

challenges improvement innovation good governance

Promoting Better Practice Program

REVIEW REPORT

BAULKHAM HILLS SHIRE COUNCIL

AUGUST 2007



Department of Local Government

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1. ABOUT THE REVIEW

The Local Government Reform Program - Promoting Better Practice is a review process that has a number of objectives:

- to generate momentum for a culture of continuous improvement and greater compliance across local government
- to provide an 'early intervention' option for councils experiencing problems
- to promote good governance and ethical conduct
- to identify and share innovation and good practice
- to provide the department with feed back on the application of the current legislative and policy framework and in doing so, identify improvement opportunities.

Reviews act as a "health check", giving confidence about what is being done and helping to focus attention on key priorities.

Review process

The review process was developed after extensive research into council performance measurement in Australia and overseas.

The process involves a Department of Local Government (DLG) review team evaluating the effectiveness and efficiency of the council's operations and giving feedback. This involves checking compliance, examining appropriate practices and ensuring that council has frameworks in place to monitor its performance. There are essentially five steps in a review - preparing, assessing, checking, analysing and reporting.

The review team examines local circumstances in order to understand the pressures on council and how the council has sought to manage that environment.

The results of reviews are analysed and provided to the council, the Director General of the Department of Local Government and the Minister for Local Government.

Baulkham Hills Shire Council Review

Baulkham Hills Shire Council was asked to complete a strategic management assessment and a comprehensive set of checklists about key council practices. The review team examined these and a range of other source documents prior to visiting council, in order to gain a preliminary understanding of the pressures on council and how the council is responding.

The strategic management assessment tool asked council to respond to four critical questions:

- How has council determined its ambitions and priorities?
- How do these ambitions and priorities drive the council's services and resources?
- How does council use its corporate capacity and systems to drive forward the organisation in an ambitious, challenging yet managed way?
- How does council measure the progress it is making with its agenda to ensure that its priorities are delivered and that service improvement is achieved?

Richard Murphy and Aleksandra Valda conducted the on-site component of the review from 26 to 29 March 2007.

The on-site review involved initial interviews with council's Mayor and the general manager, a briefing for council's senior staff, interviews with a cross section of staff, a briefing for councillors, observation of a council meeting, individual meetings with some councillors, a review of council policies and other documents and visits to a number of council facilities/worksites.

A draft report was provided to council for review and comment. This final version of the report incorporates some minor modifications and two of the draft recommendations have been deleted. A copy of council's response to the draft report has been included in this final version of the report.

Council has been asked to prepare an action plan to address the remaining recommendations and to provide the department with an initial report on its progress in January 2008. Further reports are generally sought from council at six monthly

intervals. It is recognised that some recommendations will take a significant period to fully address because of the nature of the issue they address.

It is apparent, from council's comments in relation to specific recommendations, that it has already addressed some recommendations and is well advanced in addressing others. This is commendable. However, the recommendations remain in the final version of the report because the department has not verified the adequacy of the action taken. This will occur when council submits its six monthly progress reports. The submission of progress reports is a standard element of the PBP program.

2. EXECUTIVE SUMMARY

The most significant characteristic of Baulkham Hills Shire Council is the major residential development occurring in the area and the development of the accompanying infrastructure and business parks. Major organisational efforts are directed towards positioning the council to deal with the current and future growth and towards building and maintaining a sense of community for the shire's residents.

We observed better practice in the conduct of a community visioning exercise; in the changed approach to the budgeting process (the move towards program/outputs based budgeting), the application of internal controls and the use of a continuous improvement framework. Council also has a commendable environmental management plan, a sound social plan and is currently drafting an economic development strategy.

Council's future planning process is consistent with the Metropolitan Strategy, the North West sub-regional strategy, and with the directions by the Department of Planning. Council looks at future development in a holistic way, including its implications for transport strategy.

Council processes a large number of development applications. Its processing times are better than similar councils.

Council wishes to be recognised as a 'green shire'. It demonstrates a full awareness of the environmental challenges development brings and has sound environmental management practices.

Council is in a sound financial position and its assets are in a good condition. Council is building the key elements of a good financial planning framework, including an asset management system. Council has a program of monthly reporting of financial performance to elected members.

At the time of the review, the council was engaged in a comprehensive review of its workplace relations policies and practices. It has recently made changes to its recruitment and selection process in order to attract a broader range of high quality applicants.

The review team has identified some areas for improvement and made recommendations to assist council improve its effectiveness.

The council had already identified the need to revise and integrate its strategic and management planning processes and has undertaken foundation work to allow this to occur. The review team recommends that this work should continue, that a documented project plan be prepared and a report on the process (including a timetable) be referred to council for adoption. This should occur without delay.

The revised management plan should form the basis for the management of group managers' performance by the general manager and its achievement should be a significant element in the elected council's monitoring of the general manager's performance.

In terms of good governance practices council should review its delegations and its policies as a matter of urgency. It should also adopt standardised procedures for all its section 355 committees. Council should also critically review the frequency and duration of council meetings as well as the engagement of council staff in meetings. Being a major developer in its own right, council should develop and adopt protocols for its entrepreneurial activities.

Council should review its access to information policy, so that the community can make informed decisions. It should also develop a communication and consultation strategy and a set of customer service standards. These should be accessible to the public, measured and reported on.

Although council is currently in a good financial position, there is a need for council to develop a long-term financial strategy and incorporate the strategies to address the shortfall in its development contribution plans.

3. RECOMMENDATIONS

Ambitions, Priorities and Future Focus

1. Council should develop and adopt a long-term strategic plan. A project plan for this process should be prepared and a report on the process (including a timetable) be referred to council for adoption as soon as possible.

Governance

2. Council should adopt a formal policy/protocol for risk management having due regard to Australian/New Zealand Standard AS.NZS 4360:2004.
3. Council should implement the recommendations of the fraud assessment recently undertaken by its internal auditor and undertake further regular assessments of the areas of the highest risk.
4. Council should examine the rigour of its existing practices to ensure regulatory and legislative compliance, incorporate regular reviews of the organisational preparedness to meet the requirements and formalise the process by adoption of a formal policy/protocol.
5. Council should revise its delegations, having regard to the issues raised in the review report.
6. Council should review its outdated policies as a matter of urgency. In doing so, it should clarify what policy is and what is an operational protocol/procedure, consider developing a policy on policy development/review and consider adopting a standard format for its policies.
7. Council should review its response to the consultant's and internal auditor's findings in relation to its section 355 committees and ensure appropriate actions are taken to address the issues they identified.
8. The General Manager should reduce the number of staff present at council meetings.

9. Council should critically review the frequency and duration of its meetings having regard to the issues raised in the review report, the advice of its officers and Practice Note No 16 issued by the department.
10. Council should take immediate action to ensure that it complies fully with the relevant statutory provisions relating to closed meetings/confidential items and include a six-monthly examination of the process in its internal audit program.
11. Council should establish procedures for managing the conflicts of roles in relation to its activities as a developer/regulator and for identifying and managing the risks of its commercial/entrepreneurial activities.
12. Council should revise its management planning process having regard to the proposed long-term strategic plan, the need for better integration and the need for more detail about intended actions. There needs to be better links between the component parts and the process for resource allocation needs to be changed to capitalise on the preparatory work that has already been done in relation to process mapping and costing.
13. The General Manager should use the performance indicators in the revised management plan to manage the performance of group managers.
14. Council should ensure that the General Manager's annual performance review is conducted and finalised in accordance with the timeframes provided for in the General Manager's contract.
15. Council should revise its complaints policy to ensure that reports to management and council on complaints include, where warranted, recommendations for and evidence of changes to relevant council procedures or policies that are the subject of the complaint.
16. Council should finalise its documents management and records policy as soon as possible. In doing so, it should have regard to the review of the implementation of its Privacy Management Plan.
17. Council should adopt a policy that clearly communicates council's intentions in regard to access to information and which acknowledges the statutory

obligation on council's Public Officer to assist people to gain access to the publicly available documents of council.

Planning/regulatory

18. Council should promptly adopt the enforcement guidelines currently being developed.

Asset and financial management

19. Council should develop a long-term financial plan. Council should ensure that its strategies to address the shortfall in section 94 contributions are included.
20. Council should review the monthly report financial information provided to councillors, to ensure that it is meaningful and relevant and to ensure that it takes advantage of the improved information that should be available from the start of the new financial year.
21. The General Manager should monitor closely the implementation of the new asset management system; and report to council on the system's implementation and future uses no later than September 2007.
22. Council should develop a new Information Management and Technology Strategic Plan.

Community and consultation

23. Council should develop and adopt a communication and consultation strategy.
24. Council should develop a set of customer service standards (guarantee of service) and make them available to the community. Once adopted, the standards should be monitored and reported on.

Workforce relations

25. Council should consider the adequacy of its current approach to managing information about its workforce and individual employees, and in doing so, consider the merit of using a computerised human resource information systems.

26. Council should keep its recruitment process under a regular audit and ensure that adequate records of the selection process are being made and kept.
27. Council should use a range of statistical data to inform the development of a new EEO Management Plan.

4. CONTEXT

This chapter describes the context in which the council operates.

The area was proclaimed a shire on 6 March 1906.

The Baulkham Hills Shire Council local government area (LGA) is located in Sydney's north west, some 35 kilometres from the Sydney's CBD. The council borders Hawkesbury City in the north, Hornsby Shire in the east, Parramatta City in the south and Blacktown City in the west, comprising an area of around 400 square kilometres.

The area is characterised by the features of city fringe/rural with significant development. Land in the LGA is zoned as residential, business, rural, light industrial, environmental protection, open space, national parks and nature reserves and special uses.

Council's population density is 385.66 people per square kilometre, a little higher than Sydney's average of 330 per square kilometre. However, it should be noted that some parts of the Shire are much more densely populated than others.

The LGA has the second highest rate of population growth in the state. In the 2001 census council had a population of 146,000 people. The estimated population in 2006 was 167,000. This represents an increase of 11.5% over five years. The forecast is that the growth trend will continue over the next 15 years in all areas, but mainly in suburbs earmarked for future residential development, such as Box Hill, Kellyville, Rouse Hill and Northmead.

Only 0.26% of the shire's population identified themselves as being of Aboriginal and Torres Strait Islander origin in the 2001 census. The census indicated that 18.5% of residents were from culturally and linguistically diverse backgrounds. The top six overseas birthplace countries were United Kingdom, Hong Kong, Vietnam, New Zealand, China and India.

The population of the LGA is relatively young compared to others in the state. In 2001 young people (0-18 years old) made up 27% of the population. At the same census 12.2% people aged 60 years and over lived in the area.

Jackson's NSW Local Government Population Ageing project¹ indicates that in 2004 Baulkham Hills was the NSW 146th oldest LGA and that by 2022 it will be the 138th oldest. While an aging population is an issue all councils need to be aware of, it is not as significant an issue in this area as in others.

The LGA has a very high rate of workforce participation (96.8%). In 2001, 51% of the population had a weekly individual income in the range of \$500-\$1,500 (the average weekly income for Sydney is \$400 - \$499).

Twelve elected members represent the community across four council wards. Three councillors are endorsed by the Australian Labor Party; the others are independent, with some declaring affiliation with the Liberal Party. Some councillors have been on council for several terms, one as long as 38 years. Councillors elect the Mayor annually. The current Mayor has not been the Mayor previously and is serving his first term as a councillor.

The council's current General Manager, Mr David Walker, has been with the council for the past 10 years, the last two as Acting General Manager and General Manager.

Council's total staffing numbers are 577 equivalent full time staff, including a relatively high percentage (15%) of contract staff. There was a small reduction in staff numbers at the 30 June 2006 compared to the previous year. Council has a number of unfilled positions in its planning department.

Council's organisational structure comprises five divisions headed by group managers:

- Corporate Development (economic development, communications and marketing, executive services)
- Corporate and Financial Services (legal services, information management, special projects, human resources/organisational development, expenditure and supply and revenue)
- Services Delivery (operations, technical services, traffic and transportation, buildings management, compliance)

¹ Jackson, N.O., 2004, NSW Local Government Population Ageing Project, commissioned by the LGSA.

- Community Development (community outcomes, children services, Hills Community Care, library and information services, community planning) and
- Environment and Planning Services (building control, subdivisions, development control, forward planning, health and environment).

In addition, Internal Auditor and Manager Financial Planning report directly to the General Manager.

Council's salary budget for 2005/2006 was \$23.5 million.

5. COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS

When we review councils we look for evidence of: clear ambition; a focus on communities and services; ownership of problems and willingness to change; a shared and realistic vision; a sustained focus on what matters; improvement integrated into day to day management; flexibility and innovation; capacity and systems to continue to deliver performance improvement.

Strategic Planning

Council's medium-term operations are guided by the strategic component of its management plan 2006/2011. However, it does not have a long-term strategic plan.

In the council's 2005/2006 community survey, residents of the shire rated the development of a long-term vision with the highest score on issues which council should give priority to in the future. Such a vision is integral to the development of a strategic plan to guide council's direction over the next 10 to 20 years.

The LGA is experiencing a rapid increase in population as a result of the planned land releases and is likely to do so for a number of years. Such growth will come with the attendant changes in land use and the need for infrastructure. It will present challenges in maintaining a sense of community. The growth also presents opportunities for council such as an increasing its revenue base and developing infrastructure that is in relatively good condition compared to other LGAs. It is critical that a council operating in such a context, has a long-term strategic plan to provide a foundation for its operational planning and the delivery of services.

While council has what it describes as a strategic plan for the period 2006-2011, it has acknowledged the need for it to adopt a longer-term perspective. In September 2006 it considered a report on a strategic vision for the Shire that concluded in part that:

“Without a doubt, Council's existing strategic planning processes would greatly be enhanced by the conduct of a robust community vision process that would provide valuable input into all existing and future plans ... Such an exercise would provide an opportunity to re-align and truth existing perceptions and clarify and enunciate a joint council/community vision for the future.”

To this end, council adopted a recommendation in September 2006 to implement a community “visioning project”, with the aim of having a clear and articulated vision for the shire in time for the 2008/2009 management planning process. Council needs to use this project as the basis for the development and adoption of a long-term strategic plan.

Council should develop and adopt a long-term strategic plan. **(Recommendation 1)** We note council’s comment, in response to the draft report, that it *“is currently undertaking stage 2 of this process”* and that a *“process is in place to keep Councillors and Executive up-to-date with outcomes”*. While noting this, we reiterate the recommendation in the draft report that a documented project plan for the strategic planning process be prepared and endorsed by the elected council.

The project plan should clearly define the various roles of councillors, council staff, consultants and the community in the process. It should clearly describe what outcomes are expected (e.g. a long term strategic plan and a reformatted management plan). Given the scope of the project it will be important that the plan specifies milestones. The project plan should form the basis of monthly reporting to council on this critically important project.

The long term strategic plan should provide a clear description of council’s strategic intent, provide a description of council’s key direction on local and regional issues, identify council’s role in the achievement of community aspirations, provide an overview of council’s strategic resource implications and be easy to read. Ultimately it should be defined by the quality of the information rather than the quantity.

There is evidence that council has already undertaken significant foundation work to enable it to develop a long-term strategic plan.

The council engaged a consultant to assist it in developing a new strategic vision for the shire and he has undertaken work with councillors and members of the community. While the further use of a consultant may be beneficial, council should ensure that the consultant has a clear brief and is appropriately managed.

Council has recently appointed a Corporate Planning Coordinator and established a project team comprised of a cross-section of council staff, to oversee the re-engineering of council's corporate planning processes.

While it is positive council has identified the need for a long-term strategic plan and undertaken the foundation work, there is a need to bring this good intent and effort to date to fruition over the next twelve months.

6. DELIVERING AND ACHIEVING

This part of council's assessment focuses on: capacity and systems to deliver performance improvement; defined roles and responsibilities and accountabilities; delivery through partnership; modern structures and processes; strong financial management; resources follow priorities; performance information; risk managed appropriately; open to external challenge.

6.1 Governance

“Corporate governance refers to all the means by which entities are directed and controlled.” (Standards Australia, HB401-2004:12) Corporate governance is important because it enhances organisational performance; manages and minimises risks; increases the confidence of the community and the local government sector in the organisation; ensures that an organisation is meeting its legal and ethical obligations; and assists in the prevention and detection of dishonest or unethical behaviour.

A review was conducted of a range of aspects of council's governance practices including:

- *Ethics and values*
- *Management planning*
- *Risk management and internal control*
- *Council's decision-making processes*
- *Monitoring and review*
- *Information management*

Ethics and Values

Code of Conduct

The council adopted the Model Code of Conduct released by the Department of Local Government as its code of conduct in February 2005, following consultation with councillors and staff. The code's values are conveyed to staff and councillors in induction training and to members of the public, via the Code of Conduct Committee

Handbook available on council's website. The handbook incorporates a copy of the Model Code.

Council has several policies that support the model code by defining appropriate and transparent conduct by its officials and that guide relationships among employees, between council officials and members of the public and between employees and elected members.

The code of conduct is also made available to tenderers and contractors, together with a Statement of Business Ethics.

Management of pecuniary interest

The Act sets out the parameters that must be adhered to when councillors and staff have a conflict between their public duty and private interests that constitute pecuniary interests. To this end the Act requires that councillors and designated staff complete and lodge written disclosure of interest returns in the form prescribed by the Local Government (General) Regulation 2005 and to appropriately manage pecuniary interests when relevant matters arise.

Baulkham Hills Shire Council maintains a register of disclosure of interests returns by councillors and designated persons, as prescribed by section 449 of the Act. Council's code of conduct outlines a process for the disclosures in council and committee meetings. This provides the foundation for managing the conflict of interest and pecuniary interest by council officials.

We conducted a review of the 2005/06 written returns. While some returns were completed correctly, we identified a number of minor non-compliances. Some of the non-compliances included the incorrect reporting period being stated; property interests not declared correctly, and rental income not being declared. In summary, the forms do not appear to always give a transparent and complete statement of the interests and other matters as prescribed by Part 8 of the Local Government (General) Regulation 2005. It is clear that some council officials need to give greater attention to the technical aspects of their return. Resources, such as departmental Circular 04/14 and the Pecuniary Interest Guidelines should be made available to councillors and designated officers annually, to assist them in completing their returns correctly.

Risk management and internal controls

Councils are exposed to a wide range of risks as a consequence of their diverse functions. Risk management is about the systematic identification, analysis, evaluation, control and monitoring of risks.

While risk cannot be entirely eliminated, councils should aim to establish a risk aware culture and to continually work towards establishing structures, processes and controls that cost effectively reduce the council's risk profile and thereby protect the interests of council, the public and other key stakeholders.

There needs to be a balance between the cost of managing risk and the benefits expected from engaging in an activity that has inherent risks. The significance of specific risks varies from council to council.

Risk Management framework

We examined the way council seeks to manage risk.

Our discussions with various senior staff and council's Internal Auditor disclosed a considerable level of risk awareness at the operational level. We also saw evidence of a recent exercise that identified various risk areas, and subsequent work on risk analysis and control.

A risk management co-ordinator has been recently appointed to deal with insurable risk.

Broader organisational risk is managed in a somewhat ad hoc way by various sections of the council and not reported at the corporate level. This does not provide for the establishment of trends and treatment strategies that would be subject to the review and control at the executive level.

We were advised that council intends to revise its risk management process. We recommend that a formal policy/protocol be adopted and implemented having due regard to Australian/New Zealand Standard AS.NZS 4360:2004. **(Recommendation 2)** In addressing this recommendation, council should consider the risk assessment exercise it has recently conducted to establish the organisational context.

Internal audit

Internal audit and control provides for systematic scrutiny of an organisation's operations, systems and performance. It assists in ensuring that service standards are met, data records are accurate and complete, and established procedures are being followed.

In 2005, council appointed an internal auditor. The position reports directly to the General Manager and fulfils a number of functions ranging from regular internal auditing of council processes and systems, to making recommendations on business improvement initiatives.

Council has an Audit Committee, which also includes community representatives. The committee has developed an audit plan. In the 18 months since the Internal Auditor has been appointed, a number of assessments of council processes have been conducted and recommendations made to the General Manager. Most of these recommendations have been accepted and actions taken towards continuous improvement. We commend council for making a significant investment in internal review and control and for directly involving members of the community in this important process.

An example of the benefit of this process can be seen in the changes that have occurred to council's procurement process following an internal audit. As a result of the audit, procurement practices have been changed, from the majority being completed without a purchase order, to over 90% of transactions being completed through the purchase order system. The purchase order system provides for a number of checks and balances to ensure appropriate controls in the purchasing approvals.

Fraud Control

Fraud is a crime involving the dishonest obtaining of a financial or other benefit by deception. The benefit might be of a direct value or it might be an indirect value. Fraud wastes scarce funds and resources and can damage organisation's reputation and competitiveness. It is important that fraud risks are identified and managed effectively and that supervisors and staff kept up to date on known and emerging risk areas, as well as on strategies for properly managing those risks.

Council's Internal Auditor has recently conducted fraud assessment of council systems. Council should implement the recommendations made following this assessment and undertake further regular assessments of the areas of the highest risk. **(Recommendation 3)**

Protected Disclosures

Protected disclosures are an important means by which councils can signal commitment to ethical practice. They also can act as an early warning system for management.

Council has an internal reporting policy to assist staff in making disclosures about alleged corrupt conduct, maladministration or serious and substantial waste of public money under the *Protected Disclosures Act 1994*. The policy should be updated to reflect the current reporting options.

Council informs its councillors, staff and council delegates of the requirements and protections of the *Protected Disclosures Act 1994* through staff induction and training programs.

Legislative compliance

A fundamental principle of good public administration is that public officials comply with both the letter and the spirit of the law. To facilitate compliance with legal requirements, councils and their senior staff should ensure that:

- management commitment to compliance is clear and unequivocal,
- the legal requirements which apply to each activity for which they are responsible are identified (including updates reflecting changes to the law), and documented (preferably in detail, but as a minimum by reference to relevant provisions),
- all staff are kept fully informed, briefed and/or trained about the key legal requirements relevant to their work,
- staff are made aware of the potential repercussions of non-compliance with legal requirements that apply to them, and
- record-keeping systems and practices that capture evidence of compliance and non-compliance are in place.

It is important for councils to consider what systems they have for identifying their compliance obligations, for staying on top of legislative changes and for ensuring they are meeting those obligations on an ongoing basis.

Council does not have a formal protocol for systematically identifying and reviewing its compliance obligations. However, we were advised that it uses the strategic tasks schedule issued by the department as a starting point. Relevant information is then circulated to staff and different reporting tasks built into relevant managers' work schedules. In addition, group managers are tasked with ensuring they keep up-to-date with changes to the legislation pertaining to their specific expert areas of responsibility, circulate information to staff and ensure continued compliance with legislative requirements.

Council should examine the rigour of its existing practices to ensure regulatory and legislative compliance, incorporate a regular reviews to ensure compliance and formalise the process by adoption of a formal policy/protocol. **(Recommendation 4)**

Delegations

The power of delegation is an important tool that assists council officers to carry out the functions of council in an effective and timely manner. Delegations need to be made in accordance with sections 377-381 of the Act and regularly reviewed to ensure they remain current.

Council's current delegations register is in need of a complete overhaul. The register contains some delegations that do not reflect the changes in the local government regime brought about by the 1993 Act. It is also a combination of descriptions of duties, powers/limits of powers and constitutions of various committees. The inclusion of non-essential descriptive provisions makes the document difficult to follow and unnecessarily long. This increases the risk of confusion and non-compliance. In addition, as legislation and council structure change, having a register of this length does not lend itself to timely review.

Only delegations should be included in the delegations register. The other information should be reflected in other more appropriate documents. For example, each council section 355 committee should have its own constitution.

Council has identified that its current register of delegations of authority needs to be updated and work has commenced on a new register. We recommend that council proceed with the revision of the delegations having regard to the aforementioned issues. **(Recommendation 5)**

Policies/protocols

Council policies and formal protocols are an important mechanism for setting, monitoring and reviewing council's systems and processes. Council indicated to the review team that it was considering reviewing its policies.

As part of the review process, we examined council's Policy Manual. We found that policies were inconsistent in format and there was no evidence of planned regular review. We also found policies that were no longer relevant or have been superseded but not formally rescinded.

We did not find an explanation as to why some documents are referred to as policies and some as protocols.

Council should review its outdated policies as a matter of urgency. In doing so, it should clarify what policy is and what is an operational protocol/procedure, consider developing a policy on policy development/review and consider adopting a standard format for its policies. **(Recommendation 6)**

In any case, council policies should clearly reflect the delineation of responsibility of the elected body, for the strategic aspect of council policies and of the various sections of council for the operational aspect of policies. Policies should also identify the council manager responsible for the policy, have a review date (which may be linked to the responsible section's and officer's work calendars) and be easily accessible to staff.

