

challenges improvement innovation good governance

Local Government Reform Program - Promoting Better Practice

REVIEW REPORT

LITHGOW CITY COUNCIL

JUNE 2007



dlg Department of Local Government

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1. ABOUT THE REVIEW

Review objectives

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 operating problems
- to promote good governance and ethical conduct principles
- to identify and share innovation and good practice in local government
- to enable the department to use review information to feed back into its work in identifying necessary legislative and policy work for the local government sector.

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

Review process

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

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

Lithgow City Council Review

Lithgow City 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 has sought to manage that environment.

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?

Councillors were also asked to complete a survey form. They were also invited to contact the review team to discuss the survey and any issues they considered the review team should address as part of the review process should they wish to do so. Completion of the form was not mandatory. Four of the nine councillors chose to complete the survey form.

John Davies and Sonja Hammond, senior investigations officers with the department's investigations and review branch, conducted the on-site component of the review from 18 to 21 September 2006.

The on-site review involved a meeting with council's Mayor, general manager and councillors, conducting interviews, attending a council meeting and the review of a number of council's policies and other documents.

Following the on-site review, further analysis was undertaken. Council management was then provided with the opportunity to respond to the review's preliminary findings.

This report details the review's findings, recommendations and council's initial response. The department expects councils to formally respond to the review process, to prepare an action plan to address agreed issues and to provide progress reports on the implementation of the action plan.

2. EXECUTIVE SUMMARY

Lithgow City Council is an organisation in transition. It seems clear that had this review been conducted a year ago, it would have given rise to a different outcome.

A new management team has brought a more strategic focus to council. This is evidenced by the strategic planning process council is currently undergoing, its new approach to management planning and reporting, its organisational restructure and its participation in a strategic alliance with Oberon and Mid-Western Regional Councils. Encouragingly, management appears to enjoy the support of the elected body of council in taking council in this new direction.

Council faces an enormous challenge in preparing a suite of strategic planning documents that address issues as diverse as strategic land use planning, an ageing population and economic development at the same time. There are a number of risks associated with this. However, the preparation of these plans at the same time as it is preparing its overarching strategic plan also gives council opportunities to develop a well-integrated strategic framework. Council appears to have recognised and responded to both the risks and the opportunities.

Council's organisation modernisation process is also reflected in the development of a comprehensive governance framework. However, this can be enhanced in a number of areas recommended in this report. Having recently developed a number of key governance policies, council needs to ensure their effectiveness by providing ongoing training to promote awareness of them.

In the regulatory and planning area, like many other councils, Lithgow currently faces the challenge of preparing a new LEP consistent with the LEP template and to review its DCPs to ensure they comply with new planning law requirements. Council processes development applications efficiently. However, it needs to review the manner in which it currently collects and uses development contributions. There is also scope for improvement in the way council exercises its enforcement functions.

The council faces significant challenges in respect to its financial position. Steps are being taken to create a more efficient and effective council in terms of finances and thus strengthen the financial position. However, it will take some time and council needs to develop longer-term financial plans to ensure that the financial position continues to improve.

Long-term asset management has not been a high priority for the council in the past and the assets have been managed in a very ad-hoc way. To become proactive in the way in which the assets are managed the council needs to develop an asset management policy, strategy and asset management plans for each asset class. This needs to be integrated with the longer-term financial plan to ensure that the asset management plans fit within the council budget or that any shortfalls can be identified and solutions sought.

Council engages well with the community on a number of different levels. It has identified key strategic challenges faced by the community it services and is developing plans to address them.

The organisational structure has been reviewed and the council is implementing a new structure. Change management training was provided to assist staff in the transition. Human resource strategies should be developed in line with the new structure to support the council's strategic vision.

3. RECOMMENDATIONS

Strategic focus

1. Council needs to ensure quarterly reviews are reported to council within two months of the end of each quarter, as required under section 407 of the Local Government Act.
2. Council should undertake a comprehensive risk assessment of potential risks arising from its strategic alliance with Oberon and Mid-Western Regional Councils as part of the development of a risk management plan.

Governance

3. Council should provide ongoing training to both councillors and staff to promote awareness of the policies contained in its new policy register relevant to their respective roles, obligations and functions.
4. Council should prepare an induction training program for councillors prior to the next local government elections.
5. Council should consider developing a formal ongoing training program for councillors in conjunction with other members of the strategic alliance
6. Council should amend its conduct committee procedures to set out criteria to guide the general manager in determining whether or not to report a matter to the committee and to be used by the committee in assessing allegations of breaches of the code of conduct.
7. Council should provide information to councillors and designated staff on the completion of written returns of interests to ensure they are completed accurately and in a timely manner.

8. In the interests of assisting council to get through its business in a more efficient manner, council should consider trialling regular briefing sessions for councillors on business to be considered at council and committee meetings.
9. Councillors should make works requests using council's established processes for doing so and desist from doing so in meetings.
10. Council should amend its complaint handling policy to establish procedures for making and dealing with requests for internal review.
11. Council should provide ongoing training on its complaint handling procedures to staff.
12. Council should provide regular training to both staff and councillors on its protected disclosures policy to promote awareness of their rights and obligations under it.
13. Council should consider improving access to the public documents on its website.
14. Council should consider adopting a formal policy for dealing with requests for access to documents under section 12 of the *Local Government Act*.
15. Council should develop a formal policy or procedures for managing contracts.
16. Council should amend its asset disposal policy to define the value of the assets it applies to. Council should also adopt a policy for the disposal of minor assets to compliment it.
17. Council should develop a risk management plan that addresses both insurable and other types of risk.

18. Council should consider developing an internal audit program.
19. As part of the development of an internal audit program, council should consider undertaking a fraud risk assessment and developing a fraud control policy or strategy.

Planning and other regulatory functions

20. Council needs to review its existing contribution plans and explore all the options now offered under the *Environmental Planning and Assessment Act* for the collection and use of development contributions.
21. Council needs to take a more strategic approach to the collection and use of development contributions. Council needs to more clearly link its approach to development contributions with its strategic plan and to its capital works program and long-term financial plan.
22. Council should make its DA guide, information sheets and DA checklists more accessible to applicants by displaying them in its customer service area and publishing them on its website.
23. In the interests of promoting public confidence in the assessment and determination of DAs in which it is an applicant or has an interest, council should explore the option of making use of its strategic alliance partners to undertake independent assessments of such DAs.
24. As part of the preparation of its new comprehensive LEP and the review of its DCPs, council should develop more comprehensive and nuanced notification procedures.
25. Council needs to review its companion animals management plan to ensure that it continues to be relevant.

