- Is the proposal based on identified need and genuine community engagement (particularly where the costs are high)?
- What are the risks of the proposal? For example, are projected commercial revenue streams that will be relied upon to meet loan repayments and operating costs realistic?
- Are there probity issues around the origin of the proposal and the projected forecasts for the proposal? Has the proposal arisen from a clearly identified market and community need?
- Has a thorough project analysis been completed? This should include site acquisition, operating costs, potential revenue, skills within Council to properly assess the information, and tendering processes.

Further information can be sourced from the AIFMG<sup>7</sup>.

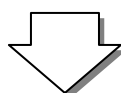
### Steps in preparing an Asset Management Plan

The International Infrastructure Management Manual suggests the following five steps in preparing and updating an Asset Management Plan<sup>8</sup>:

#### Step 1. Identify objectives

Before starting to prepare an Asset Management Plan, it is necessary to understand who will read the Plan, what they already know about the council, what they want to know, and how they intend to use the information contained within the Plan.

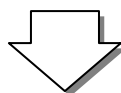
The needs of the target audience should be combined with the communication objectives – eg the extent of the information that the reader should have access to. Having identified and resolved any conflicts between what the target audience wants to know and what they need to know, a start can be made.



#### Step 2. Outline the Plan structure and content

The outline can be as general or as detailed as required. A decision must be made on how to group the assets to make it easier to present asset information and lifecycle tactics, and the issues impacting on their management. For example, park assets may be presented by asset type (eg horticulture, buildings, structures) or by site (eg by park or by complex).

Factors influencing this decision include the number and value of assets, scale of maintenance and operational costs, depth of asset information available, whether the assets are managed in a similar way, where the assets are in their lifecycle, and the structure of management and service delivery contracts.



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<sup>7</sup> Australian Infrastructure Financial Management Guidelines – Version 1.0, 2009

<sup>8</sup> International Infrastructure Management Manual, page 2.43



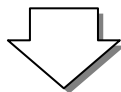
## 3. THE RESOURCING STRATEGY

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### Step 3. Write the Plan

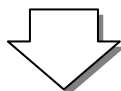
In writing the Plan, consider the following:

- The order of the Plan preparation will depend on the data and information available, the sophistication of Council's asset management processes and the experience available for preparing the Plan.
- It may be necessary to research many areas before there is enough information to write about it. At this initial stage, use mostly readily available information such as hard copy records, historical reports and staff knowledge.
- Further investigation may be required, but do not spend too much time on extensive research and analysis, nor waiting to collect additional data. Once the Plan is completed there will be a clearer picture of the most important data to collect.
- If information is unavailable, make the best assumptions based on current information. Write the Plan on this basis and state these assumptions clearly. The Plan is a living document and will be updated.
- Make use of tables and graphs to present information and data to enhance the presentation, readability and understanding of the Plan.
- Prepare initial drafts of prospective financial statements and cashflow projections after preparing the rest of the main body of the document.
- The last element of an Asset Management Plan to be prepared is an Executive Summary. Plan to make this a stand-alone document that summarises clearly the main elements of the Plan.



### Step 4. Have the Plan Reviewed

After completing and reviewing the draft of the Plan, have someone with expertise in asset management review the Plan's strengths and weaknesses and its ability to meet any disclosure or other criteria.



### Step 5. Update the Plan

Asset Management Plans are dynamic documents and need to be updated periodically to maintain relevance. As the objectives or customer expectations change, or asset management systems improve, update the Plan to reflect those changes.

## 3. THE RESOURCING STRATEGY

### Suggested Asset Management Plan structure

While there is no single right way to structure an Asset Management Plan, it would typically include the following content:

- The purpose of the Plan, its relationship with other planning documents and timeframe of the Plan
- A description of the asset group(s) and the services delivered
- An outline of the type of information available on assets, information systems used and key standards and guidelines which influence asset management activities
- Levels of service (current and desired) and a system of performance measures
- Factors influencing future demand and impact of changing demand on assets
- Management of risk
- Summary of lifecycle management strategies (operations, maintenance and renewal/disposal of assets)
- Financial summary – long-term cash flow projections for each significant asset group
- Links to the Community Strategic Plan and Long Term Financial Plan, capital works and maintenance programs.

### Developing an implementation schedule

To assist councils in aligning the development of their Asset Management Strategy and Plan with the three-year phased implementation program of the integrated planning and reporting reforms, councils should consider developing and documenting a schedule to guide their progress. One Sydney metropolitan council has developed the following schedule for its implementation program which other councils may find useful.

Step	Activity	Timeframe
1	Develop/document asset registers in line with 'minimum' data requirements for major asset classes – those representing greater than 80% of total asset portfolio.	Within 6 months
2	Develop asset management policy and strategy	Within 12 months
3	Develop/document asset registers in line with 'minimum' data requirements for other asset classes – i.e. representing the entire asset portfolio	Within 12 months
4	Develop basic Asset Management Plan (using minimum/core requirements) for major asset classes – i.e. those representing greater than 80% of total asset portfolio.	Within 18 months
5	Develop 10-year financial plans linked to the Asset Management Plans for major asset classes – i.e. those representing greater than 80% of total asset portfolio.	Within 18 months
6	Develop improvement program to build on initial Asset Management Plans	Within 24 months
7	Develop basic Asset Management Plan (using minimum/core requirements) for other asset classes – i.e. representing the entire asset portfolio	Within 24 months
8	Develop second stage Asset Management Plan (using more advanced information) for major asset classes – i.e. those representing greater than 80% of total asset portfolio	Within 30 months
9	Develop second stage Asset Management Plan (using more advanced information) for other asset classes – i.e. representing the entire asset portfolio.	Within 36 months

# 3. THE RESOURCING STRATEGY

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## Defining levels of service

An Asset Management Plan should define the level of service required of the asset. Service levels are defined in the International Infrastructure Management Manual as ‘...defined service quality for an activity or service area (for example, the road network) against which service performance may be measured’<sup>9</sup>.

Defining levels of service can be complex and can potentially become an impediment to finalising a Plan. For many councils, simply focussing on maintaining existing levels of service is a reasonable assumption in the initial stages of planning. Furthermore, industry best practice in this area is still emerging, as are the tools to support it. However, if councils are at a more advanced stage of asset management planning, the following guidance on how to determine levels of service may be useful.

Service levels should be determined through community and/or customer consultation. This can be done as part of the council’s Community Strategic Plan development process, or as separate exercises in Council’s ongoing consultation process.

Service levels relate to, for example:

- quality
- quantity
- safety
- capacity
- fitness for purpose
- aesthetics
- reliability
- responsiveness
- environmental acceptability
- costs.

The impact of changes in demand over time on service levels should be regularly established and accounted for to provide a clear understanding of cost implications across the whole lifecycle of a higher or lower service quality.

Expressing services and quantifying different levels of service in user terms helps to examine the range of service levels. The range of service levels provides a measure of the different levels of ‘outcomes’ that Council can provide recognising budgetary constraints.

## Forecasting and managing demand

Changes in demand for an asset can have a significant impact on its lifecycle and an Asset Management Plan should therefore adequately forecast changes in demand.

The demands placed upon assets can change over time due to a number of factors. Population growth is a common factor influencing demand changes. However, in areas such as parks, changes in leisure trends are likely to have a far greater impact than a change in population growth.

Understanding the key drivers of demand is an important step in demand forecasting. Once the factors are understood, modelling processes can be used to assess the impact of these factors on future demand.

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<sup>9</sup> International Infrastructure Management Manual, page 3.3

## 3. THE RESOURCING STRATEGY

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The model can be as simple as assuming a linear relationship with one variable, for example, assuming that water usage will increase in direct proportion to population growth. Such a minimalist approach would align with a 'core' asset management approach.

At the other extreme, sophisticated models assessing the impacts of a number of demand factors can be developed. This would be expected from a council that is capable of adopting an 'advanced' asset management approach.

By adequately forecasting demand, councils are better placed to respond to the likely impact on their asset base, either through better planning for future upgrades of assets or through the creation of new assets, or through demand management strategies (attempting to change the pattern of demand to minimize or eliminate the need to upgrade assets).

### 3.4.3 Reporting

#### Essential Element 2.18

Councils must report on the condition of their assets in their annual financial statements in line with the Local Government Code of Accounting Practice and Financial Reporting.

As Council is responsible for the custody of and is the trustee of public assets, it is responsible for the accounting and management of those assets.

Annual reporting to the community is an important part of transparent and accountable local government. The information provided should be simple, relevant and current. Determining satisfactory and sustainable levels of service will be subject to continual refinement and consultation between Council and the community through the Community Strategic Plan and the Delivery Program.

Council's achievements in implementing its Asset Management Strategy and Plan should be reported to the community in the context of how they have supported the council in meeting the Community Strategic Plan objectives, and the council's Delivery Program and Operational Plan outcomes.