Council policies should also be available to the public (the policy document is currently available on council web site). Top-level policies should be supported by relevant procedures and other relevant information. There should also be appropriate links between policies and procedures.

Council also needs to give consideration to how it disseminates policy information to council staff. For example, it should give consideration to making use of an intranet or reviewing how they are stored and accessed from the DataWorks system. The fundamental issue that council needs to address is how will council staff know there is a relevant policy/protocol and how readily can they access that policy.

Management of section 355 committees

Section 355 committees are an important way in which council exercises its functions. Council has 42 section 355 committees in place: 14 with an advisory function and 28 with delegated management functions.

Council has conducted an audit of the appropriateness of its management of these committees to ensure that:

- the aims of the committees are achieved (without duplication of functions);
- appropriate guidance is provided to committees regarding their structure, functions and authority (including the committees being subject to the council's code of conduct);
- council as an organisation exercises its responsibilities with respect to the management of volunteers who work on its various committees (while at the same time recognising the valuable contribution of the volunteers' work in the areas of bush, parks and reserves and building and facilities care and management; assistance with the aged care, child care and youth services; assistance with various events and tourism events; business enhancement).

In addition, council has engaged an external consultant to assist with the identification of opportunities for the development of leading edge volunteer models (the best practice in volunteer management) and with council's regulatory compliance with respect to the management of section 355 committees.

Both the audit and the consultant found that some committees lack proper procedures and committee members receive inadequate training from council, including in the council's code of conduct.

We commend council for conducting the review of its committees and of its volunteer management. We understand that council has considered the internal audit report

and the advice of its consultant and that it has resolved that there be further consultation with members of the section 335 committees.

Council has provided the following comment in relation to this issue:

Council has conducted an extremely thorough review of its Section 355 Committee Management Model. All Section 355 Committees have Council resolved delegations. In addition Council has in place a comprehensive Section 355 procedures manual. The combination of the Section 355 manual and specific delegations of individual Committees has been utilised in lieu of separate constitutions.

Our draft recommendation was that council respond to the finding of the internal audit as a high priority and as a minimum, council should ensure that all section 355 committees have constitutions and written procedures to guide their operations. While we accept that appropriate delegations and comprehensive procedures can be effectively utilised in lieu of separate constitutions, we have retained a recommendation in this area, to the effect that council should review its response to the consultant's and internal auditor's findings and ensure appropriate actions are taken to address the issues they identified. **(Recommendation 7)**

Tendering, procurement, asset disposal and contract management

Councils' obligations in relation to formal tenders are regulated under section 55 of the Act and the relevant provisions of the Regulation. These provisions apply to contracts with a value of \$150,000 or more. Tendering, procurement, contract management and asset disposal activities should be governed by considerations of probity, transparency and accountability in the expenditure of public funds for public purposes.

Council has purchasing and supply guidelines for non-store items that address who is authorised to make purchasing decisions, invitations to tender, tender evaluation procedures, the use of consultants, disposal of goods and e-procurement. Issues such as conflict of interests, the statement of business ethics and environmental considerations are also canvassed.

Assessment by the review team of two randomly selected tendering files revealed that council policies, practices and procedures meet the good practice standards and high level of public accountability. The files assessed demonstrate proper

documentation of the process and demonstrate the application of ethical principles for the selection and evaluation of tenders and communication with tenderers.

Decision making process

Council meetings

The Act requires that council meet at least 10 times per year, with each such meeting being held in a different month. The Act and Regulation also stipulate other aspects of the council meeting process.

The review team inspected the minutes of a number of council meetings, and also attended the ordinary council meeting of 27 March 2007.

Council typically has ordinary meetings on the 2nd, 3rd and 4th Tuesday of the month. Its meetings typically start at 7 pm. It has a workshop with senior staff on the 1st Tuesday. The department, in the PBP reviews undertaken to date, has not observed any other council that has so many ordinary meetings.

While the frequency and duration of council meetings is a matter for council and we note the councillors' commitment to public office (as indicated by their willingness to attend every Tuesday evening), we are concerned the need for such frequent (and in some cases, long) meetings is an indication that council is not making the best use of councillors' and officers' time.

A significant portion of the meeting the review team attended was taken up with councillors asking questions of officers and a town planner, who was making a presentation to council in support of a development application. We urge councillors to reflect on whether the questions they were asking could have been canvassed with the officers concerned prior to the council meeting. We would also suggest to councillors that the answers to some of their questions could have been found in the written reports included in the business paper.

We noted that there were at least 15 staff members present at the meeting on 27 March 2007. The staff members were from a cross-section of council departments, which was indicative of the broad range of matters on the agenda. We recommend that the General Manager reduce the number of staff present at meetings.

(Recommendation 8)

This could be achieved by:

- ensuring reports are comprehensive and pre-empt likely questions
- continued use of workshops to brief councillors on complex issues
- encouraging councillors to ask questions prior to the meeting
- taking questions on notice
- rationalising the nature of items considered at a given meeting (so that all matters relating to a specific area of council are dealt with at one designated meeting per month), thereby only requiring officers from that area to attend once a month

There have been two occasions in the last month where council meetings have extended beyond 11 pm. On 10 April 2007, the meeting did not finish until 12:45 am. We encourage council to consider the inclusion of a provision in its code of meeting practice to limit the duration of its meetings to a maximum of 4 hours.

We note that many of the councillors have occupations that require them to work on the day of meetings and that officers work on the day of the meeting and the following day (albeit with some flexibility to amend their starting time). Given this, we question both the impact of fatigue on councillors' capacities to make good decisions and whether the current practice could give rise to an allegation that council is failing to meet its OH&S obligations to its employees. We observed that several councillors needed to leave the chamber at various times during the meeting. While this is understandable given the duration of meetings, it must impede councillors' ability to decide a matter when they have not been present for the entirety of the debate.

Council also needs to consider the impact of continuing meetings into the late evening and early morning hours on members of the public and the media, who may wish to observe meetings. Put simply, holding meetings at such times reduces the accountability and transparency of council's decision-making processes.

We recommend that council critically review the frequency and duration of its meetings, having regard to the issues raised in this section of the report, the advice of its officers and departmental Practice Note no. 16, which was issued to assist councils with the conduct of their meetings. **(Recommendation 9)** In addressing this recommendation, we would encourage councillors to examine the practice of other

similar councils and observe another council's meeting if they have not already done so.

Council minutes

Section 375(1) of the Act requires a council to keep full and accurate minutes of council meeting proceedings. Subject to legislative provisions and any directions from the council, it is up to the general manager to decide how much detail is to be shown in the minutes.

An inspection of the minutes of council's meetings indicates that they contain all the information required under the Local Government Act and Regulation. Council minutes are prepared and displayed on a data projection screen during the meeting.

Council does not include copies of reports from its business paper in its minutes. While it has no obligation to do so, this practice can help facilitate better understanding of the reasons for decisions without the need for separate recourse to the business paper (noting that past business papers are not available on line).

Public participation

Providing some form of public participation at meetings is good practice. Council has a public participation process at meetings that allows residents affected by a proposal before council the opportunity to address council directly. Further, it provides an opportunity for members of the public to ask questions on matters not on the agenda.

Closed meetings

As a general rule, meetings of the council and its committees are required to be open to the public. Where council determines that a matter should be dealt with in closed session, sections 10A and 10B of the Local Government Act outlines the requirements for this determination.

Based on our review of council's minutes, we found that council considers a relatively large number of matters in the absence of the public. Between 13 February 2007 until 10 April 2007, council held 7 ordinary council meetings and excluded the public from part of every meeting. Twenty-one items were dealt with in these closed

sessions. Council has commented that this is largely due to the number of “property matters” before Council.

In deciding whether or not a matter should be discussed in closed session, council should (where applicable) apply the public interest test as required by section 10B(1)(b) of the Act. Although council meeting minutes contain a statement that the discussion of the items in open session would be contrary to the public interest, there is no indication as to why this was considered to be the case. Such an explanation is required as stipulated in section 10D(2)(c) of the Act. In considering this observation, council should note that citing a subsection of section 10A of the Act, as the reason for confidentiality, is insufficient.

In future, the Mayor should ensure that council considers public interest considerations before resolving to exclude members of the public from the meeting. The General Manager should ensure that meeting minutes include an explanation of the way in which discussion of the matter in an open meeting would be, on balance, contrary to the public interest. The General Manager, in preparing the agenda and business paper, should ensure public interest considerations are canvassed.

Council should give consideration to whether it is complying with section 10B(1) of the Act, which stipulates that a meeting is not to remain closed except for so much of the discussion as is necessary to preserve the relevant confidentiality, privilege or security. In practice, council generally deals with “confidential” items in closed session in their entirety. For example, on 20 February 2007, the report on section 94 contributions plans (item 15) was dealt with in its entirety in closed session. Having reviewed this report, we are of the view that some of the issues it canvassed could and should have been dealt with when members of the public were present.

Council, when resolving to exclude members of the public from its meetings, refers to this as resolving into “Committee of the Whole” even though the effect of its action is just to exclude members of the public and the media. If council’s only intent is to exclude members of the public and the media, it should resolve to do just that and there should not be any reference to “Committee of the Whole”.

Perhaps most seriously, there is evidence that the grounds on which council has deemed a matter confidential may be inappropriate. For example, on 27 February

2007, council dealt with a matter related to membership of the conduct committee. Although we did not examine the content of the relevant report, we urge council to do so and consider whether in fact the cited reason for confidentiality was appropriate. The cited reason for confidentiality was that the matter was one that affected the security of council, councillors, council staff or council property.

Given the number of items council currently treats as confidential items, this is an area of its operations that warrants closer examination by the relevant officers and regular internal review by someone not involved in the initial decision process to classify an item.

Council should take immediate action to ensure that it complies fully with the relevant statutory provisions relating to closed meetings/confidential items and include a six-monthly examination of the process in its internal audit program. **(Recommendation 10)**

Council as developer

This topic is discussed under the Governance heading of the report as it is seen as an important issue for council to consider in the context of its decision making processes, given council is a significant landholder and has a history of engaging in developments in its own right (such as the Horizons Apartments).

As a significant landholder, council needs to be mindful that it may have a conflict of roles when dealing with planning and development matters that may impact on its own holdings and those of parties with which it engages in commercial land dealings. It also needs to ensure that it manages the additional risk inherent in undertaking developments that have commercial objectives/components.

While we do not suggest council has not followed a transparent process in the past when this issue has arisen, we recommend that it establish formal procedures for dealing with any role conflicts in relation to its activities as a developer and for identifying and managing the risks of its commercial/entrepreneurial activities. **(Recommendation 11)** Such processes would help ensure that such matters are dealt with consistently and appropriately.

Procedures for guiding its decision making in relation to its entrepreneurial activities will assist in differentiating between the entrepreneurial and operational activities of the council, provide for the identification of relevant risks and document the key decision points which may include:

- the initial decision to undertake development on council owned land;
- the decision to rezone land;
- the decision to subdivide land;
- the assessment of development application/applying conditions of consent;
- the decision to sell land;
- the valuation of land;
- enforcing conditions of consent/certification of development;
- calculating and applying developer contributions and levies and providing infrastructure.

Where council is the developer, council should consider adopting a policy that provides for independent assessment or peer review as minimum response.

Councillor training

The skills and knowledge of councillors have a significant impact on organisation's capacity to make sound and transparent decisions. The learning curve for new councillors can be a steep one and for long serving councillors there is the on-going challenge to keep up to date. Given this, it is appropriate that council allocate resources to councillor training and development. We examined the council's approach to this issue.

Following the 2004 election, council provided a councillor orientation program which was designed to address major areas of council's role and key issues affecting the council. All councillors attended this training. New councillors require such an induction to equip them with the skills required to properly carry out their duties and allow them to be effective members of council's elected body.

In addition to induction following the election, council offers to its elected members a range of training opportunities on specific subjects, as well as the opportunities to keep up to date with the developments in various areas relevant to their strategic role by way of attendance at topical workshops, conferences and seminars and

circulation of relevant information prepared by the department, Local Government and Shires Associations and industry groups.

The review team has observed varying degree of councillors' attendance at workshops. A group of four councillors seemed to attend every opportunity offered. Another group of four councillors attended some training, while four councillors did not attend any.

We encourage council to continue to provide opportunities for its elected members to continue to keep abreast with the knowledge developments in those areas that are most likely to be beneficial for carrying out councillors' strategic role within the organisation. Further, it is important for each individual councillor to critically review their skill and knowledge base and commit to on-going development over their term as a councillor.