26. Council should consider implementing a proactive program for monitoring compliance with environmental and planning requirements.
27. Council should develop an enforcement policy as a matter of priority.
28. Council should provide training to staff on its enforcement policy and relevant investigation skills.

Asset and financial management

29. Council should increase the unrestricted current ration to 1.5:1 or above.
30. Council should continue to assess the provision of funds for infrastructure works, the capacity to borrow and their ability to service loans.
31. Council needs to develop a longer-term financial plan that is integrated with the strategic plan, asset management plan, management plan and other council plans.
32. Council should develop an asset management policy and strategy.
33. Following the development of an asset management policy and strategy, a comprehensive asset management plan that links to council's strategic documents and long-term financial plan should be developed.
34. Council should review its land register to ensure that all information required in section 53 of the *Local Government Act* is included.
35. Plans of management for all community land holdings should be completed as a matter of priority.

Community and consultation

36. In establishing a community engagement framework, council should explore a range of different models adopted by other councils.
37. Council should seek to promote awareness of its new customer service policy by providing training on it to councillors and staff.

Workforce Relations

38. Council needs to develop a human resources strategy that is linked to council's strategic plan and management plan.

4. CONTEXT

Lithgow City Council is located at the western side of the Blue Mountains. Lithgow City Council was formed on 26 May 2004 following an amalgamation of the former Lithgow City Council with parts of the former Evans and Rylstone Shire Councils. Now covering an area of 4562 square kilometres, the local government area is bordered by Blue Mountains City Council and Hawkesbury City Council in the east, Oberon Council in the south, Bathurst Regional Council in the west and Mid-Western Regional Council and Singleton Shire Council in the north. Council has recently entered into a strategic alliance with Oberon and Mid-Western Regional Councils.

The local government area has three urban centres (population clusters of greater than one thousand people). These are Lithgow, Wallerawang and Portland. It also has one rural locality (a centre of between 200 – 999 people), Cullen Bullen. Other smaller rural populations in the local government area include Ben Bullen, Capertee, Glen Alice, Glen Davis, Hartley, Sodwalls, Rydal, Hampton, Tarana and Marrangaroo.

Lithgow has had a long history as a mining and industrial centre and retains a significant industrial heritage. Coal and oil shale mines have operated in the area for much of its history. Current mining operations focus on the extraction of high-energy thermal coal. This is used for power generation at the Wallerawang and Mount Piper power stations, which are also located within the local government area.

Agriculture is another major land use in the Wolgan, Capertee, Lithgow, Hartley and Megalong valleys and the Upper Turon River. Agricultural uses include grazing, orchards and the cultivation of fodder crops such as lucerne, ryegrass and oats.

The current estimated population of the Lithgow local government area is 20,831. As of the 2001 census, 2.88% of the population was Aboriginal or Torres Strait Islander (compared to the State figure of 1.88%). 86% of the population was born in Australia (compared to the State figure of 70%). 2.4% of the population spoke a language other than English (compared to the State figure of 18.8%).

As at the 2001 census, median weekly income was \$200-\$299 (compared to the State median of \$300-\$399). Median weekly household income was \$600-\$699 (compared to the State median of \$800-\$999). The local government area had an unemployment rate of 9.7% (compared to the State rate of 7.2%).

As at the 2001 census, the median age of the local government area was 37 years compared to the State median of 35 years. It would appear the ageing of the population is set to accelerate. As discussed below, Lithgow is currently ranked 88th out of 153 councils in 2004 in terms of the percentage of its population (14.1%) aged 65 years or over. Lithgow's ranking is projected to rise to 46th by 2022 with 24.9% of the population projected to be 65 years or over. In terms of the rate of increase of its aged population, Lithgow is ranked second in the State.

There are nine councillors on Lithgow City Council. Six are members of the ALP and the remaining three independents.

Council employs 170 full time staff. Of these, 17 are aged between 18 – 24 years, 130 between 25 – 54 years, 29 between 55 and 64 years and 2 over 65 years. 1.1% identify as Aboriginal and Torres Strait Islander. 1.1% have a disability.

In 2005/06, council's expenses from ordinary activities were \$23.91M. Revenues were \$24.87M.

5. COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS

This part of council's assessment focussed on: 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.

Background

The review team found no evidence to indicate that council previously undertook any long-term strategic planning. It would seem that the management plan, with its limited three-year focus, was the sole corporate planning tool previously employed by council. However, even as a short-term planning tool, council's last management plan was deficient.

The review has coincided with a fundamental shift in council's approach. It is currently in the process of developing a long-term strategic plan. A draft strategic plan has recently been exhibited for public comment. Council has also entered into a strategic alliance with Oberon and Mid-Western Regional Councils. It has also undertaken an organisational restructure to promote a longer-term focus.

At the time of the site visit, this process was at an early stage. In the week the review team conducted its on-site visit, council was recruiting for a number of management positions under the new structure and was yet to fill a number of the key strategic planning positions. This meant that at the time of the site visit, while senior management staff had a clear vision for the organisation and were able to describe their plans in detail, given many of these were at a conceptual stage, evidence of council's new approach was limited. Since the site visit, council has taken significant further steps to give effect to this new approach. This approach is now reflected in its draft strategic and management plans which are currently on public exhibition.

Council is to be commended for the significant steps it has taken within a short period of time to move from a deficient approach to strategic planning to one that reflects best practice.

Corporate vision

As part of the development of its strategic plan, council held community visioning workshops. As a result of this process, council has developed a new overarching vision and a number of strategic themes, (vision statements) that inform its new strategic plan. Council's new overarching vision is:

A centre of regional excellence that:

- *Encourages community growth and development*
- *Contributes to the efficient and effective management of the environment, community and economy for present and future generations.*

Council has adopted 10 vision statements relating to community, transport, employment, heritage, education, health, environment, arts and culture, youth and growth. Council's draft strategic and management plans are modelled around these vision statements.

Setting council's strategic direction

As indicated above, council is currently in the process of developing a new strategic plan. It has not previously had one. The draft strategic plan is currently on public exhibition.

Council has proposed a strategic planning model that is consistent with the department's preferred model as described in its *New Direction for Local Government* position paper. The draft strategic plan, which has a 10-20 year focus, has a broad community ambit that addresses each of the ten strategic themes identified in council's vision statements. For each of these it proposes a number of strategies for achieving each of the vision statements and activities for the implementation of each strategy. It also identifies results for measuring performance. These are currently a

little vague. However it is acknowledged that the strategic plan is a dynamic document and that these will become more clearly defined as council progresses in the development of the other strategic documents that will inform its strategic plan.