For more information about reporting on assets, go to Chapter 6 of this Manual.

## 4. THE DELIVERY PROGRAM

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### **The Delivery Program**

*This is the point where the community's strategic goals are systematically translated into actions. These are the principal activities to be undertaken by the Council to implement the strategies established by the Community Strategic Plan within the resources available under the Resourcing Strategy.*

*The Delivery Program is a statement of commitment to the community from each newly elected council. In preparing the Delivery Program, Council is accounting for its stewardship of the community's long-term goals, outlining what it intends to do towards achieving these goals during its term of office and what its priorities will be.*

*The Delivery Program replaces the former Management Plan requirements. It is designed as the single point of reference for all principal activities undertaken by Council during its term of office. All plans, projects, activities and funding allocations must be directly linked to this Program.*

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# 4. THE DELIVERY PROGRAM

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## 4.1 General requirements

### Local Government Act

A council must have a Delivery Program, detailing the principal activities it will undertake to achieve the objectives of the Community Strategic Plan, within the resources available under the Resourcing Strategy.

The Delivery Program must cover a four-year period commencing on 1 July following each ordinary election.

### Essential Element 3.1

Each council must prepare and adopt its Delivery Program by 30 June in the year following a local government ordinary election.

The Delivery Program is the point where Council takes ownership of Community Strategic Plan objectives that are within its area of responsibility.

The Program is designed as a fixed-term four year plan to align with the council electoral cycle.

Each new council is responsible for preparing a new Delivery Program, in response to the Community Strategic Plan.

There is a nine month overlap period to allow the new council to undertake community engagement and preparation for the Program. In this period, the council should continue to implement the final nine months of the previous council's Program.

The new framework differs from the previous Management Plan requirements in that the Management Plan was a minimum three year rolling plan.

The Delivery Program is a fixed-term plan because each council will be held accountable for implementing the Program within its term. The outgoing council will report to the community on what it has achieved in this regard.

# 4. THE DELIVERY PROGRAM

## 4.2 Single point of reference

Because the Delivery Program is the key accountability mechanism for each council, it is important that it embrace all aspects of the council's operations. The aim is to create a document that Councillors and staff should regard as their central reference point for decision making and performance monitoring.

Although it may seem challenging to incorporate regulatory and business functions into the Program at first, these activities should be carried out in such a way as to achieve Council's wider strategic objectives. Examples of incorporating these areas into the Program are included in this section.

### Integrating the plans

#### Essential Element 3.2

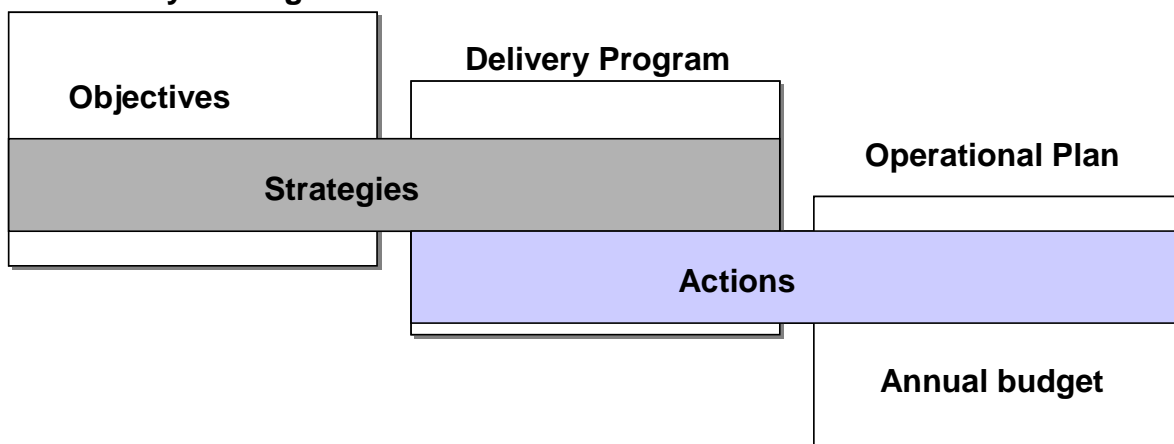
The Delivery Program must directly address the objectives and strategies of the Community Strategic Plan and identify specific actions that council will undertake in response to the objectives and strategies.

#### Essential Element 3.4

The Delivery Program must address the full range of council operations.

It is important to remember that the Delivery Program is part of a larger process – the Community Strategic Plan sets the community's agenda for the future, the Resourcing Strategy identifies matters that are within Council's realm of responsibility, and the Delivery Program and Operational Plan spell out Council's plan of action for responding to these matters. The strategies identified in the Community Strategic Plan should be carried through to the Delivery Program and the actions identified in the Delivery Program should be carried through to the Operational Plan. The diagram that follows shows how the various levels of the planning framework connect.

### Community Strategic Plan



## 4. THE DELIVERY PROGRAM

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### 4.3 Deciding on structure

There is no prescribed format for the Delivery Program. It is up to each council to decide how it will organise and present the information. It does not have to be arranged into Year One, Year Two etc. However, the following basic principles should be followed:

- the Delivery Program must comply with the Essential Elements in the Guidelines
- the Delivery Program is not a collection of associated plans that require cross-referencing
- there must be a clear link between the Community Strategic Plan, the Delivery Program and Operational Plan. The strategies identified in the Community Strategic Plan are carried through to the Delivery Program and expanded into actions and then provided in more detail in the Operational Plan
- the document should be presented in such a way that it is easy for a range of readers to follow and understand, as well as streamline a council's planning system.

As there is a direct link between the Community Strategic Plan and the Delivery Program, it is important to ensure that the objectives and strategies in the Community Strategic Plan are sufficiently broad to allow alignment with Council's full range of operations.

Developing the Resourcing Strategy will give each council a clear idea of which aspects of the Community Strategic Plan fall under its direct responsibilities and which aspects relate to other agencies and groups.

The Delivery Program should list all the strategies in the Community Strategic Plan, but focus specifically on the council's role. For example, there will be some strategies where Council will only play the role of advocate – say, lobbying for better public transport. This role should be acknowledged in the Delivery Program. There will be some strategies which cannot be completed within Council's term of office. These should also be acknowledged in the Delivery Program.

When deciding what to include in the Program, Council should consider the following:

- the priorities identified by the community during the development of the Community Strategic Plan
- the levels of service expected by the community
- the resourcing options considered when preparing the Long Term Financial Plan
- ongoing environmental, social/cultural or capital works programs
- opportunities to link with Commonwealth, State or regional programs/projects
- opportunities to work with other councils in providing services
- council's legislative responsibilities and regulatory functions.

There may be some instances where a council identifies existing activities or directions that do not appear to align with the Community Strategic Plan's objectives and strategies. In this case, it may be appropriate to undertake a review of these activities to decide whether they should be discontinued or revised.



# 4. THE DELIVERY PROGRAM

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## **Covering a range of activities**

Each council should aim to include a suitable range and proportion of activities in its Delivery Program. The key areas of the Community Strategic Plan – social, economic, environmental and civic leadership - should all be addressed in the range of activities chosen.

It is also important to undertake a representative proportion of Community Strategic Plan strategies. If the Community Strategic Plan covers the minimum timeframe of 10 years, then it is reasonable to

expect that the Delivery Program, spanning four years will address a significant portion of the strategies.

## **4.4 Linking strategic objectives and operational matters**

There are some activities that Council undertakes that may not, at first, appear to have a strategic focus – activities such as cemetery management, parking enforcement, food health inspections and footpath repairs. However, these activities are an important means of achieving a community's strategic objectives and they should be included in the appropriate place in the Delivery Program (and, ultimately, the Operational Plan).

For example, a council's street cleaning program may be a means of achieving the community's strategic objective of 'making our town centres attractive'.

Council's records management activities may be a means of achieving the community's strategic objective of 'open and effective local government in our shire'.

The following pages include some examples of how operational matters may fit in to the strategic picture. These are samples and are not necessarily comprehensive examples, but provide an overview of how issues can 'cascade' through the various plans.