Monitoring and review

Management planning

Each year council is required to adopt a management plan with respect to its activities for at least the next 3 years and its revenue policy for the next year. The management plan is a key accountability mechanism.

Sections 403 and 404 of the Local Government Act require certain particulars to be included in council's management plan. The draft management plan is to be exhibited in accordance with section 405 of the Act.

The review team examined council's management plan for the period 2006-2011. While the plan appears to be broadly in compliance with minimum requirements of the legislation, the component parts of the plan lack integration, there is a lack of clarity and detail as to how council intends achieving its targets and in relation to some activities and there is scope to improve the relevance of the performance measures and targets. These deficiencies lessen the value of the plan as an accountability mechanism and as a means of clearly communicating with the community as to council's intentions.

The plan is made up of five separate documents:

- the Strategic Plan 2006-2011
- the Operations Program 2006-2011
- the Capital Works Program 2006-2011
- the Schedule of Fees and Charges 2006-2007 and
- Statutory Statements and Other Requirements.

There is an apparent lack of common links between these documents and other operational plans that sit outside of the management planning process.

There is no mention in any of the planning documents as to:

- how, when and why it was developed and adopted
- the methodology used
- the relationship between the component parts

While there is some evidence the council considered the community survey when developing the plan, it seems that there was a low level of community input to the document and very few submissions.

In relation to the preparation of the current management planning process, the review team observed three councillors did not attend the initial management planning workshop. It is important that all councillors are fully engaged in the process, as the management plan should be the primary means by which the elected council informs the general manager and the officers of council as to what they expect.

A lack of councillor engagement and community involvement in the planning process is likely to give rise to a planning process that is not as well informed as it should be and could contribute to unnecessary tension between the community, the elected council and officers due to a failure to manage expectations during the planning process.

With respect to specific documents within the plan, we noted the lack of an explicit strategy for prioritising capital works and the inclusion of items on the unscheduled works list without rigorous vetting.

We also noted that council's Asset Replacement Program is a policy document with no detail of the program. This is contrary to the management planning guidelines that were produced by the department, in consultation with a number of councils, including Baulkham Hill Shire Council.

The Act (section 403(2)) and the guidelines state that councils should declare the asset replacement programs to be implemented during the term of the Management Plan. Disclosure of this information is intended to keep the community informed and allow them to express their opinion on any asset replacement and refurbishment activity of interest to them.

The Schedule of Fees and Charges part of the Management Plan is a comprehensive document. However, it does not specify the fee to be charged in relation to Orange Blossom Festival and Australia Day event.

On a positive note, the review team observed that council has recognised the shortfalls in its management planning process and has taken steps to (a) make better use of this management tool and (b) better integrate its various planning processes.

To this end, we commend council for the recent moves to achieve the improvement including:

- the decision to develop a new vision and long-term strategic plan to inform the management planning process;
- the appointment of corporate planning coordinator;
- the recent process mapping and program/output costing exercise which should enable council to make better informed decisions in relation to pricing its services; and
- the adopt of an asset management protocol.

Council has made a commitment to making a better use of its management planning process for the 2007/08 planning cycle and to completely revise the process in light of outcomes of the strategic visioning exercise, which is currently underway for the 2008/09 management plan. We recommend that council continues down this path and report to its community and to the department (by way of a follow-up of the

Promoting Better Practice review) on its achievements in this regard.
(Recommendation 12)

If council makes appropriate changes to the format and content of its management plan, it should be able to be used as a key element in the assessment of the general manager's performance and the general manager, in turn, should be able to use it to direct and monitor the performance of group managers. **(Recommendation 13)**

Annual & Quarterly Reporting

The review team has assessed council's annual report for 2006 and found that it generally complies with the statutory requirements. It was also commendable to find that in addition to the statutory requirement for the annual reporting to the community, council produces a brief community report summary in a form of a six-fold flyer. The flyer summarises council's achievements in the reporting period, acknowledges the challenges and gives the key targets for the following year and a brief overview of its income and expenditure.

However, we found only limited information with respect to details of overseas visits by councillors, council staff and other persons representing council (section 428(2)(r) of the Act and clause 217(1)(a) of the Regulation) and in relation to the total amount of bonus payments, performance or other payments that do not form part of the salary component (clause 217(1)(b)(ii) of the Regulation).

There is evidence that council is receiving the required quarterly reports in relation to the implementation of the management plan. It receives monthly financial reports on the budget.

While council is generally meeting its statutory reporting obligations, changes to the management plan and budget process discussed elsewhere in this report provide council and the community with the opportunity for much improved reporting.

General Manager's contract

The Act requires councils to employ their general managers under fixed term performance based contracts. The general manager is required to report to council at least annually on the contractual conditions of council's senior staff (including himself).

Council's general manager was appointed to the role substantively in 2005. As part of the review process we made enquiries as to how the council was managing his performance. At the time of the onsite review, the council was finalising the first annual assessment that was provided for under the general manager's contract, even though a further assessment is due at the end of the financial year.

It is important that such assessments are conducted and finalised in a timely fashion. Doing so can help prevent unnecessary disputation and more importantly, it is necessary to ensure that the general manager is clearly informed as to the elected council's collective view on this performance and their expectations for the next planning cycle. **(Recommendation 14)**

In addressing recommendation 14, we recommend that council review the current assessment process, particularly, the number of performance dimensions which are assessed and which impact on the amount of the bonus provided for in the general manager's contract. Once council has completed the proposed and recommended changes to its management plan, council should consider using the development and implementation of the management plan as a key element in the performance management of the general manager.

Complaints management

An effective complaint handling system is an essential part of the provision of quality council services. It can act as a circuit breaker, to prevent unnecessary litigation/disputes and just as importantly, it can provide a valuable source of information and feedback for improving the council's services

Council has a policy for dealing with complaints (which are appropriately differentiated from requests for services). The policy is available on council's website and from customer service officers. The system includes several levels of review, sections on anonymous and difficult/abusive complainants and the reporting of outcomes of complaints.

Council strives to respond to all complaints in a very short time. There are mechanisms in council's IT support system (DataWorks) for escalating the complaint to the more senior level if the timeframe (2 days) is not met. The summary of complaints is reported to the executive team monthly and to council quarterly. The

report includes the total number of actions/tasks resulting from complaints. By way of enhancing council's organisational development, the review team recommends that the reporting of complaints to management and council include, where warranted, recommendations for and evidence of changes to relevant council procedures or policies that are the subject of the complaint. **(Recommendation 15)**

In view of the amount of time spent by council staff, including senior officers, on considering and responding to repeated complaints that do not raise new issues, council may consider including in its revised complaints management policy (and in its guarantee of service – discussed under the Community and Consultation section of this report) guidance to staff on strategies for dealing with unreasonable complainant conduct.

Information Management

Record keeping practices

Council is required to make and keep full and accurate records of its activities in accordance with section 12 of the State Records Act 1998. Council must establish and maintain a records management program that conforms with best practice standards and codes. We examined what systems council uses to keep its records and facilitate compliance with its statutory obligations.

At the time of review, council was in the process of developing a document management and records policy. We examined a draft policy that is in an advanced state of development. When it is adopted, the policy should provide a sound basis for ensuring all council officials understand their responsibilities in the creation and maintenance of official records. Council should finalise and adopt the policy as a high priority. **(Recommendation 16)** In doing so, it should have regard to the review of the implementation of its Privacy Management Plan, which is discussed later in this section of the report. Council, in its comments on the draft review report, stated that its Privacy Management Plan is based on the standard plan promulgated by the department. While this is acknowledged, the issue council needs to consider is the extent that it has implemented the plan.

Council should be more explicit in specifying the requirement for staff to document telephone discussions, meetings (not only formal meetings of councils), conferences and oral decisions. While the draft document management and records policy does

contain a reference to an obligation on council staff to “create records that would not otherwise be created” it does not adequately detail the nature of these records. We acknowledge these requirements are specified in a brochure on record keeping requirements that is provided to staff.

It was positive to note that all council staff are required to develop and demonstrate competence in using council’s electronic document management system (DataWorks) and that there is a user manual.

Council advised that it has protocols in place for the disposal of records and to facilitate the recovery of records in case of a disaster. We did not conduct an examination of these protocols.

Privacy Management Plan

Section 33 of the Privacy and Personal Information Protection Act (PPIPA) requires council to adopt and implement a privacy management plan. Council adopted the “Model Privacy Plan for Local Government” as its plan on 4 July 2004. The plan requires information practices relating to the collection, storage and use of personal information to be reviewed by the council every three (3) years. The review found no evidence that council has formally reviewed the implementation of the plan. It should do so in conjunction with the finalisation of the draft document management and records policy.

Access to Information

Councils are required to make their documents available for inspection free of charge under section 12 of the Local Government Act, unless they are exempt under that section, or the council is satisfied that allowing access would, on balance, be contrary to the public interest. Councils are entitled to impose reasonable photocopying charges for reproducing documents under this section. Where the general manager or other person refuses access to a document, they must provide their reasons for doing so in writing to the council. Those reasons must be publicly available. Council must review the restriction within 3 months of access being refused.

While council's policy on external corporate communication declares a commitment to the quality of service and improvement in communicating with residents, it does not appear to promote the availability of its documents to the public.

The review team also observed that council processes a consistently high number of requests under the Freedom of Information Act (FOI requests): 125 new requests in 2005/06, 137 in 2004/05 (compared to 0-44 requests in other councils in its group for the purpose of comparative information on local government councils).

Discussion with relevant council staff have revealed that when a request for information is received under the FOI Act, it is first assessed for applicability of the provisions of section 12 of the Local Government Act and the FOI request 'intercepted'. However the number of FOI applications still being processed must cast some doubt on the effectiveness of this process and/or the consistency with which it is applied.

We recommend that council adopt a policy that clearly communicates council's intentions in regard to access to information and which acknowledges the statutory obligation on council's Public Officer to assist people to gain access to the public documents of council. This policy should be supported by a brochure and information on council's website which explains what information is freely available and staff should have access to a protocol and training in how to deal with requests for information. **(Recommendation 17)**

The council has made the following comment on this recommendation:

Concerns have been raised by the General Manager for a number of years in regard to the conflict between the Privacy Legislation, FOI Legislation and Section 12 of the Local Government Act. Council maintains a very extensive spreadsheet/database in regard to all Information Access requests. The majority of Information Access requests have been by way of FOI Application. Where a customer/complainant seeks to lodge a request pursuant to Section 12 of the Local Government Act it is processed accordingly.

While we note the comment, it remains the case that the majority of requests have been made by way of FOI Application. The thrust of our recommendation is that council can and should take action to change this.

6.2 Planning and other regulatory functions

Council exercises regulatory functions in relation to a range of activities within its area. The efficiency and probity of council's regulatory functions is important for effectively managing council's responsibilities and for preserving public trust in council and its staff. Regulation is important to achieve a wide range of social, economic and environmental goals.

A review was conducted of a range of aspects of council's regulatory practices including:

- *Council's planning instruments and policies*
- *Development assessment*
- *Environmental management*
- *Graffiti removal*
- *Swimming pools safety*
- *Enforcement practices*

The area administered by the council is one of significant residential and business growth, with accompanying needs for expansion of infrastructure. Council recognises this challenge and is positioning itself to be able to respond appropriately, as well as provide leadership to its community, within the broader context of the Metropolitan Strategy and regional strategies.

Council's planning section is headed by a group manager and is functionally divided into sections dealing with forward planning, building control, subdivisions, development control and health and environment. There are several vacancies in the planning section. Enforcement is the responsibility of a different group within council (Services Delivery).

Council planning instruments and policies

Council is required, by section 73 of the Environmental Planning and Assessment Act 1979, to keep its planning instruments and policies, such as local environmental plans (LEP) and development control plans (DCPs), under regular and periodic review. Council's current Local Environmental Plan was adopted in 2005.

As discussed under the Council's Ambitions heading above, council recognises that its strategic planning process does not currently provide for the integration of its various plans and has commenced a process to redress the lack of integration. Forward land use strategic planning is a critical part of this process.

Council's forward planning program is driven by a number of strategic, regulatory, future growth and infrastructure influences:

- its communities' vision for the Shire (currently being translated into the strategic vision);
- the Metropolitan Strategy;
- the North-West subregional plan;
- the planning reforms;
- the North-West growth precinct; and
- the planned North-West rail link.