The strategic plan will be a dynamic document along the lines suggested in the *New Direction for Local Government* position paper. Council intends to review the strategic plan within 12 months of the next council election. To inform the review process, a local profile will be prepared outlining where the LGA is now in terms of the vision statements, issues and strategies. Any proposed amendments to the strategic plan will be undertaken in consultation with the community.

Once the strategic plan has been adopted, council intends to incorporate the strategies identified in it in the 2008/09 – 2010/2011 management plan. It is intended that each activity council proposes in the management plan will demonstrate that it will implement a strategy, is sustainable and will assist in the achievement of the vision statements. Council has already taken steps towards this and its draft 2007/08 management plan, which is currently on public exhibition, is structured around its 10 vision statements.

Commendably, council has engaged the community well in developing its strategic plan. Council held a number of visioning workshops attended by members of the community, councillors, staff and the project consultants in March, April and May 2006. These developed the ten vision statements that underpin the strategic plan. Council sought further feedback on these through a resident feedback register comprising 232 participants broadly representative of the community. Further community consultation was undertaken in September 2006, with workshops being held at a number of locations across the local government area to identify key local issues the strategic plan needs to address. As indicated above, the strategic plan is currently on public exhibition and council is seeking written comments. To assist this process, council is holding briefing sessions in a number of locations in the LGA.

Planning and reporting

Council is obliged to prepare a draft management plan with respect to its activities for at least the next 3 years and its revenue policy for the next year under section 402 of the *Local Government Act*. As indicated above, it would appear that council's management plan was previously the only planning tool utilised by council. It had the minimum statutory 3-year focus. However even as a short-term planning tool, the management plan was deficient.

Council's draft 2007/08 management plan represents a significant improvement on previous management plans. It is well set out and contains clear statements of council's objectives for its key activities, the actions it intends to take to achieve them and well defined and measurable KPIs for measuring performance. While the draft management plan is structured around council's 10 vision statements, it could be more closely aligned with the strategies proposed under each of the vision statements in the draft strategic plan. However, it is acknowledged that council intends to move to a better integrated strategic and management planning process from 2008/09 as described above.

In its draft strategic plan, council has foreshadowed eventually moving to a five-year management plan. A longer-term management plan is to be encouraged. A five-year timeframe fits neatly with the proposed 10-20-year scope of the strategic plan and is consistent with the preferred model described in the *New Direction for Local Government* position paper.

In its draft strategic plan council has indicated that it intends to develop 1-year operational plans for implementing activities identified in its management plan along the lines suggested in the *New Direction for Local Government* position paper. It is intended that these will identify the activity, its components, the budget, the timing of the activity and KPIs. It is intended that these will be developed in the second quarter of each year prior to the draft management plan and budget preparation process. A draft operational plan for 2007/08 is currently being prepared.

The *Local Government Act* also confers a number of reporting obligations on council. Section 407 of the Act requires the general manager to report to the council within two months after the end of each quarter as to the extent to which the performance targets set by council's management plan have been achieved during that quarter. While the quarterly reviews relating to the September and December 2005 and March and September 2006 quarters were reported to council within two months of those quarters, the quarterly review relating to the June quarter was not reported to council. Council needs to ensure quarterly reviews are reported to council within two months of the end of each quarter as required under section 407. (*Recommendation 1*) Council has acknowledged this administrative oversight and has indicated that it has already adopted an internal working procedure to ensure it complies with its statutory reporting obligations in a timely manner.

In the past, council's quarterly reviews only addressed its financial performance and did not report on its performance against other objectives set in the management plan. The quarterly reviews for the September and December 2006 quarters represented a significant improvement, clearly identifying performance against the objectives set in the management plan. However, these reflected the shortcomings of council's previous management plan and did not adequately capture council's performance against the full range of its activities.

Under section 428 of the Act, council must also prepare an annual report within five months of the end of each financial year as to its achievements with respect to the objectives and performance targets set out in the management plan for that year. Council's 2005/06 annual report is well integrated with its previous management plan and clearly reports on its performance against the targets set in the management plan. However, as with the September and December quarterly reviews, this reflects the shortcomings of the management plan.

Senior management acknowledged the deficiencies of council's previous planning and reporting framework. Council is using the development of its strategic plan as an opportunity to refine its planning and reporting practices. To comply with its statutory obligations, council needs to closely align the quarterly review process and its annual report with its management plan. Ideally quarterly reviews and the annual report

should be structured along the same lines as the management plan (and by extension the strategic plan) and clearly disclose council's performance against the KPIs set for each action under the management plan.

Council has indicated in its draft strategic plan that it recognises this. The formats of the September and December quarterly reviews together with that of its draft management plan indicate that council is moving towards a well integrated planning and reporting framework. Provided they are well aligned with the structure of the management plan, the improvements in the formatting and content of council's future management plans should feed through to quarterly reviews and annual reports and address their current shortcomings.

Issues of compliance by the management plan and the annual report with specific statutory requirements are addressed elsewhere in this report.

Integrated planning

The department is currently seeking to promote improved integration of the various statutory planning and reporting processes undertaken by councils required under the *Local Government Act* and the *Environmental Planning and Assessment Act*.

Consistent with its new more strategic approach, council has recently developed a new social plan and is preparing a new comprehensive LEP as required under recent planning law changes. As will be discussed elsewhere in this report, council also has plans to develop a suite of other strategic plans, including an economic development strategy, an ageing strategy and a cultural plan. These projects are reflected in council's draft strategic and management plans.

While council is to be commended for undertaking these projects, there are risks associated with having so many major projects underway at the same time. To ensure that these are completed, council needs to prioritise them, set realistic timeframes for their completion and ensure they are adequately resourced. Council has sought to address these risks by identifying its major strategic projects in its draft strategic and management plans. Its management plan identifies timeframes for

completion of these projects, however these are a little vague. Management and senior staff performance agreements are also linked to these outcomes to ensure ownership and management of the process. Delivery of these outcomes is identified as KPIs in performance agreements.

Council is well equipped through its new organisational structure to deliver greater integration of its planning and reporting processes. All the planning and policy positions, including strategic land use planning, economic/property development, corporate, social, cultural and recreational planning and policy development and governance are centralised under a single policy and planning manager.

The development of so many strategic documents at the same time as council is developing its new overarching strategic plan provides it with an opportunity to ensure they are fully integrated with it, the management plan and each other. The fact that the draft strategic plan reflects these projects and will ultimately be informed by them indicates that council has recognised this.

The draft management plan is also well integrated with councils other strategic planning documents. Actions identified under the social plan and state of the environment report are identified as such in the management plan. Council has advised that by doing so, it intends to be able to identify to the community why specific actions have been included in the management plan. It also facilitates complete reporting across the full suite of its strategic planning documents in a holistic and measurable way. Council is to be commended for this approach.