# 4. THE DELIVERY PROGRAM

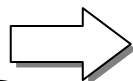
## Community Strategic Plan

### Objective

A safe and healthy shire

### Strategies

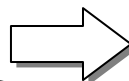
- Develop crime prevention strategies
- Improve safety in town centres
- Promote road safety programs
- Promote active living options
- Provide quality recreational facilities
- Implement programs to protect public health
- Maintain and upgrade community water and sewerage schemes



## Delivery Program

### Actions (over 4 years)

- Develop and implement a crime prevention plan
- Lobby State Govt. for after-hours staffing of Surfside police station during holiday season
- Continue to support local liquor accords
- Undertake safety review of town centres and develop action plan
- Continue shared arrangements with ROC for road safety officer
- Prepare Active Living strategy for shire
- Support community education programs for active and healthy lifestyles
- Upgrade Jonestown recreational centre
- Maintain parks and sports fields to community standards
- Maintain drinking water monitoring program
- Ensure compliance with sewage treatment plant licence conditions
- Continue Water and Sewerage capital works program
- Maintain food premises inspections and education program
- Ensure high use public areas are cleaned regularly



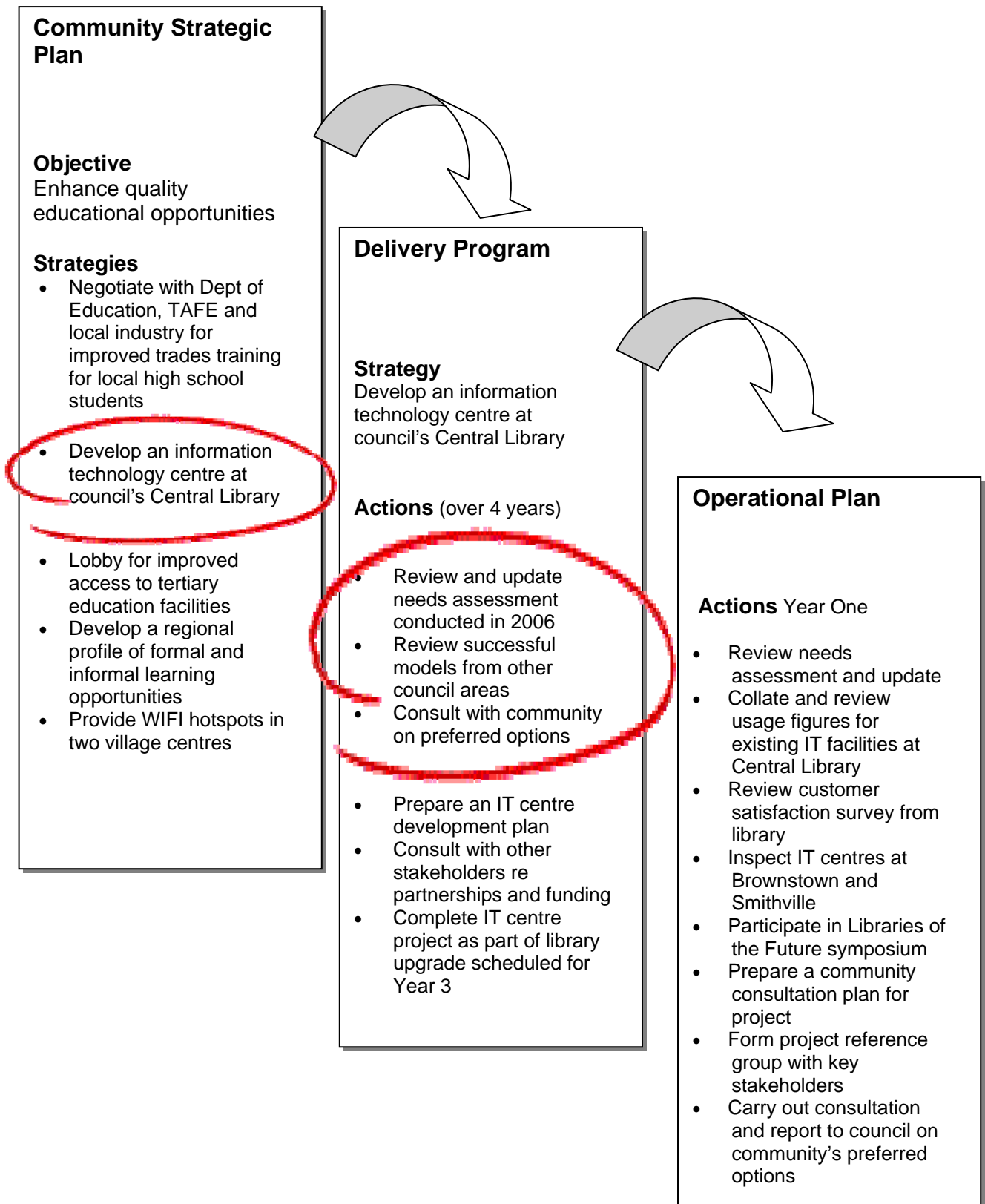
## Operational Plan

### Actions (this year)

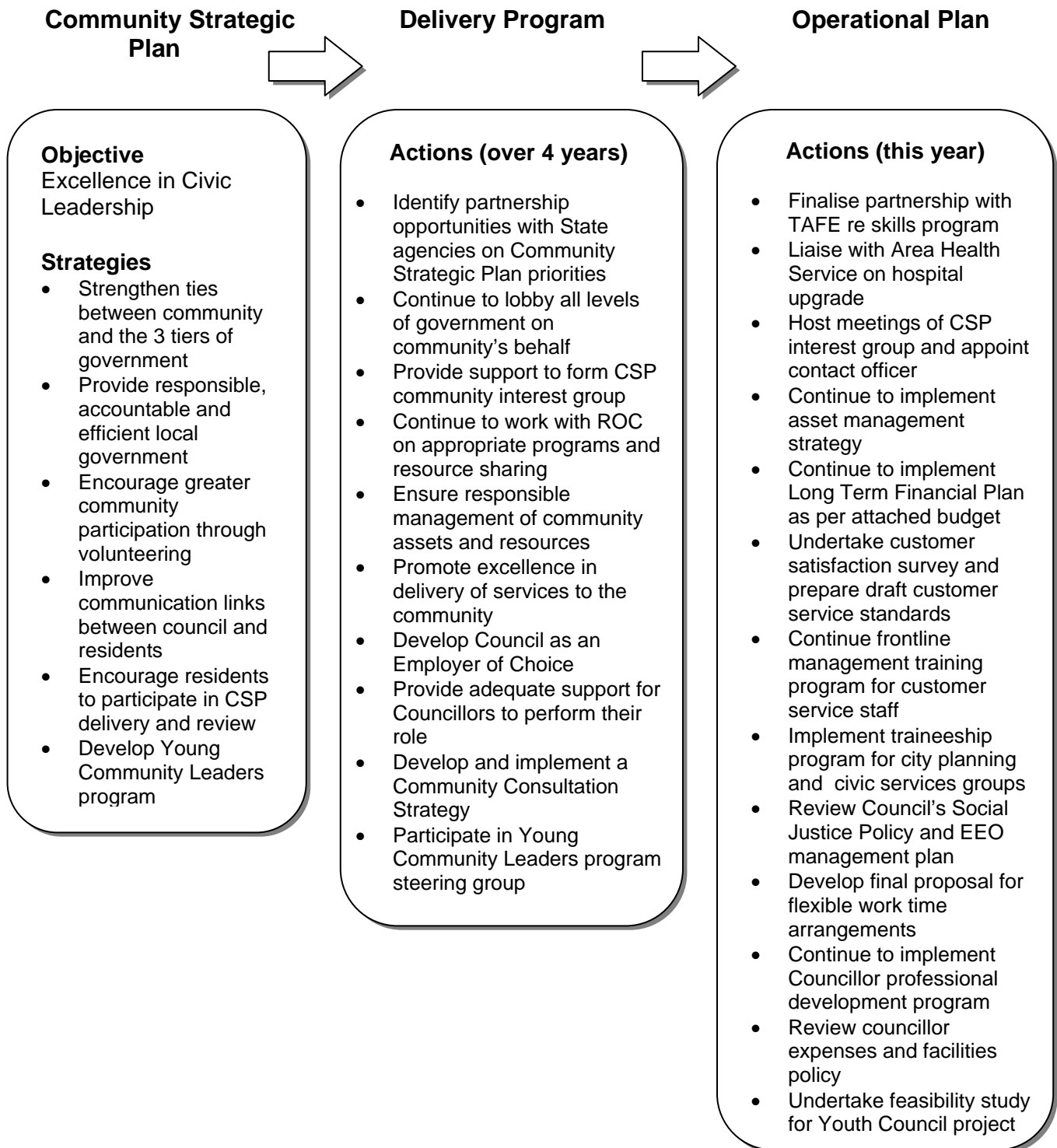
- Undertake community consultation for crime prevention plan and CBD safety survey
- Meet with local MP and Police Minister re Surfside police station
- Attend all Liquor Accord meetings
- Undertake streetlighting audit of Smithtown, Jonestown and Surfside CBDs
- Assist local service clubs with Teen Driving Skills Program
- Pilot "Bike Right" program at two local schools
- Hold focus groups for Active Shire strategy
- Introduce Healthy Eating education program at Little Possum Child Care Centre
- Upgrade Oval No.1 at Jonestown recreation centre
- Review Plan of Management for Smithtown sports ground
- Continue the inspection and response program for council's parks, sporting fields and general open space
- Maintain regulatory requirements for drinking water testing and STP licences
- Install UV disinfection unit at Jonestown STP
- Complete concept designs for Surfside sewerage scheme
- Continue food inspection program. Run food handling workshop in July
- Maintain town centre and beach cleaning program

# 4. THE DELIVERY PROGRAM

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# 4. THE DELIVERY PROGRAM



## 4. THE DELIVERY PROGRAM

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### 4.5 Linking with the resourcing strategy

#### Essential Element 3.3

The Delivery Program must inform and be informed by, the Resourcing Strategy.