Council's Forward Planning section, in consultation with the council, has translated these priorities into a number of key deliverables for the period 2007-2011:

- the Local Strategy;
- the new template LEP (by 2010);
- Development Control Plans (also by 2010);
- the North Kellyville Precinct project;
- revised contributions plans.

The Local Strategy is an integrated vision for the shire/place in terms of future planning which will inform the new template LEP/DCP. Attached to the Local Strategy are several other strategies that will also inform the drafting of the new template LEP and DCP. These separate documents include the residential development strategy, employment lands strategy, integrated transport strategy, centres strategy, green space strategy and the revised rural lands strategy.

The council expects to have the new template LEP and DCP documents placed on exhibition in 2009 (following the exhibition of the Local Strategy in 2008), for review and adoption in 2010 and gazettal in 2011, consistent with the timeframe given by the Department of Planning.

A significant component of this review process is the move towards e-planning, which will provide customers with site and use-specific planning information. This system has been scheduled for testing in 2008.

The review team encourages council to continue with the review of its strategic planning instruments and policies so that the organisation is positioned in such a way that it will not only be able to satisfactorily manage the current growth, but that it will also be in a position to respond to any future scenarios and market movements.

Development assessment

Council handles a considerable number of development applications (DAs) – 3,016 in 2004/05, compared to the NSW average of 789 and its group (for the purposes of the comparative information) average of 2,509. The mean time for processing applications is 49.77 calendar days and the median time is 32 calendar days.

Council provides comprehensive and easy to understand advice to the public about the development application process and to developers about the contributions process. It provides adequate pre-lodgement advice to applicants.

Council's application of the 'stop the clock' provisions of the Environment Planning and Assessment Regulation (clauses 109-112) is consistent with the legislative provisions.

Council has a system for monitoring progress and turnaround times for DAs. Reports on processing times are reviewed monthly.

Council's Development Assessment Unit (DAU), comprising representatives of the various sections within the planning department, meets weekly to consider applications. Meetings of the DAU are public and minutes are kept on the council's web site.

According to council, 95% of non-complex development applications are determined under a delegated authority and 75% for what it classifies as complex.

Council has recently adopted revised delegations for dealing with planning matters that should result in fewer matters coming before full council for determination. Before the change, any councillor could call up a DA for council's consideration.

Now, there is a requirement that at least three councillors must agree to call up an application. This is commendable.

Staffing issues

The planning group is divided functionally into forward planning, building control, subdivisions, development control (dealing mainly with high forms of more complex development, such as industrial, retail, apartments) and health and environment sections, with vacancies across all areas. Council is not alone in experiencing problems in staffing its planning function.

While council has put in place some pro-active recruitment and traineeship systems to help it address this issue, it has become apparent that some specialised positions are more difficult to fill than others, for example, building surveyors. The council has indicated that the main problem with attracting qualified building surveyors is that they require significant on-the-job training before they can undertake the work council requires of them. To overcome the problem of filling specific vacancies in the long-term council may want to consider the option of cross-training, multi-skilling and rotating its planning staff across the sections in its planning group.

Environmental management

Council has an Environmental Management Plan that was adopted after extensive consultation with the community. It contains a number of goals and objectives. In addition, each year the council annually adopts specific actions detail in the plan. The achievements against the plan are reported on quarterly. The plan was revisited after the first five years of operation in light of the legislative changes. The plan is a policy document that must be considered by council when it assesses the environmental impact of matters before it, especially development applications.

In view of being a developing shire, council has recognised that a key challenge in terms of environmental management will be environmental sustainability and keeping up with the community expectation for a 'green shire'.

Council has applied the 'pressure-state-response' model to its environmental planning and reporting, introducing the dimension of 'potential' to indicate identification of all possibilities for moving towards a more sustainable development.

As with other council plans, council is committed to establishing a better, more formal link between its future strategic plan, its annual management plan and the Environmental Management Plan.

Graffiti removal

The council advised that there is a low incidence of graffiti in the LGA. It advised that it has a structured program for the reporting and removing of graffiti on council assets and that information on graffiti removal is reported to council on a monthly basis. Council also uses prevention techniques to minimise graffiti. For example, where graffiti occurs, council repaints the damaged object green as research suggests that this is effective.

Management of swimming pool safety on private properties

Baulkham Hills Shire has a high number of private swimming pools. It currently has over 3,500 private swimming pools on its records and estimates that there are around another 400 older swimming pools that need to be incorporated in council's records. Council continues to build its database of private swimming pools using aerial photography. Council conducts swimming pool safety inspections primarily at the time of the issue of building certificates, including in cases of building additions and alterations. In addition, if a site is visited for any reason, the pool safety will be inspected. Council reports on its swimming pool safety activities in quarterly management reports.

Enforcement

Council does not currently have enforcement/prosecution guidelines. However, it is in the process of preparing a set of guidelines based on the Ombudsman's guidelines and guidelines used by other councils.

Council should promptly adopt the enforcement guidelines currently being developed. **(Recommendation 18)**

The enforcement section within the council reports to the group manager (services delivery) and deals with animal control, abandoned motor vehicles and development control compliance.

Council reports that a major compliance issue in the area are illegal landfills, mainly on privately owned lands. To this end, council participates on the 'dumping forum' where it is working on finding long-term solutions to the problem with the Department of Environment and Conservation and with other councils affected by the issue.

In terms of companion animals management, council has a draft dog management strategy. The strategy identifies a number of leash-free areas, consistent with the requirements of section 13(6) of the *Companion Animals Act 1998*. Council also has strategies for reuniting lost cats and dogs with their owners before they are taken to the pound. It also works with neighbouring councils on strategies for reducing euthanasia rates of unwanted animals and for increasing and maintaining a high level of compliance in animal identification and registration.

Council's Environment and Planning Services group manages environmental compliance and food premises compliance.

6.3 Asset and financial management

Under its charter, council has a responsibility to raise funds for the purposes of carrying out its functions. This can be achieved by the fair imposition of rates, charges and fees, borrowings and grants. The council is also the custodian and trustee of public assets and must effectively account for and manage these assets.

A review was conducted of a range of aspects of council's practices in the areas of:

- *Financial management*
- *Asset management*
- *Information technology*

Financial Management

The financial position of Baulkham Hills Shire Council is excellent. All financial indicators are better than industry benchmarks. The main financial challenges for council are a shortfall in section 94 contributions, the lack of a long-term financial plan and the need to ensure that it obtains a proper return from any entrepreneurial activity.

The only significant issue noted by council's auditors in their report on the audit for the year ended was that council's operating surplus fell from \$28M in the previous year to \$20M in the current year. The two principal reasons for this drop were a reduction in capital grants/contributions and profits from asset sales were \$5.4M less than the previous year.

The council has identified a need to change the way it budgets. The work that is being done on reengineering the budget and management plan also provides an opportunity for council to review its monthly financial reporting. These issues are discussed further in this part of the report.

Although council's current financial position is excellent, the council should also give on-going consideration to its capacity to achieve efficiencies through continuous improvement and/or the reengineering of processes and to the adequacy of its revenue base, having regard to the future needs of the area.

Long-term financial planning

The council is debt free. Its assets are in relatively good condition and it has been achieving operating surpluses. However, council acknowledges that it does have a significant shortfall in funds available to address the infrastructure requirements detailed in its section 94 contributions plan. It also acknowledges that it does not have a financial plan that extends beyond a 4 to 5 year time frame.

A longer-term financial plan would provide council with a valuable tool to help it determine the sustainability of its current financial strategies and to reality test the achievability of the overall long-term strategic plan for the area. It will also serve to document the strategies council needs to pursue in order to fund its capital works program and asset maintenance plan and provide assurance to the community that the current elected council (and its successors) is mindful of the consequence of its decisions for the future of the area.

We recommended that council to develop a long-term financial plan, in conjunction with the development of the long-term strategic plan for the area.

(Recommendation 19)

Section 94 contribution shortfall

Section 94 of the Environmental Planning and Assessment Act 1979 enables councils to prepare developer contribution plans. The council had 12 contribution plans in place as at 20 February 2007.

The council has a shortfall in section 94 contributions in excess of \$72m.

It is clear that council has recognised the strategic importance of this issue and that it has identified the reasons as to why the estimated end of plan deficits have arisen. It is also clear that council is implementing various strategies in an attempt to address the extent of the shortfall.

One of the strategies being tested by the council is the negotiation of agreements with developers, whereby in addition to the statutory contribution, the developer provides and undertakes ongoing maintenance of the public facilities accompanying residential development. This model of private ownership of public facilities has been tested in recent times in some overseas countries and has been the subject of

academic debate on the direction of ownership. Baulkham Hills Shire Council's experience may contribute to this debate.

The current council has considered at least four reports on the subject since December 2005. Council considered the most recent reports on 20 February 2007. We examined these reports and made the following observations:

Two reports were prepared for council to consider at its 20 February 2007 meeting. One report, detailing estimated costs, future income, outstanding expenditure and projected end of plan balances for each plan was included in the public business paper. This report was supplemented by a further confidential report that provided more detailed information relating to specific strategies to reduce the end of plan deficits.

While it was positive to note that the councillors are provided with a regular detailed report on what is being done to address the issue, there is scope to improve the report. For example, the public report states "Council has been setting aside funds for the last nine years to create a Cash Reserve to address some of these deficits ...". However, the report does not disclose the amount that has been accumulated in the reserve. Nor does it provide any explicit commentary on council's capacity to address the shortfall in this way. The report could be improved by the inclusion of this information.

While council is to be commended for addressing this issue, it should ensure specific actions in relation to addressing the issue are detailed in the management plan and continue to be reported on at least quarterly. Council should be more specific as to the sources of alternative funds (and the amounts to be obtained from these sources). A timeline for the revision of the existing contribution plans should also be set and monitored. Council should ensure that its strategies to address the shortfall are included in the long-term financial plan recommended in the previous section of this report.

Budgeting

In May 2006, council undertook an internal audit of its budget process. The audit found significant weaknesses in the existing process. At the time of the review we observed that a lot of work had been undertaken to improve the budget process

since the time of the internal audit. It is commendable that council is responding in a pro-active way to the findings of its internal auditor.

The work that council is undertaking will allow budget allocations for individual processes to be better informed by costs relative to the outcomes achieved. This work will also facilitate improved reporting and can provide the basis for council to use the budget to drive change. Extensive work has been done on the mapping of processes and we were advised that this work would be reflected in the targets and KPIs in 2007/2008 Management Plan. We were also advised that in 12 months' time, the council will have available to it the improved financial data promised by the new process, so that it can make better informed decisions when adopting the management plan and budget for 2008/2009.

Financial Reporting

The review team examined the manner in which financial matters are reported to council.

Each month, council receives detailed information on council's financial position. The information is presented in a range of ways including the use of graphical information.

According to the internal audit report on the budget process, the current method of presenting information to the council reflects the direction determined by councillors at a strategic planning workshop. However, it is apparent that some councillors are not satisfied with the information that is provided.

Councillors receive information on trends for various budget items including building income, development income, subdivision income and employee costs. It was not apparent to us as to what utility is gained by the inclusion of the charts showing three years of monthly variations. While the charts do include a line showing the monthly budget, the charts do not readily indicate whether the particular line item is on budget on a year to date basis.

One councillor has suggested the monthly report include a comparison between actual results in an operational area and expenditure in the area with variances explained. The utility of this approach should be examined. It is our understanding

that the changes in the budget process will make this type of reporting easier. Another councillor has suggested the use of a chart showing moving averages - again the merit of this should be examined.

The changes being made to the budgeting process and the start of the new financial year present opportunities for council to review its monthly reporting. Council should review the monthly report financial information provided to councillors, to ensure that it is meaningful and relevant and to ensure that it takes advantage of the improved information that should be available from the start of the new financial year.

(Recommendation 20)

In making this recommendation it is noted that there was evidence available to us at the time of the review that indicates that this is council's intention in any case. We also note that council's Internal Auditor has examined the budget reporting of number of other councils; this research should be used to inform the councillors of the various options for reporting financial information.

Financial administration

We noted council's efficiency in collecting rates, its timely compliance with statutory reporting requirements and its unqualified audit report. Over the previous twelve months, council has achieved a return on its investment portfolio that has been above the UBSWA Bank Bill index and the 90-Day BBSW.

Asset Management

Asset management is a systematic process to guide the planning, acquisition, operation and maintenance, renewal and disposal of assets. Its objective is to maximise asset service delivery potential and manage related risks and costs over the entire life of an asset. It involves effective coordination of the council's financial and engineering resources.