Organisational structure

Council has recently undergone an organisational restructure. Council adopted the new organisational structure at its ordinary meeting of 20 March 2006. Council is split into two directorates – regional services (comprising operational management, development assessment and asset management functions) and community and corporate (comprising finance, records management, plant, depot and stores, policy development and planning and community and cultural functions). A separate organisational development unit comprising human resources reports directly to the

general manager. At the time of the site visit, the two group managers had been formally appointed to their positions and council was in the process of filling the next layer of management positions.

Group managers are expected to have a strategic focus. Upon appointment and in consultation with the general manager, they were expected to determine the organisational structure of their directorate. Group managers were also expected to undertake an efficiency audit of their respective operations within six months of their appointment.

As indicated above, the new structure entrenches a strategic focus within the organisational structure. Policy development and planning positions are separated from operational functions. This ensures that those engaged in long-term and strategic planning are given the time and space to do so without being preoccupied with the more immediate demands of day-to-day operational matters.

Council is to be commended for its organisational focus on long-term and strategic planning. However, there are a number of risks implicit in the separation of strategic from operational matters in related areas that are normally functionally closely associated with each other (eg, strategic planning and development assessment). In particular there is the risk of duplication or overlap between related areas or, conversely, the appearance of gap areas in the organisational structure that no one is responsible for.

Council also needs to ensure effective communication between staff involved in strategic planning and those involved in operational tasks. It is important that staff involved in operational matters are conversant with and operate within council's strategic framework. Conversely, it is equally important that those who are responsible for framing council's strategic direction seek the input of council's operational staff to ensure that council's strategic framework is informed by operational experience and is achievable.

Council has identified and addressed these risks. Council has put in place a formal meeting structure at the MANEX level to facilitate communication across the

organisation. The executive management team, comprising the general manager and the two group managers, meets weekly. Its meetings have formal agendas and are minuted. Council has also established a corporate management team comprising of divisional and internal managers, which have meetings on a three-weekly cycle. Council has also established formal cross-functional teams for decision-making and problem solving for key areas such as economic development, strategic planning and IT. Meetings have formal agendas and are minuted.

Strategic alliance

Council entered into a strategic alliance with Oberon and Mid-Western Regional Councils on 11 July 2006. This represents a key component in council's strategic platform.

Commendably, the strategic alliance has been formed for the express purpose of delivering cost savings and operational efficiencies for each of the three member councils. The memorandum of understanding (MOU) that established the alliance puts in place a number of steps to assist in the delivery of these outcomes.

The member councils are required to undertake information sharing and business process review exercises in a range of areas including human resource functions, IT, plant and equipment programs and economic development and strategic land use planning. For each area, the MOU identifies specific activities, outcomes and timeframes, establishes the membership of working parties under a team leader and requires each working party to report to the respective general managers on a monthly basis.

Pursuant to the MOU, the member councils have since developed a strategic alliance business plan relating to alliance activities. This clearly identifies activities and performance indicators and timeframes for the delivery of the MOU outcomes. The member councils have developed a common reporting mechanism to ensure councils are briefed on the outcomes and completion of processes associated with the plan. Under the MOU, general managers will undertake annual reviews of the

progress made in relation to the plan and suggest any changes to priorities to their respective councils as a result of the review.

Prior to entering into the strategic alliance, council, together with the other participating councils, undertook a preliminary risk assessment. Council is also monitoring the costs associated with the strategic alliance in financial and human resources terms. However council should also undertake a comprehensive risk assessment of the potential risks arising from the alliance and alliance activities as part of the development of a risk management plan as recommended below.
(Recommendation 2)

Council is to be commended for its participation in the strategic alliance and the rigour reflected in the processes for the establishment of its governance framework.

6. DELIVERING AND ACHIEVING

This part of council's assessment focussed 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*
- *Risk management and internal control*
- *Council's decision-making processes*
- *Monitoring and review*

Background

Council has overhauled its governance framework as part of its organisational modernisation process. A policy register comprising a comprehensive suite of policies was presented to a councillor workshop on 1 August 2006 and, following public exhibition, was adopted at the ordinary meeting of 16 October 2006. This is intended to be a dynamic document with new policies to be incorporated into it as required.

Council is to be commended for this initiative. Once the policy register has been finalised, in order to ensure its efficacy, council will need to provide ongoing training to both councillors and staff to promote awareness of policies relevant to their respective roles, obligations and functions. (*Recommendation 3*) In its response to the draft report, council advised that the policy register has been included in the induction program for new staff. Council is currently developing a training program for existing staff to ensure they are aware of the policies.

Councillor induction and training

Council does not currently provide induction training to councillors. New and re-elected councillors need induction training 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. Council should therefore prepare an induction program for councillors prior to the next local government election. (*Recommendation 4*)

Council has no formal ongoing training program for councillors. However, councillors have the opportunity to attend training provided by the LGSA and other relevant conferences and seminars. However, councillors indicated that they experienced difficulty attending these given it involves travel and extended time out from work. To address this, council should consider developing a formal training program in conjunction with the other members of the strategic alliance that can be delivered within the immediate locality at a time more suitable to councillors. (*Recommendation 5*) Council advised in its response to the draft report that training is identified in the Central Tablelands Alliance management plan as a cost effective means to provide further education.

Code of conduct

Section 440 of the Act requires every council to adopt a code of conduct to be observed by councillors, members of staff and delegates of council that is consistent with the *Model Code of Conduct* prescribed under the Regulation.

Council adopted the current version of its current code of conduct on 16 October 2006. It is consistent with the *Model Code*. Upon adopting the code, a copy was provided to councillors and staff and they were required to sign a statement indicating they had read it and understood it. The code is included in the staff induction program.

At the time the review team visited council, there was clearly a need for councillors to receive training on the code of conduct. At the council meeting attended by the review team, a councillor raised concerns about another councillor's conduct. Under the *Model Code*, suspected breaches must be reported to the general manager in the first instance. The *Model Code* requires councillors to refrain from making allegations at council meetings. Council advised in its response to the draft report that code of conduct training had since been provided to councillors and staff.

Council's conduct committee comprises the general manager, Mayor and council's solicitor as the independent member consistent with the requirements of the *Model Code*. Council has prudently also appointed another independent person to its conduct committee to act as an alternate independent member in the event that the other independent member is unable to fulfil their duties. The conduct committee has met on a number of occasions to consider matters referred to it and on at least one occasion, council has resolved to censure a councillor on the recommendation of the committee.