#### Essential Element 3.6

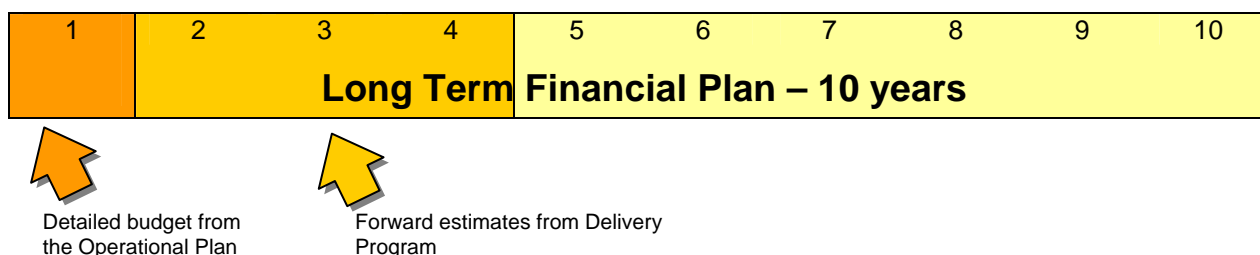
Financial estimates of the income and expenditure for the four year period must be included in the Delivery Program, in line with its activities.

The work already undertaken for the Resourcing Strategy will provide Council with some important information to help it develop the Delivery Program. This will include:

- the levels of service the community expects in terms of asset management
- the cost of any proposed major works or programs and the impact these may have on Council's financial sustainability
- how much extra the community is willing to pay to achieve its strategic objectives
- whether external funding may be available for some projects
- the implications of the Community Strategic Plan in terms of Council's workforce planning
- the ongoing operational costs of Council.

Using this information, Council can start to put its Delivery Program together. What is realistically achievable in the next four years? What are the priorities? How will programs be scheduled?

As the Delivery Program is developed, more details can be added to the Long Term Financial Plan. The relationship is shown in the next diagram:



Councils may, if they wish, prepare all four Operational Plans for their term of office at the same time. However, these plans will need to be reviewed, exhibited and amended annually, as appropriate. Where a council has applied for a special variation to general income to finance strategic objectives, it may be appropriate to prepare a set of Operational Plans.

## 4. THE DELIVERY PROGRAM

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### 4.6 Allocating responsibilities

#### Essential Element 3.5

The Delivery Program must allocate responsibilities for each action or set of actions.

One of the important requirements of both the Delivery Program and the Operational Plan is to identify who will be responsible within Council for completing the various projects or activities. This gives a clear picture of expectations, accountabilities and timeframes.

For the Delivery Program, the minimum requirement should be to allocate responsibilities to at least 'director' level, but it is preferable to allocate to a further level below this so that project managers, as well as their Directors, are held responsible for delivering outcomes.

For example, if one of the strategies in the Delivery Program is "*Ensure libraries are socially inclusive and user friendly*" then the Program could nominate the Director of Community Services as being the responsible person for delivering this action. However, it would be preferable to also nominate the Manager of Library Services, as this makes it much clearer that responsibility for delivering the action sits within a particular section of the Community Services division.

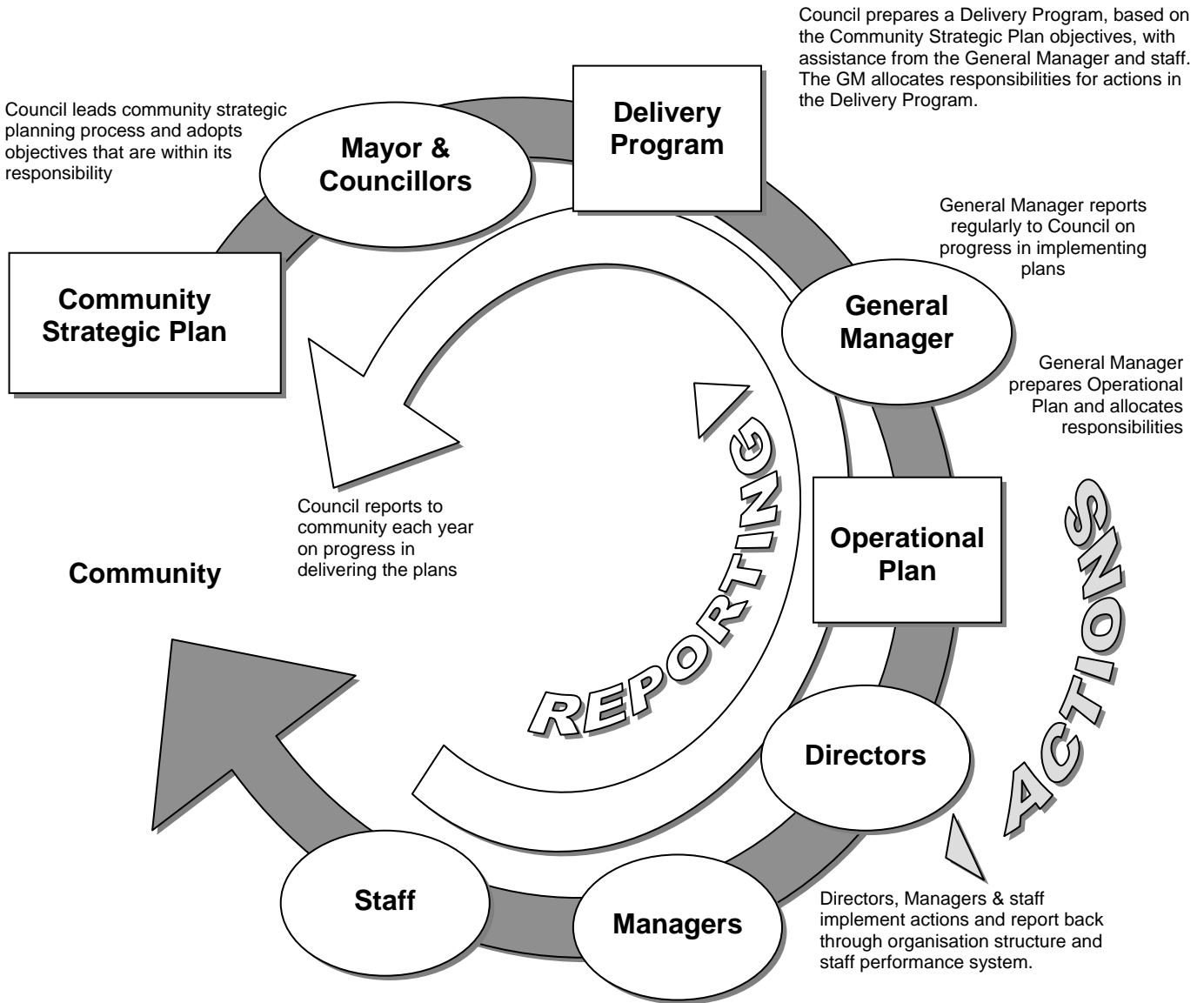
For the Operational Plan, responsibilities should be allocated to at least 'middle management' level. Councils will need to interpret this within the context of their own organisational structures, but the intention is that, as the plans get more detailed, the allocation of responsibility will get more specific.

For example, it is not sufficient to nominate the Director of Works and Services as the sole person responsible for a list of proposed road maintenance works in the Operational Plan. At this level of detail, the allocation of responsibility should be, for example, with the Manager of Roads.

One of the General Manager's key responsibilities in implementing the plans is to ensure that council staff understand the bigger picture, including how their particular duties are helping to achieve strategic objectives and better outcomes for the community.

One way of doing this is to link Delivery Program and Operational Plan responsibilities to the staff performance system, so that they become an intrinsic part of a staff member's regular performance review with his or her supervisor/s. The diagram that follows shows how the relationships work.

# 4. THE DELIVERY PROGRAM



## 4. THE DELIVERY PROGRAM

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### 4.7 Determining assessment methods

#### Local Government Act

The Delivery Program must include a method of assessment to determine the effectiveness of each activity detailed in the Delivery Program in achieving objectives.

As with the Community Strategic Plan, Council will need to develop methods to determine the effectiveness of the Delivery Program. The methods will focus on both *outputs* (the things we did) and *outcomes* (the results of what we did – Did it work? Was it beneficial?)