Asset Management Policy and Protocol

Council owns and controls a wide range of assets including land (both operational and community), infrastructure (such as roads, buildings and other community facilities) and plant and equipment. Managing such an extensive asset base properly is a challenge for all councils.

The Council appears to be aware of the importance of assets management. It has a number of existing asset management systems in place, it has dedicated resources for asset management and it is currently developing and implementing a new asset management strategy. The only significant concern we have in regard to council's approach to asset management is apparent lack of involvement of elected council.

We were advised that the new asset management system being implemented by council is due to be operational from 1 July 2007. We understand that it will bring together a number of disparate databases and facilitate better reporting and decision making on council assets. Because of the significance of the system, we recommend that the general manager closely monitor the implementation of this system and that he report to council on the system, its implementation and future uses of the system no later than September 2007. **(Recommendation 21)** When he does so, it is recommended that the council give consideration to adopting a policy on asset management.

Council's Executive Forum adopted a document described as the "Asset Management Protocol" on 7 December 2006. The introduction to the document states that it "provides the broad framework for undertaking asset management ... the protocol establishes the context and direction for asset management, together with the associated roles and responsibilities."

We have reviewed the Asset Management Protocol and it appears to provide a sound foundation for asset management in council. The protocol has many positive attributes. It includes a clear statement of intent for asset management, it details principles that will be taken into account when developing asset management strategies and it provides for the development of long-term asset management plans for specific class of assets.

It states that generally an asset management plan will address the following issues:

- A description of the current assets covered by the plan
- A description of the levels of service currently operated by council
- A prediction of future demands for assets and levels of service
- Consideration of management options, including reducing, maintaining or expanding level of service

- Development of a financial model for funding management options
- Establishment of performance measures

The protocol defines the role of the elected council in asset management, stating it is to act as custodians and trustees for public assets and to approve the annual budget for managing the asset portfolio. It defines the role of the Executive Forum (the general manager) to be the approval of the corporate Asset Management Protocol, the Asset Management Strategy and Asset Management Plans for each class of assets. These are clearly issues that warrant the endorsement of the elected council.

Condition of Council Assets

Council has a number of staff whose role is focused on undertaking systematic condition assessments on assets. This is commendable, as accurate information on the condition of assets should enable council to make better decisions on the allocation of resources for asset maintenance and replacement. Council's most recent financial reports indicate that council's assets are in relatively good condition.

Operational Land Management

Council owns and controls significant land holdings. We were particularly impressed with the quality of council's land registers and the annual review of council's property strategy and operational land holdings.

A review of council's property strategy for operational land is undertaken on an annual basis. These reviews commenced in 1997. As part of the annual review, all councillors are provided with a copy of the Operational Land Register. It includes a photo of each property, description, street address, area, zoning information, cross references to the relevant legal documents, details of any improvements, history of the land holding where relevant, comment such as whether the property is rent and if so for how much and sections for commentary on potential opportunities and action required. We were advised as to internal controls that are in place to ensure that land acquisitions and disposals are recorded.

As part of the annual review process, councillors are provided with an update on the implementation of strategies decided upon at the previous review and recommendations as to priority actions for the coming year. The papers provided to

the review team indicate that the 2006 review was focused on highlighting current and future entrepreneurial/revenue raising opportunities.

Asset replacement program

Councils are required to include details of the proposed annual asset replacement program in the Management Plan. Council does not do this; rather it includes a policy statement that details the basis on which asset replacement decisions will be made. Council should ensure that future management plans include details of proposed asset replacements.

Information Technology

All councils need to give consideration to how they are going to use information and communication technologies. The use of such technology is pervasive and the opportunities presented by the technology are constantly shifting. Given this, it is important that council carefully plan and regularly review its use of the technology.

The stated business goal of council's Information Management and Technology program is to provide integrated technologies that will provide opportunities and improved customer services throughout council's operations. While various sections of council use different software applications, council's major databases operate on SQL servers, thereby facilitating the exchange of data between the systems and creating efficiencies in terms of backup and support. Council also restructured its IT section to consolidate its staff resources and to position itself to provide better support for the implementation of online planning.

As discussed previously, council has also recently made investments so that it can integrate its various databases that contain information on council assets.

It is apparent that council has and continues to make significant investments in ICT. These investments have been guided by a strategic plan, which was updated in February 2005. While this plan appears to have served the organisation's needs, council acknowledged that it needed to be replaced. **(Recommendation 22)** In preparing this document council should have due regard to AS7799, which highlights the need for an IT security framework.

Council, in responding to the draft report, advised that a new strategy has now been put in place for 2007/2009. This will be reviewed when Council reports formally on its progress in addressing the recommendations.

6.4 Community and consultation

A council's charter requires that a council:

- Provides services after due consultation
- Facilitates the involvement of councillors, members of the public, users of facilities and services and council staff in the development, improvement and coordination of local government
- Actively promotes the principles of multiculturalism
- Plans, promotes and provides for the needs of children, and
- Keeps the local community and State government informed about its activities

The review of council's activities in this area looked at:

- *Social and community functions of council*
- *Council's role in economic development*
- *Community consultation/communication*
- *Council's as a provider of community services*
- *Customer service standards*

Social and community planning

Baulkham Hills Shire Council's Social Plan 2005-2010 largely complies with legislative requirements for social planning. The plan consists of an Executive Summary document, which can be read as a stand-alone document, and seven target group 'sub-plans', each of which follows a set structure including: executive summary, demographic profile, service provision audit, consultation summary, key findings and target group plan. The sub-plans do not appear to integrate with each other despite the number of common issues identified.

It is apparent that the council has thoroughly researched and reviewed key documents when preparing the plan, including relevant state government legislation and policies. It is also apparent significant consultation has occurred with service providers and community groups.

The plan is largely strategic in focus, as evidenced by the broad strategies around:

- Leadership
- Partnership
- Facilitating access to information
- Effective communication
- Fostering community participation in decision making and
- Enhancing capacity/opportunity for interactions.
- Recognising and promoting volunteerism

There appears to be little integration between the social plan as it currently stands, and the broader organisational strategic and management planning processes. As indicated throughout this report, council is working on redressing the lack of integration between its various plans.

Council can be commended for the obvious effort that has gone into the preparation of the social plan and the consistency of its strategic focus. However, council could consider structuring the plan in a simpler and more accessible way, which minimises repetition (eg issues based rather than target group based). This would be helpful to the general community wanting to access information about social plan strategies that would benefit them. It is particularly important to make the plan more readable (as council itself states in its Report on the Social Plan Review Day August 2005: *“the Social Plan in the community’s plan rather than the Council’s plan”*).

Staff in the community development group of the council indicated that the consultation in the development of the social plan included surveys, interviews, innovative annual workshops/forums (eg youth, families planning days) with approximately 100 service providers, government agencies and community groups as well as the circulation of issues papers for discussion. However, the plan itself does not contain this information.

The social plan should include information on the review of the previous social plan and on the methodology for the development of the current social plan; this should include the information on the consultation process undertaken.

In terms of the implementation of the social plan, the Access and Equity Statement in council's Management Plan seems to be more a summary of past activities rather than a statement of future intent. A more telling indication of the implementation comes from innovative annual Social Plan Review process that occurs in August each year, the results of which are available on the council's website as *Report on Social Plan Review Day 2005 and 2006*. This appears to be a sound process involving over 100 State agencies, service providers and community groups. Forums on the day are conducted around issues rather than target groups.

Community development staff also indicated that the implementation of the plan is monitored through the quarterly management plan report process. All areas of council have social plan indicators to report against, where appropriate (eg. Waste re graffiti, Corporate Services re community web in different languages, Library Services re library access).

Council is currently working on establishing a community grants program linked to social plan strategies.

There is a good level of information on achievements against social plan actions in the Annual Report. The Annual Report also includes social plan strategies that present 'challenges' to the council.

In addition to the social plan council has a cultural plan and a disability management plan.

Council may wish to consider either developing a recreational plan or incorporating recreational planning into the social plan.

The review team noted that council does not have any kind of affordable housing strategy that would be appropriate to the future needs of its current population. The provision of affordable housing is considered important for a range of reasons, not the least of which is its impact on sustainability and its potential contribution to social cohesiveness. Council, as a developer and regulator, is in a position to influence the provision of affordable housing and we encourage council to consider this in conjunction with the current and future population growth planning.

Council's role in economic development

Council has identified that it has a role in facilitating economic development. While some councils have taken the view that they have a limited role in economic development, BHSC has recognised that a successful economic development strategy can contribute to the success of local business, sustainability and improving the quality of life of its residents.

Council has recently employed a new Economic Development Manager and at the time of the review he was preparing a new framework for council's involvement in economic development. The framework was in an advanced state of development and was due to be discussed with councillors in early April. Our comments on council's approach to economic development are primarily based on a review of the draft framework and a meeting with the Economic Development Manager.

Council's stated goal in relation to economic development is to promote sustainable economic development "through promoting growth in local business, technology, education, tourism and employment opportunities and expanding the profile of the Shire." Implicit in this statement is recognition on council part as to the inherent complexity of economic development.

The framework defines economic development, the aims for council's involvement and the key principles on which the document is based. It details linkages to council management plan and incorporates a situational analysis that draws on contemporary data. It highlights the importance of council engaging in partnerships in order to realise the area's potential. The framework includes an economic action plan for 2007/2008.

The framework clearly and appropriately makes the point that council cannot drive economic development on its own and then describes the roles various stakeholders need to fulfil if the ambitions of the framework are to be achieved. Council's Economic Development Manager is also clearly aware of the need for his team to work closely with other sections of council, particularly the forward planning team.

Community Consultation/Communication

As previously indicated, the shire is characterised by a high percentage of working people and of young people. Over the past decade the shire has undergone substantial growth at a rate greater than other metropolitan areas. This growth will continue with the planned future developments. The increase in population is expected to have significant impact on the demographic profile and identity of the shire. This will represent a challenge for the council in terms of building and maintaining community linkages, consultation and engagement in council processes.

The 2006/07 community survey identified the image and presentation of council information (for example on services) as one of the factors most impacting the overall community satisfaction with the performance of council. This is understandable, as effective communication of information can help identify and manage expectations. It suggests that investment in communication will be worthwhile in terms of the impact it will have on community satisfaction.

Council recognises that community consultation forms an integral part of the development of the strategic plan for the shire and in the delivery of services to the community.

Council is reviewing its consultation methodologies. It is aware of the need to make the community consultation processes as meaningful as possible and manageable for staff.

At present, council relies heavily on the internet-based survey tool in obtaining its communities' views, but it has also started using focus groups. It has also used council expos and open days, such as the 'G'Day Day' held on the 2007 Australia Day. At the time of the review council was recruiting a marketing and communication coordinator to assist with this process.

On a practical level, council communicates information in a range of ways: through paid advertising, via a councillor letter sent to ratepayers with rates notices and via its website.

The review team has observed that council's website offers a broad range of information relating to the area's demographics and some council services.

However, there is scope to improve the ease of navigation and the capacity for a two-way communication. The council can also improve access to council documents via its website by providing access to a broader range of documents and archived documents such as past business papers.

While we observed that council engages in considerable effort to consult and communicate with its community, we note that council does not have a coherent strategy to guide and evaluate its efforts.

The review team recommends that council should develop and adopt a communication and consultation strategy that would enable it to set the best practice standards for seeking community views on different matters as well as the standards for informing the community and the broader community on the developments.

(Recommendation 23)

Council's as a provider of community services

Baulkham Hills Shire Council is a significant provider of community services. The key services delivered by council are aged and child care services.

Council manages the Hills Community Care, a 'one-stop-shop' for aged care services, including: food services ('meals on wheels'), community transport, day care programs, dementia and carer support, and various household support services. Council is constantly evaluating the adequacy of the services provided and conducting regular need analysis.

In addition to the Baulkham Hills Community Centre complex, council uses a number of community facilities, as well as leased premises, to deliver these services. To deliver the agreed level of services council receives recurrent funding from the Department of Health and Ageing (Commonwealth) as well as from the Department of Ageing, Disability and Home Care (NSW) and contributes to the services from its budget. In addition, council is looking at securing additional funding streams and ensuring the non-financial resources are adequate to meet future needs of the ageing population.

Volunteers deliver a large number of council services.

To ensure a continued accountability framework (which is one of the conditions of funding by both the Commonwealth and by the State Government) the section's operational plan is monitored quarterly. In addition, council officers conduct regular service audits.