The *Guidelines for the Model Code of Conduct for Local Councils in NSW* issued by the department advise councils to develop guidelines for the operation of the conduct committee. Additionally, councils should develop criteria to be used by the general manager in determining whether or not to report a matter to the conduct committee and for conduct committees in assessing allegations of breaches of the code of conduct. Council has adopted a clear set of procedures to guide the work of its committee. However, these could be enhanced by setting out relevant criteria for the assessment of complaints. In developing criteria, council may wish to consult the NSW Ombudsman's *Enforcement Guidelines for Councils* and the Sutherland Shire Council's *Internal Ombudsman Guidelines 2006*. (*Recommendation 6*)

Disclosures of pecuniary interests

The *Local Government Act* regulates the management of pecuniary interests. The Act requires that councillors and designated staff complete and lodge disclosure of interests returns. It is important that councillors and staff observe these requirements, as to not do so has the potential to seriously undermine the community's confidence in the integrity of local government and the decision-making process.

The review team inspected returns of interests submitted by all councillors for the period 1 July 2005 to 30 June 2006. Council also has 16 staff who are identified as designated persons. The review team inspected a representative sample of the returns of ten designated persons, including the general manager's return.

All the returns appear to have been submitted on time. A number of the designated persons returns were lodged in November 2005 when the staff in question were nominated as designated persons. Prior to late 2005, only senior staff were designated persons. The number of staff identified as designated persons was increased to include those staff in key decision-making roles, consistent with the requirements of section 441.

The standard of returns was generally good. However, a number of the returns contained minor deficiencies including failure to disclose the addresses of employers, corporations and creditors in parts B1, E and G of the returns and a possible failure to disclose income from investment properties in part B3 of the return.

The Local Government Pecuniary Interest and Disciplinary Tribunal has pointed out the need for councillors (and designated staff) to give due care and attention to the accuracy, detail and content of the disclosures required in returns. Council should use the information provided in the department's circular to councils 04-16 to prepare information for staff and councillors to assist them in completing their returns. (*Recommendation 7*)

Gifts register

Since 1 January 2005, when the *Model Code of Conduct* came into force, councils are required to maintain a gifts register. Council has a separate gifts and benefits policy that reflects the provisions of the *Model Code of Conduct*. This provides for the establishment of a gifts register. There were only two entries in the gifts register, which is expressed to relate to the 2006-07 year. Council indicated in its response to the draft report that, as recommended in that report, as part of its code of conduct training, it now reinforces with councillors and staff their obligations in relation to gifts and benefits and promotes awareness of the gifts register.

Councillor expenses and facilities policy

Councils are required to have a policy on the payment of expenses and provision of facilities to the Mayor, Deputy Mayor and councillors under section 252 of the *Local Government Act*. The department has issued guidelines to assist councils in the preparation of that policy. Council has recently updated its policy and it is consistent with the guidelines, (though it still does not require councillors to provide a written report to council on conferences they attended on behalf of council, as suggested by the guidelines).

Councillor access to information

Councillors enjoy the same rights as other members of the community to access documents held by council under section 12 of the *Local Government Act*. Councillors also need to access such information as may be necessary to enable them to exercise their responsibilities as elected representatives. It should also be noted that the *Model Code of Conduct* (and council's adopted code) imposes obligations on councillors and other council officials about how they handle council information.

Council has a formal process for councillors to request information and records from staff prescribed under its policy concerning interaction between councillors and staff. The policy is comprehensive and is consistent with the provisions of the *Model Code*

of Conduct. In its response to the draft report, council indicated that it has sought to promote awareness among councillors and staff of the procedures by which councillors are required to request access to information and records as part of its code of conduct training.

Council does not provide regular formal briefing sessions to councillors on items on meeting agendas. Briefings have been provided in relation to specific strategic items such as the management plan and budget. The Mayor and general manager commented that these briefings appeared to promote a better understanding of those items on the part of councillors and reduced the amount of time taken up in meetings by questions in relation to them. In the interests of assisting council to get through its business in a more efficient manner, council may wish to consider trialling regular briefing sessions for councillors on business to be considered at council and committee meetings. (*Recommendation 8*)

Meetings

The review team attended the ordinary council meeting of 18 September 2006. The review team was impressed by the manner in which the meeting was conducted. Council got through its business efficiently. The meeting was completed in half an hour. The councillors worked well together and treated each other and staff with respect. However, as discussed above, the review team was concerned that at the meeting a councillor was permitted to raise a conduct issue concerning another councillor. It is noted that this issue has since been addressed through code of conduct training.

The review team was also concerned that a number of councillors used the meeting to make a number of minor works requests. This represents an inappropriate intrusion into operational matters. Works priorities are the responsibility of the general manager and his staff. If councillors wish to make works requests, they should do so using the process established under council's policy on the interaction between councillors and staff. (*Recommendation 9*)

It is noted that council has since sought to discourage councillors from making works requests in meetings by including an action request form in its code of meeting practice. However a review of the minutes of the February and March 2007 meetings of council indicate that councillors continue to raise operational matters that would be more appropriately raised through the completion of works requests.

Council has adopted a code of meeting practice under section 360 of the Act. This is a comprehensive document that incorporates relevant provisions of the Act and Regulation together with a number of additional provisions.

Council's code of meeting practice makes provision for the first 30 minutes of ordinary, extraordinary and principal committee meetings to be made available for members of the public to address council and ask questions and prescribes rules for doing so. These appear to strike a reasonable balance between giving the community an opportunity to provide direct input into council decisions and the need to conduct council meetings in an orderly manner. The meeting attended by the review team was well attended by members of the public. There was one public address to council. The minutes of previous meetings indicate that members of the public often take the opportunity to address council and ask questions.

Council indicated in the checklist that it has closed meetings to the public on six occasions in the last year. The review team viewed the agenda and minutes of the open and closed sessions of the ordinary meeting of 15 May 2006, which was closed to consider three confidential items. These suggest that council has generally complied with the requirements of the Act and Regulation and its code of meeting practice in doing so. However, in stating the grounds for closure of the meeting to consider two items under sections 10A(2)(c) and 10A(2)(d)(i), the minutes failed to disclose why discussion of the items in an open council meeting would, on balance, be contrary to the public interest as required under section 10D(2)(c). In response to this issue being raised in the draft report, council has since amended its reporting template to ensure full compliance with the Act. A review of the minutes of the ordinary meeting of 19 February 2007 indicates that council now complies with this requirement.

Committees

Council has two principal committees - its policy and strategy committee and its finance and services committee. Council also has a number of advisory and working groups. The two principal committees comprise all the councillors. The Mayor, by virtue of the office of Mayor, is the chair of both committees. The role of the policy and strategy committee is to determine and/or make recommendations to council in relation to the strategic direction of the organisation, business activities, performance and audit. The role of the finance and services committee is to determine and/or make recommendations to council on matters relating to the provision of services and facilities and reporting of council's finances.