Assessing outcomes can be challenging because some things are simply difficult to measure, for example, changes in attitudes, improvements to ecosystems. Outputs are easier to determine – either something happened or it didn't.

At Delivery Program level, the main focus should be on outcomes. In this regard it is important to spell out exactly what Council hopes to achieve by implementing the Program. What are the anticipated results? What change do we want to see? How will we know we've arrived at our goal?

For example, if one of the Delivery Program strategies was "*Encourage less dependence on cars to reduce air pollution*", how would it be determined if this strategy had actually worked? Apart from undertaking rigorous scientific testing of air pollution levels and counting all the cars every day throughout the council area it would be difficult to determine this definitively.

However, a range of information could be collected that would indicate the actions being undertaken are having a positive impact. Some of this information would include outputs from the Operational Plan. For example, in this case, the council had decided that constructing more cycleways was one of the actions that would help reduce car usage, so an output might be "*10 km of new cycleways constructed over the past four years*". This shows what Council did – but it doesn't really answer the question of whether building the cycleways reduced local dependence on cars. Council could install counters on the cycleways to see if usage increased over the four year period. This may indicate that there is less dependence on cars, but a direct correlation can't be drawn.

Alternatively, Council could monitor traffic counts on a few major roads and carry out some modelling that may indicate trends throughout the city. This might show if there has been a reduction in car usage – but there's nothing to say that Council's strategies are directly responsible for this.

Another approach could be to survey residents to find out if they are using their cars less now the cycleways are in place. This might provide an indication as to whether the strategy is working.

There really is no absolute way of measuring this particular strategy. But, there are lines of evidence that may lead to a logical conclusion that the strategy is on the right track.

Council will need to make a decision about how much time, money and effort it wants to devote to the monitoring process, taking into account the likely benefits it will produce. If this is an issue of critical importance to the community, then more sophisticated monitoring may be appropriate. If it is less important, then a collection of anecdotal evidence, and a list of outputs may be quite sufficient.

In determining the lines of evidence that could be gathered, Council should revisit its Community Strategic Plan assessment framework. Some of the indicators chosen to monitor progress for the Community Strategic Plan will also be useful for monitoring the Delivery Program.



## 4. THE DELIVERY PROGRAM

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### 4.8 Community comment

#### Essential Element 3.7

Council must consider the priorities and expected levels of service expressed by the community during the engagement process for the Community Strategic Plan when preparing its Delivery Program.

#### Essential Element 3.8

The draft Delivery Program must be exhibited for public comment for a minimum of 28 days and public submissions considered before the final program is adopted.

The community engagement process for the Community Strategic Plan should have provided Council with a clear view of what the community wants for its future and what its priorities are. There is no need to go to a second round of engagement to develop the Delivery Program, unless Council chooses to do so. However, it is important to keep faith with the community by ensuring that the Delivery Program reflects the sentiments and expectations expressed during the community engagement process.

The minimum requirement is that the Delivery Program is placed on public exhibition for 28 days and that comments received from the public are considered before Council formally adopts the Program.

In planning the public exhibition, Council should give consideration to the particular circumstances of its community. Will placing an advertisement in a newspaper be sufficient to let people know about the exhibition? How could people access the document outside of business hours? How could comments be collected?

## 4. THE DELIVERY PROGRAM

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### 4.9 Monitoring progress

#### Local Government Act

The General Manager must ensure that progress reports are provided to the council, with respect to the principal activities detailed in the Delivery Program, at least every 6 months.

As Council implements its Delivery Program and Operational Plan activities, it will need to keep track of progress. Are activities being delivered within the planned timeframes and budgets? Has anything happened that might affect the various activities?

Under the previous Management Plan requirements, the General Manager prepared quarterly reports for Council on progress. The new framework still requires quarterly reporting on the budget in the Operational Plan, but it is up to Council to decide the format and extent of that reporting. The minimum standard is 'exception reporting' on the budget – highlighting only the issues that are not running to time or budget. Some councils use 'traffic light' reports for their various activities, others have a system of 'cockpit charts'. The minimum standard for the Delivery Program is six-monthly progress reporting.

When deciding on the level of reporting, it is important to remember that these reports will be publicly available documents, included in the council business paper. They should be in a clear and easy to read format.

DLG is preparing a Quarterly Reporting Template for use by councils which will be incorporated into the May 2010 edition of the Local Government Code of Accounting Practice and Financial Reporting.

## 4. THE DELIVERY PROGRAM

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### 4.10 Reviewing the Program

#### Essential Element 3.9

Councils must review its Delivery Program each year, before preparing the Operational Plan.

#### Essential Element 3.10

Council may choose to roll the Delivery Program forward beyond its elected term to enable effective forward planning, provided it is consistent with its Community Strategic Plan and Resourcing Strategy. Where a council does this, it is still required to report on the implementation of its initial Delivery Program. The new council is also still required to prepare a new Delivery Program for its electoral term as per Essential Element 3.1.

#### Essential Element 3.11

Where an amendment to the Delivery Program is proposed, it must be included in a Council business paper which outlines the reasons for the amendment and be tabled and resolved to be noted at that meeting and considered by Council at its next meeting.

#### Essential Element 3.12

Where significant amendments are proposed, the Program must be re-exhibited as per Essential Element 3.8.

Councils must review their Delivery Program each year before preparing the Operational Plan to ensure they are still moving in the right direction. Has anything happened that might affect the Program being delivered on time and budget? Has anything happened that might require a rework of the Program, eg a major flood, bushfire, significant failure of infrastructure, significant change in legislation?

Where a council decides to amend its Delivery Program in any way, it must include the changes in a council business paper, table and note it; and then consider it at its next meeting. This ensures that all councillors are aware of changes to the Delivery Program and that the community has the opportunity to be aware of any changes.

Where a council wants to significantly change its Delivery Program, it must re-exhibit the document for public comment. A 'significant change' might include deleting proposed programs or activities or changing the actions Council proposes to achieve a particular strategy.

For example, if a council had included constructing a network of cycleways as one of its active living strategies and then decided mid-way through the Program that it would rather undertake health education programs instead (and use the money it saved on the cycleways for fixing bridges), this would be a 'significant change'. People would be expecting to get cycleways, not an education program. The matter should be made available for public debate – perhaps the community is willing to trade off another project so it can still have the cycleways.

## 5. THE OPERATIONAL PLAN

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### **The Operational Plan**

*Supporting the Delivery Program is an annual Operational Plan. It spells out the details of the Delivery Program – the individual projects and activities that will be undertaken for the year to achieve the commitments made in the Delivery Program.*

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# 5. THE OPERATIONAL PLAN

## 5.1 Preparing the Operational Plan

### Local Government Act

Council must have an annual Operational Plan, adopted before the beginning of each financial year, outlining the activities to be undertaken in that year, as part of the Delivery Program.

### Local Government Regulation

The Operational Plan will include the Statement of Council's Revenue Policy, in accordance with the Regulation.

### Essential Element 3.13

The Operational Plan must be prepared as a sub-plan of the Delivery Program. It must directly address the actions outlined in the Delivery Program and identify projects, programs or activities that Council will undertake within the financial year towards addressing these actions.

### Essential Element 3.14

The Operational Plan must allocate responsibilities for each activity.

### Essential Element 3.16

The Operational Plan must include a detailed budget for the activities to be undertaken in that year.

The Operational Plan is a sub-set of the Delivery Program – not a separate entity. The new framework calls for fully integrated plans, so the Delivery Program and the Operational Plan need to be wholly complementary. The Delivery Program spells out the strategies and the Operational Plan spells out the individual actions that will be undertaken in a financial year to achieve those strategies.

The Operational Plan must include Council's detailed annual budget and include the Statement of Council's Revenue Policy which includes the proposed rates, fees and charges.

For example, if one of the activities identified in the Delivery Program is "*Continue sewerage capital works program*" the Operational Plan would include details of which works will be constructed this financial year and the annual budget attached to the Operational Plan would spell out how much they will cost.

The examples in Section 4-Delivery Program show how activities can cascade from the Delivery Program to the Operational Plan. Because the Delivery Program must address all of Council's operations, the Operational Plan must also address all of Council's operations.

There is no set format for the Operational Plan, councils are free to develop the format that best suits their existing business systems.

Because the Operational Plan will, of necessity be a large and detailed document, it is important to organise it in a clear and accessible way. Activities should be presented in the same groupings as they are in the Delivery Program, so the cascade from one plan to the other is clear.

For example, if there are a series of actions grouped under the heading "*A safe and healthy community*" in the Delivery Program, this heading and the actions should be carried through to the Operational Plan, so people can see that they are connected.

# 5. THE OPERATIONAL PLAN

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## Allocating responsibilities

As explained in Section 4-Delivery Program, Council will need to allocate responsibilities for the various activities in the Operational Plan.