Council also operates six long-day childcare centres:

- Balcombe Heights Long Day Care (40 places)
- Castle Glen Long Day Care (40 places)
- Ellerman Long Day Care (40 places)
- Eurambie Long Day Care (40 places)
- Excelsior Avenue Long Day Care (40 places)
- North Rocks Long Day Care (53 places)

The centres operate in conjunction with several section 355 committees. The centres are quality accredited and independently budgeted and audited.

It is commendable that through the direct provision of services the council is clearly embracing all aspects of its charter.

Guarantee of service/customer service standards

Customer service standards (also known as a guarantees of service) are used by many organisations to set out key performance standards for their services. The formulation of and commitment to customer service standards sets a level of expectation within the community and the organisation, in addition to providing detailed guidelines for staff regarding the priority and resources to be given to dealing with particular types of customer requests.

The review team was unable to verify that council has customer service standards. At the time of the review council had a draft guarantee of service, which addresses some of the areas of council operations. For example, the draft includes standards for responding to correspondence and for answering telephone enquiries. There was no documentation evident or available to customers that would tell them what they could expect from council services.

Each council division should identify the standards customers, both internal and external, can expect of their services and make these readily available to their customers. This may include setting internal service agreements between council divisions. It is important that once customer service standards are developed that they are monitored and reported on to ensure accountability to the community and to provide feedback to the council. **(Recommendation 24)**

Council has advised that Customer Services Standards have been adopted since the time of the onsite review and that they have been published on its website and in a brochure.

6.5 Workforce relations

Councils have a number of legislative responsibilities in relation to their role as an employer. Council is required to conduct itself as a responsible employer.

During 2006, council employed a new human resources manager. At the time of the review, we observed that significant reengineering of the council's workforce relations practices was taking place. Given this, we did not undertake a comprehensive review of council's current workforce relations' practices.

In this section of the report we provide council with some commentary on the reengineering process and some more detailed observations on specific workforce relations issues.

Overview of the organisation

Council employs the equivalent of 577 full-time staff.² This compares to the group average of 709.90 and represents a small decline from the previous year.

Council's salary budget for 2005/2006 was \$23.5 million. It does not make significant use of overtime.

Council has 15% of its employees engaged on fixed term contracts.

The employment of council employees other than the general manager is currently subject to the provisions of a Notional Agreement Preserving a State Award (NAPSA) that will terminate on 31 October 2007. The last NAPSA (Award) increase due to employees pursuant to the NAPSA was payable from 1 November 2006.

Council has conducted five surveys of employee attributes since 1998, the most recent one being administered in 2006. The 2006 survey found that "organisational strength" was perceived by employees to be strong and that overall, employees believed the council was moving in a healthy and vital direction. However, the surveyed did identify, among other things, the need to improve internal communication.

² Baulkham Hill Shire Council – Annual Report – 2005/2006

Personnel records

Until recently, all personnel records were maintained on paper based files maintained by human resources section. These records are now part of the DataWorks system and therefore are more readily accessible to the relevant line manager. While this is a positive step, council does not have an integrated computerised human resource information system. We understand that council is examining the merit of such a system.

Council needs to be able to access to accurate and relevant data about its workforce and human resources activities. This data is necessary to identify issues that need to be addressed and to provide the means for assessing whether council's human resources strategies are working in the way intended. For such systems to be efficient and sustainable, data capture should be an inherent part of the way work is performed.

We recommend that council consider the adequacy of its current approach to managing information about its workforce and individual employees, and in doing so, consider the merit of using a computerised human resource information system that integrates with other corporate systems such as payroll. **(Recommendation 25)**

Workforce relations policies

Council has a comprehensive workplace relations policy framework. Council's new human resources manager has observed that there are some policies "that are not necessarily driving positive business outcomes" and has indicated an intention to review all of the policies over a two year period.

Employee Consultation/Communication

As indicated previously, council conducts a regular employee (cultural vitality) survey. It also has a well established workplace consultative committee and a process for twice yearly performance planning and review meetings between employees and their supervisors. It does not have a corporate intranet for dissemination of policy and procedural information. It is currently implementing a new team briefing strategy.

We examined the minutes of council's consultative committee and discussed its operations with its chairman and the human resources manager. The committee meets regularly, communicates with the workforce via a newsletter and has been consulted on a range of matters, notably changes to the structure of different parts of council. While the establishment and operation of the consultative committee was mandated by the operation of the Local Government (State) Award, it will be a matter for council to consider what consultation mechanism it adopts for the future.

A new internal communication strategy is being implemented by council that aims to achieve the cascading of information from the top down through a system of scheduled team briefs. Such systems are considered to be better practice and create accountability on line managers to meet (communicate) with their staff on a regular basis. The results of the 2006 employee survey indicate an need for council to improve its performance in this area and as such, it is positive to note that council is making use of the survey.

We also noted that council has established a cross-functional team to assist with the development of a new enterprise/workplace agreement and that this time has been meeting directly with different groups of staff.

While the establishment and operation of the consultative committee was mandated by the operation of the Local Government (State) Award, it will be a matter for council to consider what consultation and communication mechanisms it adopts for the future. Given the importance of this issue, council should consider briefing the unions and the existing consultative committee on the matter.

As mentioned previously, council needs to give consideration to the use of a corporate intranet, to ensure line managers and employees can easily access organisational policies and procedures. This is particularly important for the effectiveness of workplace relations' policies and procedures that, while not used frequently, often need to be accessed and understood quickly. While intranets can be a useful addition a council's communication strategy, councils that use them also need to give consideration to those line managers and employees who do not have ready access to a council networked computer terminal/personal computer.

Recruitment and selection processes

Recruitment and selection is a significant process for council. In the 2005/2006 financial year, the council's human resources team administered 153 recruitments. As discussed earlier, council has experienced difficulty in staffing its planning function and council's human resources manager also commented on the difficulty in getting good applicants for other roles. Given these issues, low unemployment, an aging workforce and the relatively high cost of local housing, it is important that council has an efficient and effective recruitment process.

A key step in improving the efficiency and effectiveness of any process is to measure it over time. Council is monitoring its recruitment process and reported on the average time to fill jobs (65 days) in its annual report. It has also indicated that it will report on ratios of offers to acceptances, ratio of interview offers to acceptances, positions readvertised and the total council labour time associated with recruitment.

Council has recently made significant changes to its recruitment and selection process in an attempt to get more applications and a broader range of applications and to speed up the process. A key element of the changes is a removal of the requirement for applications to submit a detailed claim against the selection criteria at the time of their initial application (for hard to fill positions). It is also looking to how it can get better value for the money it is spending on recruitment advertising and providing more flexibility (and responsibility) to line managers.

While we commend council for identifying and responding to the need to improve its recruitment processes, we recommend that council conduct a regular audit of the process to ensure adequate records of the selection process is being made and kept. **(Recommendation 26)** For example, where applicants are not required to address the selection criteria and the initial cull decision is made on the basis of a telephone interview, it is important that an adequate record of the telephone interview is created and included on the recruitment file. Similarly, decisions at each stage of the recruitment and selection process should be documented with a clear indication as to who made the decision and how and why it was made.

Use of Fixed Term Contracts

Council used to employ a relatively large number of staff (15% of its workforce) on fixed term contracts. It recently reviewed this and now only 6 senior staff remain on fixed term contracts. This is better practice.

Use of Overtime

Council appears to make very limited use of overtime (less than 0.1% of the salary budget is spent on overtime). While the figure supplied to us may be artificially low because of the significant number of staff on contracts (which presumably include an annualised amount in lieu of overtime), we suggest that council undertake some research on the use of overtime in the organisation.

Equal employment opportunity (EEO)

Council has an EEO policy statement that outlines its commitment to EEO and makes a number of relevant undertakings. Council has had a three-year EEO Management Plan that it has been implementing since 2004. The plan is due to be revised.

Section 345 of the Local Government Act outlines what the council's EEO plan is to include. Of particular significance are the requirements related to collection and recording of appropriate information and the setting of goals and targets.

The EEO plan targets various aspects of the employment relationship including access to information, EEO Awareness, the recruitment process and condition of employment. The actions included in the plan are of the type we would expect to see and many of them will need to be included in council's next EEO plan as they require on-going attention.

While on the face of it the council's plan appears to be of a reasonable standard, we did not find evidence of council using EEO data to identify the need for and to measure the effectiveness of the EEO strategies detailed in the EEO Management Plan. We note that council was not able to provide a demographic profile of its workforce that indicates the level of representation of target groups.

Council should use a range of statistical data to inform the development of a new EEO Management Plan. **(Recommendation 27)**

Occupational health and safety

The review team noted that council employees had 17 lost time injuries in 2005/2006, compared to 16 the previous year. Although there were only 17 lost time injuries, 105 incidents were reported. Council achieved a significant reduction in the time lost to injuries in 2005/2006 compared to the previous year, even though the number of injures increased by one. It attributed this to a proactive approach in managing return to work.

It was positive to note the number of incidents being reported that did not result in a LTI. While ideally there would be no incidents to report, there apparent high level of reporting allows incidents to be investigated and causal factors to be addressed.

While this is commendable that the number of days lost has been reduced, it may be that council needs to increase the effort it puts into prevention, with the objective of eliminating injuries in the first place. In this regard, it is noted that this financial year, council engaged consultants to undertake a “Workplace Safety Needs Analysis” and a zero harm strategy has been included in the HR “reengineering” plan. Council has also created a new safety coordinator position.

Further, there appears to be senior management recognition of the issue – at the time of the onsite review, council’s general manager and all of the group managers were to attend the next occupational health committee meeting as an indication of management commitment to OH&S. From March 2007, the monthly reporting to the Executive Forum will included improved data on injury and safety matters.

Council has an OH&S committee that meets regularly.

Key performance indicators

As mentioned previously, a key step in improving the efficiency and effectiveness any process is to measure it over time. We have already discussed some the KPIs council is using for the recruitment and selection process. It is also measuring a range of other processes including reward and recognition, sick leave, staff retention

rates, workplace injuries and lost time, training and usage of the employee assistance program. We commend council for measuring these processes.

In modern workplaces, line management is primarily responsible for most workforce relations' activities at an operational level. For this to be effective, line managers should have ready access to reports on those KPIs. Such an approach will facilitate accountability.

We encourage council to ensure that the KPIs are closely monitored and shared so that the success or otherwise of the reengineering effort can be evaluated.

7. COUNCIL'S RESPONSE

BAULKHAM HILLS SHIRE COUNCIL

06 July 2007

Mr Garry Payne
Director General
Department of Local Government
Locked Bag 3015
NOWRA NSW 2541

Dear Mr Payne

Re: Promoting Better Practice Review Report

Thank you for the opportunity to respond to the draft Promoting Better Practice Review Report received on 13 June 2007.


The report was distributed to Councillors and senior staff for comment as suggested by the Department. These comments are provided in the attached table. It should be noted that many of the suggested recommendations are already being addressed.

Council wishes to acknowledge the professional manner in which the review was undertaken and the balanced approach taken by the Department to ensure areas of good practice were highlighted.

The Promoting Better Practice Review has been a valuable process that supports this organisation's commitment to continuous improvement.





If you have any further questions regarding these comments, please do not hesitate to contact me on 9843 0103.

Yours faithfully



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Council Comments on Draft Recommendations³

Element	Recommendation	Comment
<p>Ambitions, Priorities and Future Focus</p>	<p>Council should develop and adopt a long-term strategic plan. (1)</p>	<p>Council is currently undertaking Stage 2 of this process which involves extensive community engagement. A process is in place to keep Councillors and Executive up-to-date with the outcomes of each activity. Alongside this process a framework for strategic planning is being designed to connect community aspirations with council activities.</p>
	<p>Governance</p> <p>Risk Management</p> <p>Council should adopt a formal policy/protocol for Risk Management having due regard to Australian/New Zealand Standard AS.NZS 4360:2004. (2)</p>	<p>The Council has in place a risk management strategy and has undertaken processes since 2003 to ensure that risk management is part of the Councils corporate culture (including a comprehensive risk assessment and the adoption of a Guideline by the General Manager). In line with the recommendation by the DLG the Council is now embarking on a further exercise to ensure the Councils comprehensive risk register is up to date, relevant, focuses on its critical risks, and reflects AS.NZS 4360:2004. As recommended by the DLG a formal policy will be drafted for adoption by Council.</p>
<p>Fraud Control</p>	<p>Council should implement the recommendations of the fraud assessment recently undertaken by its internal auditor and undertake further regular assessments of the areas of the highest risk. (3)</p>	<p>The Fraud assessment undertaken identified 3 key issues that needed to be addressed by the Council. In line with this assessment the Council adopted a Fraud and Corruption policy and strategy on 27 February 2007. As outlined by the Department, the Council is currently undertaking the appropriate action to address the balance of the issues raised.</p>
<p>Legislative Compliance</p>	<p>Council should examine the rigour of its existing practices to ensure regulatory and legislative compliance, incorporate regular reviews of the organisational preparedness to meet the requirements and formalise the process by adoption of a formal policy/protocol. (4)</p>	<p>Currently, although a key objective of the Council and the responsibility of all staff, it is acknowledged that a 'formal' process is not in place. Regulatory and legislative compliance is currently reviewed in individual internal audits. An internal audit is currently being performed of the Councils regulatory and legislative compliance (in line with the 2006/07 Internal Audit program). This internal audit will be extended to include the issues raised by the Department.</p>

³ Note that two of the draft recommendations have been deleted and some others have been modified in this final version of the report.