Both committees have delegated functions. However, council indicated in the checklist that it had no section 355 committees. Given the committees have delegated functions and therefore exercise some of the functions of council, they are, by definition, section 355 committees.

The intention behind the establishment of the committees is for them to deal with the bulk of council's routine business and to leave the ordinary meeting to exercise council's non-delegable functions and other key tasks. The review team did not have the opportunity to observe a meeting of either committee. However, the review team spoke to councillors and staff who commented that the establishment of the committee structure has streamlined council's decision-making processes and made the conduct of meetings more efficient. This was certainly evident from the manner in which the ordinary meeting observed by the review team was conducted.

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 *Local Government Act* and continually reviewed to ensure they remain current. Council last reviewed and amended its delegations to the general manager on 6 November 2006. The review

team inspected a sample of delegations to staff at various levels across the organisation.

Complaint handling

An effective complaint handling system is an essential part of the provision of quality council services. It is one method of measuring customer satisfaction to provide a useful source of information and feedback for improving the council's service. Best practice complaints management, as reflected in the NSW Ombudsman's *Effective Complaint Handling* guidelines, involves a tiered approach to dealing with complaints (ie, frontline complaint handling, internal review or investigation and external review) and formal procedures for collecting, analysing and reporting complaints data.

Council has recently adopted a complaint handling policy. This is comprehensive and is generally consistent with best practice complaint handling practice as reflected in the Ombudsman's guidelines. However, while it makes provision for external review where a complainant is dissatisfied with the outcome (ie, third tier complaint handling), it makes no provision for internal review (ie, second tier complaint handling). Council should amend its policy to establish procedures for making and dealing with requests for internal review. (*Recommendation 10*)

Commendably, council's policy establishes a process for compiling and reporting complaints data on a six-monthly basis. This is reported annually to council. As the policy has only recently been adopted, such a report is yet to be prepared.

A key to the successful implementation of the policy lies with promoting staff awareness of it. Council should therefore provide ongoing training on its complaint handling procedures. (*Recommendation 11*)

Commendably, council has adopted a policy on apologies modelled on the NSW Ombudsman's *Apologies by Public Officials and Agencies* fact sheet to complement its complaints handling policy.

Protected Disclosures

The *Protected Disclosures Act* aims to encourage and facilitate the disclosure – in the public interest – of corrupt conduct, maladministration and serious and substantial waste in the public sector. All public sector agencies should have an internal reporting policy to ensure that protected disclosures are properly made and that the agency complies with its statutory obligations in dealing with them and ensuring complainants enjoy the protections afforded under the Act.

Council has recently adopted a protected disclosures policy based on the *Model Internal Reporting Policy for Councils* contained in the NSW Ombudsman's *Protected Disclosures Guidelines (5th edition)*. Having done so, council should now provide regular training to both staff and councillors to promote awareness of their rights and obligations. (*Recommendation 12*)

Record keeping and management

Councils are required to make and keep full and accurate records of their activities in accordance with section 12 of the *State Records Act 1998*. Councils must establish and maintain a records management program that conforms with best practice standards and codes.

Council utilises a Dataworks document management system to comply with its obligations under section 12, complemented by a range of other applications including Proclaim, Outlook and Finance One. Council has recently adopted a corporate records management policy that establishes a broad policy framework for council's records management functions. This is complemented by a records management program and plan and a comprehensive suite of procedural documents.

Council's record management staff conduct regular audits. Staff are provided with training on the operation of council's record management system and policy as part of the induction process.

Public access to documents

Councils are required to make their documents available for inspection free of charge under section 12 of the *Local Government Act* unless they are specifically 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 copying of documents. 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 three months of access being refused.

Council maintains a public document register, located in its customer service centre, which contains current and superseded versions of most of the documents listed in section 12(1). While many of these documents are also listed on council's website most are not accessible there. Council should consider improving access to its public documents on its website. (*Recommendation 13*)

Access to all other documents may be obtained by completing a section 12 request form. Council charges no fee for access and a photocopy charge of 55c per A4 page. The public officer could only recall one occasion when a request for access under section 12 was refused. However, she indicated that in the event access was refused, council would invite the person seeking the document to make an application under the *Freedom of Information Act*. Council should consider adopting a policy that formalises this practice. Such a policy should also prescribe procedures that ensure requests are processed within a reasonable timeframe and that council complies with its obligations under section 12A where it refuses access. (*Recommendation 14*)

Council has dealt with 6 FOI applications in the last 24 months. All were granted. Information about applications received in the 2005/06 financial year was published in the annual report.

Council has adopted a privacy management plan under section 33 of the *Privacy and Personal Information Protection Act*, which complies with the requirements of that section. Staff have received training on their obligations under the Act as required under that plan. Council published a statement about action taken to comply with the requirements of the Act in its 2005/06 annual report as required under section 33.

Tendering, procurement, contract management and asset disposal

Tendering, procurement, contract management and asset disposal are all important areas of council operations. These activities should be governed by strict considerations of probity, transparency and accountability in the expenditure of public funds for public purposes.

Councils' obligations in relation to formal tenders are regulated under section 55 of the *Local Government Act* and the relevant provisions of the Regulation. These provisions apply to contracts with a value of \$150,000 or more.

Council has adopted a comprehensive set of formal procedures for purchasing. These establish a hierarchy of procurement procedures based on the value of the order. The procedures prescribe processes for the conduct of formal tenders (including a comprehensive tendering checklist) and quotations. These are complemented by a policy for the purchase and supply of goods and services below the tendering threshold.

Council does not have formal procedures for managing contracts. Council should consider developing procedures to address issues such as performance monitoring, variations, enforcement and dispute resolution. (*Recommendation 15*)

Council has also adopted a formal policy governing the disposal of assets. This does not define the value or nature of the assets it applies to. The policy requires council, by resolution, to determine the method of disposal of assets. It defines the matters that it will have regard to in doing so. It would therefore appear the policy only contemplates the disposal of assets with a high value.

Council has advised that the main assets regularly disposed of are plant and motor vehicles. While it may be appropriate for the disposal of major or key strategic assets to be the subject of a council resolution, the disposal of minor assets is essentially an operational matter and as such should not be the subject of consideration and determination by the elected body. Council may therefore wish to consider amending its policy to define the value of the assets it applies to. Council should also adopt a policy for the disposal of minor assets to complement it. (*Recommendation 16*)

Statement of business ethics

A statement of business ethics can be a useful tool for raising private sector awareness of public sector values. This is important because strong working relationships with the private sector are an essential part of building an efficient and cost-effective public sector.