As the detail gets more specific, so the allocation of responsibility should be more specific. It is not sufficient to nominate directors or executive managers as being responsible for Operational Plan activities. At Operational Plan level, the allocation of responsibilities should extend to Manager, or even Team Leader level, depending on the activities to be undertaken.

Operational Plan responsibilities should be linked to the staff performance system, so that they become an intrinsic part of a staff member's regular performance review with his or her supervisor/s (see the diagram in Section 4-Delivery Program).

## 5.2 Community Comment

### Local Government Act

The draft plan must be publicly exhibited for at least 28 days and public submissions considered before the final plan is adopted.

The exhibition must be accompanied by maps showing where the various rates will apply within the local government area.

The Operational Plan must be publicly exhibited to enable the community to provide comments to Council on the proposed rates, fees and charges for the next financial year. There is a requirement to provide maps showing where various rates will apply in a local government area to make it clear to the community what the proposed rates for their property will be.

Where councils have chosen to do all four Operational Plans in advance, it is important that they explain to the community that the latter three operational plans are *draft plans* and may be subject to change.

Council will still need to exhibit each Operational Plan annually because it contains proposed rates, fees and charges for the year.

## 5. THE OPERATIONAL PLAN

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### 5.3 Measuring progress

#### Local Government Regulation

The responsible accounting officer of council must report quarterly (except the June quarter) to council on the budget in the Operational Plan.

#### Essential Element 3.15

The Operational Plan must identify suitable methods to determine the effectiveness of the activities undertaken.

As discussed in Section 4-Delivery Program, it is important to develop some form of assessment system for the Delivery Program and Operational Plan. The Delivery Program assessment system will mainly focus on outcomes – did the actions have the desired effect?

At the Operational Plan level, the main focus will be on outputs because this Plan will involve multiple activities within the space of one year, which may only go part of the way to achieving higher level strategies and objectives. Therefore, it may be difficult to assess the achievement of outcomes at this level.

The achievement of outcomes will be assessed over the four years of the Delivery Program. The sum of all the actions undertaken should move Council towards achieving its objectives.

Some councils prefer to combine targets and measures at Operational Plan level. For example, the measure might be to complete a certain task, the target might be to complete the task by a certain date. This combination allows Council to ascertain not only whether it delivered what it said it would do, but also whether it delivered it to the timeframes, costing and quality standards it expected.

Each council will make its own judgements on how detailed its measures or targets should be. The minimum expectation is that some form of assessment exists. Measurement Example 1 on the next page shows measures and targets from one metropolitan council's annual plan.

Other councils prefer to use a system of key performance indicators to determine if they are carrying out their annual activities within the cost range and quality standards required. An example of key performance indicators from a regional council's annual operational plan follows as Measurement Example 2.

Councils who use either of these measurement systems will find it easier to measure progress and report to Council. The minimum standard required is quarterly exception reporting (except the June quarter) on the budget in the Operational Plan. Councils may choose to report on the status of projects and activities that are not running to time, quality or budget.

Councils can, if they wish, adopt a more detailed form of reporting. However, they should carefully consider the benefits to be achieved by this and the resources required to compile the reports.

## 5. THE OPERATIONAL PLAN

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### 5.3.1 Measurement example 1

#### Creating a Cohesive, Healthy and Resilient Community (extract)

Activities	Measure	Target
Provide high quality affordable long day care and family day care for children aged 0-5 and holiday and recreation programs for preschool children	Percentage of services maintaining accreditation	100%
	Number of children in long day care per day and % capacity used	At least 173 or 97%
	Number of children in family day care per day	More than 150
	Number of children in holiday care	Minimum 40 per program
Develop a new fee structure so that child care services are affordable for target groups and sustainable for others	Council's fees as a percentage of average local fees	Within 15% of average of other providers
	Optioners for new fee structure developed	November 2007
Operate a well-appointed seniors centre that offers recreational, physical, educational and social activities for the over fifties	Average monthly attendance at Seniors Centre	1500 monthly
	Average monthly program/activity types provided	At least 23
Provide individual support and medium term accommodation places for people with mild intellectual disability	Percentage of customers expressing satisfaction	90%
	Number of subsidised rental accommodation places for people with intellectual disability	6 places
Provide a range of current and equitable information and recreational library resources and services	Number of loans per capita	More than 9.6 per annum
	Enquiries successfully completed	90%
	Number of visits in person and via web	>450,000 visits in person per annum > than 45,000 visits to library website per annum
	Library multicultural resources reviewed	June 2008
Public internet access benchmark established		December 2007
Undertake Hunter Park stage 2 improvements	Time to complete and finished cost compared to adopted plan	Cost within 10% of agreed budget Time within 3 months of agreed timetable
Provide support, advice and affordable venues to assist artists and others to hold arts and cultural events and activities	Percentage of available hours used	More than 50%



## 5. THE OPERATIONAL PLAN

### 5.3.2 Measurement example 2

**Objective: To provide a cost effective and sympathetic cemetery service and facility to the community (extract)**

Activity	Actions	Performance Targets
Cemetery interments	Provide timely interments upon request by funeral directors to public health standards	No reasonable criticism of cemetery interments No instances of public health regulations being contravened
Management services	Review cemetery business plan, determine policy general and revenue policy, financial planning, administration of interment and maintenance contracts, determine capital works program	No reasonable criticism of overall cemetery management policies and decisions
Management services from other functions	Cost of services including: management, financial, technical, information technology and corporate overheads provided to this function	Amounts charged are accepted as reasonable for the level of service provided
Cemetery maintenance	Undertake regular maintenance program	No instances of cemeteries being in poor condition No written complaints regarding condition of cemeteries
Asset Management Program - routine	Undertake cemetery asset management program	Cemetery operational and presentable
Asset Management Program - cyclic	Undertake 20 year Cemetery Asset Management Program	Cemeteries maintained in a satisfactory condition

### Key Performance Indicators

Workload	curr	est	Efficiency	curr	est	Effective	curr	est
No. of interments	68	70	Cost per interment	\$694	\$709	No. of complaints re cemetery interments	nil	nil
No. of hectares maintained at lawn cemetery	11.42	11.42	Cost per ha to maintain	\$4579	\$4856	No. of written complaints re condition of lawn cemetery	nil	nil
						No. reported complaints regarding vandalism at lawn cemetery	nil	nil
No. of hectares maintained at old town cemetery	6.5	6.5	Cost per ha to maintain	\$4579	\$4856	No. of written complaints re condition of old town cemetery	nil	nil
						No. reported complaints regarding vandalism at old town cemetery	nil	nil

## 6. THE ANNUAL REPORT

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### **The Annual Report**

*The Annual Report is one of the key points of accountability between a council and its community.*

*It is not a report to DLG or the NSW Government, it is a report to the community.*

*The Annual Report focuses on Council's implementation of the Delivery Program and Operational Plan because these are the plans that are wholly the council's responsibility.*

*The report also includes some information that is prescribed by the Local Government (General) Regulation 2005. This information has been included in the Regulation because the Government believes that it is important for community members to know about it – to help their understanding of how council has been performing both as a business entity and a community leader.*

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# 6. THE ANNUAL REPORT

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## 6.1 General overview

### Local Government Act Section 428

Council must prepare an annual report within five months of the end of the financial year.

The report will outline the council's achievements in implementing its Delivery Program.

The annual report in the year of the ordinary election will also include an outline of achievements in implementing the Community Strategic Plan.

The report must contain the council's audited financial reports and any information required by the Regulation or the Guidelines.

### Section 428A

The annual report in the year in which an ordinary election of councillors is held must include a state of the environment report relevant to the objectives for the environment established by the Community Strategic Plan.

The Annual Report is one of the key accountability mechanisms between a council and its community. As such, it should be written and presented in a way that is appropriate for each council's community.

Under the new framework, a number of changes have been made to annual reporting requirements. The new Annual Report focuses mainly on a council's implementation of its Delivery Program and Operational Plan, as these are the plans that are wholly the council's responsibility in the new integrated planning framework.

The report also includes some information that is prescribed by the Local Government (General) Regulation 2005. These requirements have been included in the Regulation because the Government believes that it is important for community members to know about it – to help their understanding of how their council has been performing both as a service provider and a community leader.

There is no standard format for the Annual Report, but it could be presented as follows:

- Section One could contain a report on progress against the Delivery Program
- Section Two could contain the statutory information that is not directly relevant to the Delivery Program and a financial summary
- Section Three could contain the financial statements
- State of the Environment Report (included in the year in which an ordinary election is held).

There is no requirement to present all the information in one document – it could be presented as a set of documents, so long as it is clear that each document is part of a set. For example, if the report is available electronically, it could be presented as four PDF files labelled "*Annual Report Section One, Two, Three & State of the Environment Report*" on Council's website.