Council Comments on Draft Recommendations:

Element	Recommendation	Comment
Governance		
Delegations	Council should revise its delegations having regard to the issues raised in the review report. (5)	Pursuant to legislative requirements Council reviewed its delegations following the election of Council in 2004. Since that time specific delegations have also been reviewed. The size and complexity of Council's delegations register is acknowledged and work is nearing completion to streamline and reformat the register and a revised delegation register will be reported to Council in the near future.
Policies and Protocols	Council should review its outdated policies as a matter of urgency. In doing so, it should clarify what policy is and what is an operational protocol/procedure, consider developing a policy on policy development/review and consider adopting a standard format for its policies. (6)	Following the 2004 Election, Council reviewed, updated and changed those policies which were required to be changed from a statutory perspective. At the time Council determined not to review other policies. A report will be provided to Council in the immediate future recommending a process timeframe for a review of policies.
355 Committees	Council should ensure that all section 355 committees have constitution and written procedures to guide their operations. (7)	Council has conducted an extremely thorough review of its Section 355 Committee Management Model. All Section 355 Committees have Council resolved delegations. In addition Council has in place a comprehensive Section 355 procedures manual. The combination of the Section 355 manual and specific delegations of individual Committees has been utilised in lieu of separate constitutions.
Council Meetings	Then General Manager should reduce the number of staff present at council meetings. (8)	The General Manager and designated Senior Officers are required to attend all Council Meetings together with administration support staff (3) as well as the Manager Corporate Communications. Other staff attend on an "as required basis" depending on the issue being considered. The matter of the number of staff attending Council Meetings will be further reviewed after Council has considered a report on a review of delegations and meeting frequency.
Council Meetings	Council should critically review the frequency and duration of its meetings having regard to the issues raised in the review report, the advice of its officers and Practice Note No 16 issued by the Department. (9)	A report on how to manage the frequency and duration of meetings will be prepared for Council's consideration. The Code of Meeting Practice will also be reviewed to address this issue.

Council Comments on Draft Recommendations:

Element	Recommendation	Comment
Governance		
Closed Meetings	Council should take immediate action to ensure that it complies fully with the relevant statutory provisions relating to closed meetings/confidential items and include a six-monthly examination of the process in its internal audit program. (10)	Matters are listed for consideration in closed Council based on Section 10A and 10B of the Local Government Act. The large number of issues considered in closed Council is largely due to the number of property matters before Council. A review of Council's current practice in relation to closed meetings and committee of the whole is being carried out to ensure strict legislative requirements..
Council as a Developer	Councils should establish procedures for managing the conflicts of roles in relation to its activities as a developer/regulator and for identifying and managing the risks of its commercial/entrepreneurial activities. (11)	Council has always followed a transparent process in regard to the dual roles of planning authority and developer. It is, however, acknowledged that the processes and procedures that are followed should be documented and this will be undertaken.
Management Planning	Council should revise its management planning process having regard to the proposed long-term strategic plan, the need for better integration and the need for more details about intended actions. There needs to be better links between the component parts and the process for resource allocation needs to be changed to capitalise on the preparatory work that has already been done in relation to process mapping and costing. (12)	This process is being combined with the program for implementing the Strategic Vision. The Management Plan 2007/08 is an interim plan pending finalisation of the Strategic Vision process.
Group Manager's Performance Contract	The General Manager should use the performance indicators in the revised management plan to manage the performance of Group Managers. (13)	Group Managers Performance Indicators are cascaded from the General Manager's Performance Indicators. These will be revised again after the completion of the Strategic Visioning Project.
General Manager's Contract	Council should ensure that the General Manager's annual performance review is conducted and finalised in accordance with the timeframes provided in the General Manager's contract. (14)	The review for 05/06 was completed through a detailed survey of all Councillors whilst the Promoting Better Practice Review was being conducted.

Council Comments on Draft Recommendations:

Element	Recommendation	Comment
Governance		
Complaints Management	Council should revise its complaints policy to ensure that reports to management and council on complaints include, where warranted, recommendations for and evidence of changes to relevant council procedures or policies that are the subject of the complaint. (15)	Whilst there has been reporting of complaints on a quarterly basis to Council, it is acknowledged that both the Complaints Handling process and the reporting mechanism can be improved. A draft Complaints Handling Process/Procedure is presently being finalised. The enhanced Complaints Handling Process will also enable better reporting mechanisms to Council and feedback to staff for management purposes. Impartantly the revised Complaints Management Process will also clearly establish an appropriated feedback mechanism to customers and the community.
Records Keeping Practices	Council should finalise its documents management and records policy as soon as possible. In doing so, it should have regard to the review of the implementation of its Privacy Management Plan. (16)	The Records Policy has been updated and redrafted. It is acknowledged that whilst the Privacy Management Plan has not been updated on a regular basis, Council adopted the standard Privacy Management Plan as promulgated by the Department of Local Government.
Access to Information	Council should adopt a policy that clearly communicates council's intentions in regard to access to information and which acknowledges the statutory obligation on council's Public Officer to assist people to gain access to the publicly available documents of council. (17)	Concerns have been raised by the General Manager for a number of years in regard to the conflict between the Privacy Legislation, FOI Legislation and Section 12 of the Local Government Act. Council maintains a very extensive spreadsheet/database in regard to all Information Access requests. The majority of Information Access requests have been by way of FOI Application. Where a customer/complainant seeks to lodge a request pursuant to Section 12 of the Local Government Act it is processed accordingly.

Council Comments on Draft Recommendations:

Planning/Regulatory		Recommendation	Comment
Element	Staffing Issues	Council should consider the option of cross training, multi-skilling and rotating its planning staff. (18)	In recent years a number of staff from various sections within the Planning Group have been appointed or promoted to positions within other sections of the Planning Group or other areas of Council for e.g. transferring from Subdivision Engineer to Services Delivery Engineer. Baulkham Hills Shire Council, along with most Councils, are affected by the current labour shortage for skilled Town Planners, Engineers and Building Surveyors. A range of initiatives are being considered to address the issue include those contained within the recommendations. Other initiatives include a relevant review to ensure remuneration remains competitive, development of more flexible work arrangements, managing workloads, use of trainees and retention strategies.
Enforcement		Council should promptly adopt the Enforcement Guidelines currently being developed (19)	Guidelines are currently being developed and will be submitted to Council in the near future.
Asset and Financial Management			
Long Term Financial Planning		Council should develop a long term financial plan. Council should ensure that its strategies to address the shortfall in section 94 contributions are included. (20)	Council has had in place for more than 12 years a rolling 4-5 year financial plan. This financial plan will be extended to a longer period of time on completion of the Strategic Visioning exercise.
Financial Reporting		Council should review the monthly report financial information provided to councillors, to ensure that it is meaningful and relevant and to ensure that it takes advantage of the improved information that should be available from the start of the new financial year. (21)	Monthly reporting procedures will be reviewed in line with the new output based budget process.
Asset Management Policy & Protocol		The General Manger should monitor the implementation of the new asset management system; and report to council on the system's implementation and future uses no later than September 2007. (22)	Council acknowledges the need to closely monitor the new asset management system.

Council Comments on Draft Recommendations:

Element	Recommendation	Comment
Asset and Financial Management		
Information Management and Technology	Council should develop a new Information Management and Technology Strategic Plan (23)	There has been an organisational Information Management and Technology Strategic Plan in place since 1998. This plan has been reviewed approximately every 2 years. At the time of the Better Practice Review the plan was under review. That review has now been completed and a new IT Strategy put in place for 2007/2009.
Community and Consultation		
Community Consultation	Council should develop and adopt a communication and consultation strategy. (24)	Council is currently in the process of developing an action strategy for improving community consultation across the organisation. This is being facilitated through the Just Communities program. The outcome of this process will be to develop a corporate policy and guidelines for community engagement.
Guarantee of Service/Customer Service Standards	Council should develop set of Customer Service Standards (guarantee of service) and make them available to the community. Once adopted, the standards should be monitored and reported on. (25)	Customer Service Standards have been adopted and have been published on Council's website and in a brochure. Mechanisms for reporting on the standards will be incorporated into the Management Planning process.
Workforce Relations		
Personnel Records	Council should consider the adequacy of its current approach to managing information about its workforce and individual employees, and in doing so, consider the merit of using a computerised human resource information system. (26)	All existing staff records have been scanned and saved in Council's document management system. A Corporate information Portal will be put in place to provide staff with quick access to documents such as HR policies. Communication and training will also be provided.
Recruitment and Selection Processes	Council should keep its recruitment process under regular audit and ensure that adequate records of the selection processes are being made and kept. (27)	An audit is currently in progress to ensure details from recruitment decisions are accurately and consistently documented. Council's recruitment and selection processes are already documented however future audits will be carried out on a regular basis after completion of the current audit.
Use of fixed term Contracts	Council should revisit the practise of having a large number of staff on fixed long term contracts. (28)	All fixed long term contracts with the exception of six (6) Senior staff have been revised and changed by the General Manager to open ended contracts package.

Council Comments on Draft Recommendations:

Element	Recommendation	Comment
<p>Workforce Relations</p> <p>EEO</p>	<p>Council should use a range of statistical data to inform the development of a new EEO Management Plan. (29)</p>	<p>The organisation has had an EEO Plan in place for some time. However, the current Manger-Human Resources has acknowledged the need for this plan to be reviewed and updated and as in the case of the existing plan appropriate data will be used to form this plan.</p>
<p>General Comments</p>		
<p>Graffiti Removal</p>	<p>None</p>	<p>Council has a structured program for the reporting and removing of graffiti on Council Assets, other Government and Authority Assets and private property in accordance with legislation. Information on graffiti removal is reported to Council on a monthly basis.</p>

8. SUMMARY - WHAT'S WORKING WELL & CHALLENGES

COUNCIL'S PRIORITIES AND FOCUS

What is working well

- Development of a long-term strategic plan, in consultation with community (the visioning exercise), which will provide for a better integration of the various operational plans.
- Move to program/outputs based budgeting.

Challenges to improve

- Lack of an project plan and agreed timeline/process for development of the new strategic plan.

GOVERNANCE

What is working well

- Internal audit process as part of the overall risk management/internal control framework.
- Recognition of the need to make better use of the management planning process (integration, meaningful KPIs linked to groups' performance) and actions on improving the process.

Challenges to improve

- Need to review and update delegations.
- Need to review and update policies.
- Operation of some section 355 committees.
- Review frequency and duration of council meetings, and closed meetings practices.
- Develop and adopt protocols for entrepreneurial activities.
- Review access to information policy.

REGULATORY

What is working well

- Translation of the community visioning exercise into forward plans.
- The amount of DAs processed and processing times.
- Environmental management.

Challenges to improve

- Delegations to the planning section (some work undertaken to improve).
- Strategies to address specialist staff shortages.

ASSET AND FINANCIAL MANAGEMENT

What is working well

- Change in the way council budgets.
- Sound financial position.
- Development of new asset management system.
- Condition of assets.
- Plans of operational land management.

Challenges to improve

- Develop long-term financial plan.
- Develop and adopt strategies for addressing the shortfall in s94 contributions.
- Asset replacement program to be included in the Management Plan.

COMMUNITY, COMMUNICATION AND CONSULTATION

What is working well

- Social and community planning.
- Development of economic strategy.
- Direct provision of services.

Challenges to improve

- Needs to develop and adopt communication and consultation strategy.
- Needs to develop and adopt customer services standards, make them known to the public and report against those standards.

WORKPLACE RELATIONS

What is working well

- Comprehensive workplace relations policy framework.
- Changes to recruitment and selection process to attract broad range of applicants.

Challenges to improve

- Lack of an integrated computerised human resource information system
- Need to update EEO plan