Council recently adopted a statement of business ethics that describes the ethical standards it expects councillors, staff, tenderers, suppliers, consultants and contractors to abide by.

Risk management

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 should be a balance between the cost of managing risk and the benefits expected from engaging in an activity that has inherent risks.

Council has a comprehensive OH&S system. Council has also undertaken a self-audit of public liability risk using Statewide Mutual risk assessment tool. However council does not currently have a broader risk management plan. Council has indicated that it intends to develop one. In doing so, council needs to ensure that its

risk management plan does not merely focus on insurable risk but also identifies and addresses other types of risk (eg, corruption and entrepreneurial risks) (*Recommendation 17*).

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.

Council does not currently have an internal audit program. Council needs to explore options for the development of such a program. In doing so, council should consider developing one in conjunction with its partners in the strategic alliance. (*Recommendation 18*)

The development of internal audit processes is also important, as council does not appear to have undertaken any fraud risk assessment. Nor does it have a fraud control policy or strategy. It is important that fraud risks are identified and managed effectively and that staff are kept up to date on emerging risk areas and on proven strategies for properly managing them. As part of the development of an internal audit program, council should consider undertaking a fraud risk assessment and developing a fraud control policy or strategy. (*Recommendation 19*)

6.2 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 contributions*
- *Development assessment*
- *Environmental management*
- *Enforcement practices*

Strategic land use planning

As a result of amalgamations and boundary changes, the Lithgow LGA is currently covered by three LEPs. These are:

- Lithgow City LEP
- Rylstone LEP
- Evans LEP

The current Lithgow City LEP is somewhat antiquated. For example, exempt and complying development in the area is regulated under *SEPP 60 –Exempt and Complying Development*.

Council has commenced the process of preparing a comprehensive LEP for the LGA consistent with the requirements of recent planning law changes. Council has submitted a timeline to the Department of Planning for the preparation of the new LEP that will see the instrument made by April 2009. This process will be informed

by the same strategic planning exercise that has informed the preparation of council's strategic plan. Council has take the opportunity offered by this to ensure the strategic plan and LEP are integrated. Council's draft strategic plan incorporates a number of strategies and actions that will inform the development of the comprehensive LEP.

DCP consolidation

Recent changes to planning legislation require that only one DCP apply to a site. To comply with this requirement, a DCP may cover the whole local government area, a precinct or a site. Site-specific DCPs would operate to exclude the application of all other DCPs to the site. Council must comply with this requirement by the time its comprehensive LEP is made (ie, April 2009).

Council appears to have a large number of DCPs that regulate a wide range of activities (eg, outdoor advertising, off street parking, escarpment protection and industrial development). Reviewing and consolidating these by April 2009 will be challenging. Council is considering retaining a part-time planner to focus on this and a review of council's contributions plans.

It would appear that council is already taking steps to comply with the new requirements relating to DCPs. Council adopted one site-specific DCP, the South Bowenfels DCP, in February 2006. Another, the draft Pottery Estate and Adjacent Lands DCP, was to be reported to the December 2006 policy and strategy committee meeting.

Developer contributions

Council has several section 94 contributions plans. The review team has sighted plans relating to rural fire services, rural roads and Blackheath Creek crossing. However, these plans were developed between 1998 and 2002 and appear not to have been reviewed since. They are now out of date. The rural roads plan, adopted in February 1998, contains a works schedule to 1999/2000. The rural fire services plan contains a works schedule to 2003/04.

While contributions continue to be made under the plans, council appears not to be utilising them. Council's financial statements for 2005/06 show that while \$230,000 was collected under the plans during the year, expenditure was nil.

Clearly there is a need for council to review its existing contribution plans. In doing so, it should also explore all the options now offered under the *Environmental Planning and Assessment Act* for the collection and use of development contributions. In addition to the traditional section 94 approach, councils may now obtain development contributions by fixed development consent levies under section 94A or by voluntary planning agreements. (*Recommendation 20*) In its response to the draft report, council indicated that it had commenced a review of its section 94 plans.

Council has already made some use of these changes, entering into a number of planning agreements. Based on the Department of Planning's practice note, council has developed a planning agreement policy, which incorporates the template agreement contained in the practice note.

However, council needs to take a more strategic approach to the collection and use of development contributions. Council needs to more clearly link its approach to development contributions with its strategic plan and to its capital works program and long-term financial plan. (*Recommendation 21*)

Development assessment

The median turnaround time for DAs in 2005/06 was 23.4 days for dwellings and 15.25 days for alterations and additions. This is well within the 40-day statutory timeframe. 87.4% of DAs were processed within 40 days.

98% of DAs are dealt with under delegated authority. Council has adopted a policy governing the call up of DAs by councillors. Councillors can call up a DA where they are able to demonstrate substantial public interest in the DA, as evidenced by

correspondence or presentations by three or more persons, or on written notice by three or more councillors.

As described above, at the time of the review, council was undergoing an organisational restructure. As part of that process, its planning function has been split with strategic planning and regulatory functions (ie, DA processing and enforcement) being exercised by different departments. As indicated above, the review team sees this as a positive move. However, as discussed above, in separating these functions, council needs to ensure that the staff involved continue to communicate with each other.

Council currently has 6 specialist planning positions comprising 4 development assessment staff and their manager and a strategic planner. At the time of the site visit, all positions were filled.

Council has introduced a new development approval software package called Proclaim to improve its DA tracking system. The development manager and the group manager regional services regularly review DA turnaround times. A report on all unapproved/outstanding DAs is submitted to the executive management team on a regular basis.

All development approvals are reported to council's finance and services committee on a monthly basis.

Council offers a free pre-lodgement advice service to applicants. To assist applicants, council also provides in its customer service area a DA guide together with information sheets on a range of topics and checklists for different types of developments. These are available on request. However, this information may be more accessible to applicants if it was more prominently displayed in the customer service area and published on its website. (*Recommendation 22*) Council advised in its response to the draft report that it is currently developing a "sample bag" of information for applicants. It is hoped that these will be tailored to provide information relevant to specific sites. Council is also investigating an electronic version of this with a GIS interface to be provided through its website.

Council is also exploring the option of establishing a specialist development management unit for managing major development applications. Such an initiative has value in attracting and facilitating investment and employment-generating activities in the area. However, in establishing such a unit, council needs to ensure that it manages the risks associated with combining its role as a facilitator of economic activity with its regulatory functions (eg, regulatory capture). Council has sought to do so by administratively separating its economic development or facilitation role from its development assessment and regulatory role, ensuring that they each report to different group managers.