If the report is presented as a set of hardcopy documents, Section One should contain a table of contents that clearly explains there are other sections in the set.

# 6. THE ANNUAL REPORT

Where the report is presented as a mixture of hardcopy and electronic format, eg a hardcopy document with the financial statements on a CD, the hardcopy section should explain that a printed version of the material on CD is available from Council on request.

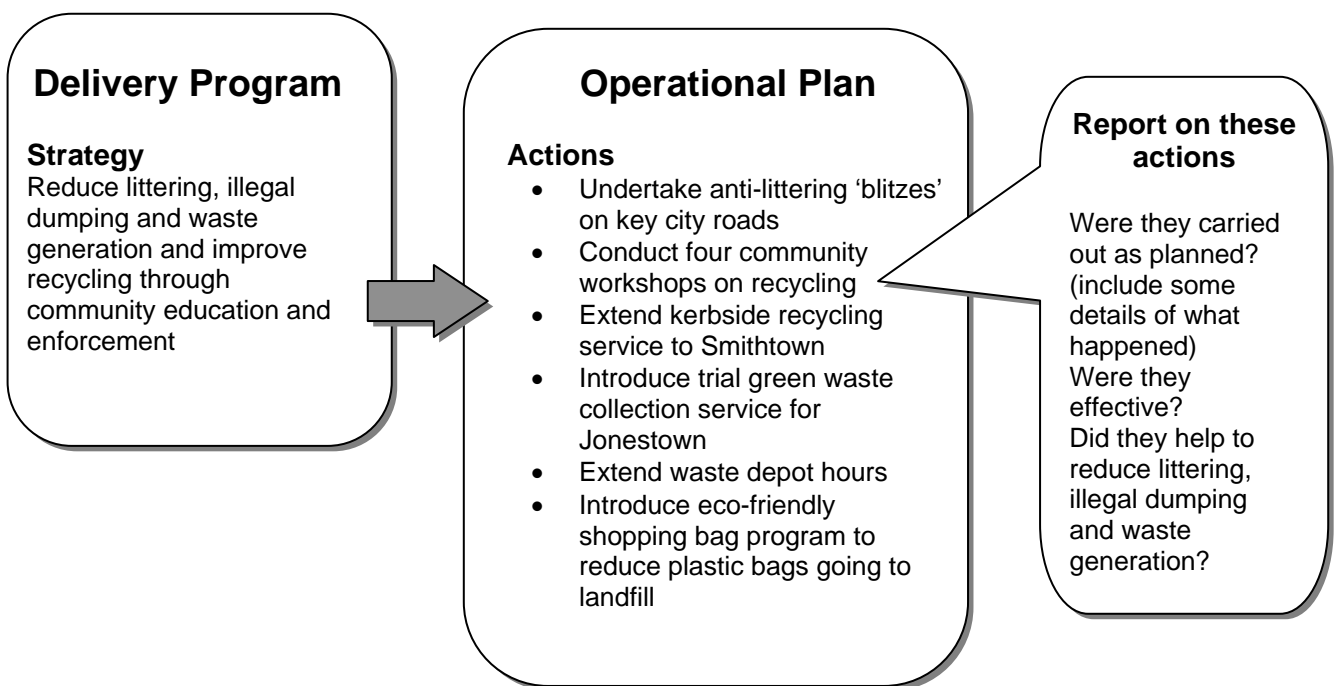
At least some hardcopy versions must be available to satisfy the requirements of Section 12 of the Local Government Act. These versions should be kept at Council's offices and libraries, so that members of the public who don't have access to the internet can still view the report.

## 6.2 Reporting on progress

The main focus of the Annual Report is Council's progress in implementing its Delivery Program and Operational Plan. The report should address each of the strategies included in the Delivery Program and should answer the following key questions:

- Did Council do what it said it would do?
- If not, why not?

In answering these questions, Council will refer to its achievements in relation to the Operational Plan. The next diagram provides an example:



In the year of the ordinary election, the annual report must also include an outline of achievements in implementing the Community Strategic Plan.

# 6. THE ANNUAL REPORT

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## 6.3 Financial reporting

The Annual Report should also include a financial summary, showing key income and expenditure areas for the past financial year. Although full financial statements are included, many people find it challenging to read these statements, so it is helpful to provide some basic interpretive information for the community as well. Councils are encouraged to use diagrams and charts to help present the information in a user-friendly manner.

## 6.4 Asset Reporting

Councils must continue to prepare asset reports in accordance with the requirements of the:

- Local Government Act and Regulation
- NSW Local Government Code of Accounting Practice and Financial Reporting
- Australian Accounting Standards

Within five months after the end of each financial year, a council must prepare a report as to its achievements with respect to the implementation of its Operational Plan.

The report must contain, among other things, a number of particulars applicable to asset management. These include:

- the assets acquired by the council during that year, and
- the assets held by the council at the end of that year, for each of the council's principal activities.

Additionally, councils are also required to report on the condition of the public works (including public buildings, public roads; and water, sewerage and drainage works) under the control of the council as at the end of that year, together with:

- an estimate (at current values) of the amount of money required to bring the works up to a satisfactory standard, and
- an estimate (at current values) of the annual expense of maintaining the works at that standard, and
- the council's program of maintenance for that year in respect of the works.

The report on the condition of public works is also included in the financial reports and is known as Special Schedule 7. Councils must complete this Schedule each year.

Councils should endeavour to ensure that their asset management system can readily, if not automatically, prepare the annual reporting requirements pertaining to council assets. Explanatory notes should be included where necessary.

The report on the condition of public works (Special Schedule 7) should flow directly from the Delivery Program, which should define performance indicators for both existing and proposed levels of service. These performance measures can be used to quantify the upgrade costs (or degree of over-servicing) between existing and target service levels.

Prior to preparing the annual financial statements, it will be necessary to close off the asset register and reconcile the balances for acquisition cost, current cost, depreciation charged for the year, accumulated depreciation and net asset revaluation increments to the corresponding control accounts in the general ledger.

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When this exercise is complete, it is suggested that councils prepare summaries of movements in each of the above-mentioned accounts, as they will greatly assist in the preparation of the financial statements. These summaries should be prepared for each asset category which will be disclosed in the financial statements. The following summaries are suggested:

- asset revaluations
- assets acquired
- asset disposals (including profits/losses on sale)
- depreciation charged for the reporting period
- accumulated depreciation
- written down current cost.

These summaries will need to agree to both the asset register and the general ledger controls. This data can easily be expressed on a spreadsheet. Disclosure of assets and depreciation will be required in a number of places within the financial statements. In summary, these are:

### **Balance sheet and related notes**

- total current cost of assets
- total accumulated depreciation
- total net asset revaluation increments.

### **Income statement and related notes**

- total depreciation charged for the year.

### **Statement of changes in equity**

- net movement in the asset revaluation reserve arising from asset revaluations during the reporting period
- total increase in retained surpluses arising from recognition of assets for the first time. Note that this can only occur in relation to existing inventories of assets.

### **Cash flow statement**

- cash outflows on the acquisition of non current assets
- cash inflows on the disposal of non current assets

Asset revaluation movements and depreciation charges are not disclosed in this statement as they are non-cash items.

### **Notes to financial statements**

- depreciation charged for the year (refer to comment above about disclosure of this item in the operating statement)
- recorded asset values (acquisition or current cost), accumulated depreciation and written down current cost for each asset category. Separate disclosure within each asset category of the total value of assets recorded at cost of acquisition and current cost is required
- date of valuations where classes of assets are recorded at valuation
- details of valuations where the valuations have occurred in the reporting period
- description of accounting policies for:
  - recording and valuation of non-current assets
  - depreciation of non-current assets
  - leases
  - joint ventures
  - real estate assets held for resale
  - employee entitlements.

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### Special Schedules

- depreciation charged for the year
- recorded value of asset
- accumulated depreciation and impairment
- asset condition
- estimated cost to bring to a satisfactory standard (see below)
- required annual maintenance
- current annual maintenance.

Councils may find further information about asset reporting in the AIFMG<sup>10</sup>.

### Reporting on satisfactory standard of assets

In order to achieve consistency across the NSW local government sector it is necessary to define what is meant by 'satisfactory standard'.

Satisfactory is defined as "*satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate*"<sup>11</sup>. With this in mind, DLG has established that the level of satisfactory standard for public works should be the condition rating 2, Good.

Councils should ensure that when they are considering the amount to bring assets to a satisfactory standard that it is the amount of money required to bring those assets up to a standard whereby they would have a condition rating of good (level 2). This should not include any planned enhancements or renewals.

In some asset management literature this is referred to as 'rehabilitation'. The IIMM defines rehabilitation as "*Works to rebuild or replace parts or components of an asset, to restore it to a required functional condition and extend its life, which may incorporate some modification. Generally involves repairing the asset to deliver its original level of service without resorting to significant upgrading or renewal, using available techniques and standards*"<sup>12</sup>

**Required annual maintenance** is the amount of money that should be spent to maintain assets in a satisfactory condition.

**Current annual maintenance** is the amount of money that has been spent in the current year to maintain the assets.

**Renewal** is defined by the IIMM as "*works to upgrade, refurbish or replace existing facilities with facilities of equivalent capacity or performance capability*".<sup>8</sup>

**Enhancement** means to heighten, intensify or improve the facilities.

For those councils that are at an advanced stage of asset management, they should undertake this assessment for all classes of assets under their control, not just those listed in Special Schedule 7.

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<sup>10</sup> Australian Infrastructure Financial Management Guidelines – Version 1.0, 2009

<sup>11</sup> The Australian Concise Oxford Dictionary of Current English

<sup>12</sup> International Infrastructure Management Manual, page xvi

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### 6.5 Reporting on the State of the Environment

The State of the Environment report is now due once every four years. It is to be included in the Annual Report in the year of the ordinary election. It must report on the environmental objectives in the Community Strategic Plan.

The legislative requirements have been amended to provide councils with the flexibility to prepare their State of the Environment Report in a way that enables councils to focus their resources on monitoring and reporting on environment issues that are of concern to their community and where council may influence their management.

Councils should ensure that their State of the Environment Reporting is integrated with the Community Strategic Plan. The information in the State of the Environment Report should be used to inform Council's preparation of the Community Strategic Plan and continue to inform the required reviews of the Community Strategic Plan.

Councils are also strongly encouraged to develop their State of the Environment report in partnership with other councils in their region and Catchment Management Authorities, as environmental monitoring and reporting is more useful when done at a regional and/or catchment scale. State of the Environment Reporting at a regional and/or catchment scale provides opportunities to draw from a wider range of data, to form Memoranda of Understanding or data-sharing arrangements, and to develop shared arrangements for environmental monitoring with State agencies and other organisations to achieve efficiencies and lead to more consistent environmental monitoring and reporting across NSW.

Regional State of the Environment reporting models have been established by regional groups of councils. An example of this is the Northern Sydney Regional Organisation of Councils (NSROC) State of the Environment reporting. A catchment based example is the Namoi Regional State of the Environment report which was produced for 2007-2008.

The NSROC model, which also includes a Regional Sustainability Plan, is an example of how councils can work effectively on a regional basis to take advantage of sharing ideas on sustainability reporting, environmental management practices and other innovations to establish stronger regional links and improve environmental outcomes. It is also an example of how the State of the Environment report is utilised to inform future planning for the area.

Councils are required to report on environmental indicators that they have established. This enables them to identify if they have achieved the environmental objectives in their Community Strategic Plan. Councils can use previous State of the Environment Reports to enable trends to be monitored over time, but it is important that councils critically review their current environment reporting system to ensure that it is integrated and relevant to Council's long-term environmental objectives, and enables informed planning for the future.

Councils may choose to continue to apply the Pressure-State-Response (PSR) model to report on the environmental indicators that they establish (this model is explained in detail in the *Environmental Guidelines: State of the Environment Reporting by Local Government*, DLG, 2000).

Councils must consult with their community, and in particular, environmental groups in their area when preparing the report. Community involvement and monitoring of the environment can provide councils with useful environmental information to assist the development of the report. It also provides an opportunity for councils to educate the community and raise environmental awareness.

Councils are required to complete a comprehensive State of the Environment report with their 2008/09 annual report. The first State of the Environment report under the new planning and reporting framework covering 2009 - 2012 is due on 30 November 2012.



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Councils are encouraged to consider preparing a comprehensive State of the Environment report prior to 2011/2012 where they have established a partnership arrangement on a regional and/or catchment basis. This will enable the establishment of the environmental indicators that are required to assess whether environmental objectives are being achieved. Councils that continue to do their own State of the Environment report are also encouraged to consider completing a comprehensive report before 2011/2012 to ensure that their environmental reporting is integrated with their Community Strategic Plan.

### 6.6 Other reporting requirements

There are also reporting requirements included in the Local Government (General) Regulation 2005. It is important not to simply present this report as a 'checklist'. Think about presenting the information in a way that is helpful to the reader. For example, some of the required information could be included as part of Council's reporting against relevant Delivery Program performance.

The requirements from the Regulation are:

#### **Legal proceedings**

Legal activities can involve considerable cost for councils. The community is interested in how Council is pursuing these matters, the results of the proceedings and any lessons learned in the exercise. Registered companies are required to report on these aspects, so it is reasonable to expect that an organisation the size of a council will do so too.

In summarising legal proceedings, it is not necessary to list, for example, every single traffic fine that was contested in court. These matters can be grouped together under headings such as "*traffic matters*", "*companion animals*".

Where there is a significant matter involving substantial sums of money, this should be described in more detail.

#### **Contracts awarded**

This provides residents with an overview of where major amounts of money (over \$150,000) are being spent and the goods and services that were received. It is an accountability requirement to demonstrate that the proper processes have been followed in awarding contracts. In reporting this information, councils should also consider reporting a group of contracts awarded for a particular project that together exceed \$150, 000.

#### **Private works and financial assistance**

This gives a transparent view of any work that was carried out by Council on private land and how this work was paid for. It also covers grants of financial assistance to individuals. Residents and ratepayers are obviously interested in ensuring that individuals do not receive a special advantage at the expense of other ratepayers. However, there may be occasions where this work has been done for community benefit and it is important to share this information as well.

#### **Details of external bodies, companies and partnerships**

This provides residents and ratepayers with an overview of the type of business ventures that Council may be involved in with other organisations and how these arrangements operate.

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### **Details of mayoral and councillor fees, expenses and facilities**

Residents have a right to know about the community resources that are allocated to their elected representatives to help them carry out their civic role.

The requirements for reporting on these matters remain unchanged and are detailed in the Regulation. Similarly, the requirements to report on overseas trips by councillors and staff remain unchanged.

### **Senior staff salaries**

There is a change to these reporting requirements. Previously, councils had to report on the salary package of each individual who met the definition of senior staff (see Section 332 of the Act). Under the new requirements, councils must report specifically on the salary package of the General Manager, as set out in the Regulation, but the remuneration for other senior staff may be reported as a group.

It is important to note that the technical definition of senior staff in the Act may differ from each council's definition of a senior staff member. Councils are only required to report on members who meet the definition in the Act. However, in the interests of transparency, councils may choose to report on the salary packages of everyone at Director level, even if they earn less than the amount specified in the Act.

### **Stormwater levies**

Where Council has introduced a stormwater levy, the requirements for reporting remain unchanged. Where residents have paid an extra amount for a specific activity, it is reasonable to expect some details on how that money was spent. Councils may wish to include this information in Section One of the report if it fits in better with reporting on Delivery Program strategies.

### **Companion animals**

The requirements for reporting on companion animals remain unchanged. This is an area of particular interest for residents and it is important to ensure they have adequate information about the activities and programs undertaken. Council may wish to include this information in Section One of its report if it is relevant to one of the Delivery Program strategies.

### **Financial statements**

Councils must include a copy of their audited financial reports prepared in accordance with the Local Government Code of Accounting Practice and Financial Reporting. Providing full financial reports is standard practice for large organisations and companies. Council has a responsibility to demonstrate to the community that its finances are being managed in a professional manner to the standards required.

### **Equal Employment Opportunity Management Plan**

The requirement to report on Equal Employment Opportunity management plans remains unchanged. This requirement is particularly relevant to the workforce planning component of the Resourcing Strategy.

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### 6.7 Making the report available

#### Local Government Act

A copy of the council's annual report must be posted on the council's website and provided to the Minister and such other persons and bodies as the regulations may require.

A copy of a council's annual report may be provided to the Minister by notifying the Minister of the appropriate URL link to access the report on the council's website.

Although most councils now use their website as the main point of access for the Annual Report, some hardcopy versions of the report should also be available to assist those who don't have access to the internet.

The Local Government Act requires council to submit their report (or its URL link) to the Minister. To satisfy this requirement, councils can provide the information to DLG by sending it to [dlg@dlg.nsw.gov.au](mailto:dlg@dlg.nsw.gov.au). There is no need to send it separately to the Minister's office.

#### Summary reports

Many councils choose to do a summary Annual Report to make the information more user friendly for residents. Summary reports are an effective way of communicating and they are encouraged as a better practice approach. However, a summary report does not, in itself, satisfy the requirements of the Act and Regulation.

A full Annual Report must still be prepared and available to the public. For example, Council could send out its summary report with rates notices, but the summary should point residents to the full report on Council's website and explain that a full report is available from the Council office or library.