Council does not currently have in place a formal process for the independent assessment of DAs in which it is the applicant or has an interest. In the interests of promoting public confidence in the assessment and determination of DAs in which it is an applicant or has an interest, council should explore the option of making use of its strategic alliance partners to undertake independent assessments of such DAs. *(Recommendation 23)* In its response to the draft report, council advised that as part of its strategic alliance program, the member councils had explored the option of “peer review” of DAs where a member council was the applicant. However this is yet to occur due to staffing constraints in other member councils.

The notification of DAs is regulated under the Lithgow City LEP. The notification provisions of the LEP are basic. All developments in residential and village zones and certain other types of development must be notified. Council has no separate notification DCP. As part of the preparation of its new comprehensive LEP and the review of its DCPs, council should develop more comprehensive and nuanced notification procedures. *(Recommendation 24)*

In its response to the checklist, council indicated that it offers reviews of DA decisions under section 82A of the *Environmental Planning and Assessment Act*.

The notices of determination council issues to DA applicants advise them of their review rights under section 82A and appeal rights to the Land and Environment Court. Council has indicated that it utilises a number of measures to minimise

appeals to the Land and Environment Court. These include community meetings with applicants for controversial developments and mediation between proponents and objectors. Where an applicant is dissatisfied, meetings with the executive management team may be held to resolve outstanding issues.

Council's 2005/06 annual report indicates that it was a party to three sets of proceedings in the Land and Environment Court during the year. Staff attributed this in part to uncertainty arising from council's antiquated LEP and anticipated that the new comprehensive LEP will lead to a reduction in Land and Environment Court litigation.

State of the environment report

State of the environment (SOE) reports are prepared by councils to report on the main environmental issues facing local government areas. The reports must address 8 environmental sectors and include major environmental impacts and related activities. The *Local Government Act* requires councils to prepare a comprehensive report the year ending after each council election and a supplementary report in the intervening years. These reports must identify any new environmental impacts since a council's last report and update the trends in environmental indicators that are important to each environmental sector.

The review team has reviewed council's comprehensive state of the environment report issued for 2003/04 and supplementary report for 2004/05. Council has since issued a further supplementary report for 2005/06. These are comprehensive and easily readable documents. Council uses the state-pressure-response model to assess the state of the local environment. It uses appropriate indicators and the comprehensive report makes comparisons to previous years. The reports outline council's activities and those of others. Council has undertaken a number of initiatives across most sectors. There is evidence of community involvement in projects and the development of appropriate strategies.

As discussed above, council's draft strategic and management plans are well integrated with its state of the environment report. Actions under the state of the

environment report are clearly identified in the draft management report and are reflected in the draft strategic plan.

Companion animals

Council has a companion animals management plan in place. However, this was adopted in August 1999 and appears not to have been reviewed or updated since. Council needs to review its companion animals management plan to ensure that it continues to be relevant. (*Recommendation 25*)

Commendably, council conducts education programs on companion animals regularly. Information about the responsibilities of pet owners is published in council's column in the local newspaper and on its website.

Council offers micro-chipping services to the community. Council runs a program of proactively sending notices for outstanding registrations. Other registrations and identifications are followed up as council becomes aware of them through impounding or collection of stray animals.

Council has procedures for returning animals to identifiable owners in preference to taking them to the pound. To minimise euthanasia rates, council runs a "pet of the week" campaign in the local media to promote the collection of unwanted or stray animals from the pound.

Compliance

The development section exercises council's compliance functions. Council has a proactive inspection program for several of its regulatory functions. Council has an annual program of inspections and reinspection for compliance by all food premises in the city. Where complaints have been made, additional inspections are made to ensure compliance.

All public swimming pools and spas are inspected and reinspected for compliance on an annual basis. Private swimming pools are inspected 12 months after completion

for compliance with the development consent and the requirements of the *Swimming Pools Act*.

However, council does not have a proactive program for monitoring compliance with environmental and planning requirements. Council should consider implementing one. (*Recommendation 26*)

Council does not currently have an enforcement and prosecutions policy. Clearly there is need for such a policy. A review of complaints received by the department about council disclosed evidence of deficiencies in the manner in which council investigated complaints about non-compliance, particularly in the area of environmental management.

Council should develop an enforcement policy as a matter of priority. The NSW Ombudsman's *Enforcement Guidelines for Councils* is a useful resource that contains a model enforcement policy. (*Recommendation 27*) Council should follow this up by providing training to staff on the policy and relevant investigations skills. (*Recommendation 28*)

6.3 Asset & 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*
- *Insurance*

Overview of financial position

At the time of the on-site visit, Lithgow City Council was preparing its 2005/06 financial reports. The audit of the financial reports was due to commence on Tuesday, 3 October 2006. The council's auditor was to present the financial reports at the finance and services meeting of council on 4 December 2006. A copy of the 2005/06 financial reports is available on the council's website.

The council's income statement shows a surplus result from ordinary activities after capital amounts of \$959,000 compared to a surplus of \$4,087,000 for 2004/05. The major difference was a decrease of \$4,575,000 in capital grants and contributions. In 2004/05 Lithgow City Council brought to account assets that had not been previously recognised in the accounts.

The 2005/06 budget for Lithgow City Council was a surplus after all activities of \$646,000 compared to the actual of \$959,000. One major difference between the budget and actual and the 2004/05 financial results was the amount for depreciation and amortisation. The amount budgeted for was \$6,313,000 and the actual was \$3,612,000. An explanation of the difference is provided in Note 16 of the financial reports and it stated that council reconsidered the useful lives of the road network

during 2005/06 and amended them. The difference in the useful lives or depreciation periods can be seen in Table 1.

TABLE 1: Depreciation Period Changes

Asset	Depreciation Period 2004/05	Depreciation Period 2005/06
Sealed Roads – Surface	15 – 25 years	50 - 100 years
Sealed Roads – Structure	20 - 50 years	50 - 100 years
Unsealed Roads	10 - 20 years	50 – 100 years

Council has \$10,091,000 in cash assets and investment securities. Of this \$816,000 has internal restrictions on it and \$232,000 is unrestricted. Council's internal restrictions include \$636,000 for employee leave entitlements, \$130,000 for land & buildings, and \$50,000 for election. Council's auditor commented "*the level of unrestricted cash remains at an unsustainably low level that Council must strive to strengthen*".

Table 2 shows the council's performance ratios for 2005/06 and 2004/05. Three of the five ratios have decreased over the twelve-month period.

The current ratio and unrestricted current ratio refer to the amount of available assets that a council has to meet its current liabilities. Both these ratios have shown a declining trend over the past three years. Council should aim to improve the unrestricted ratio so that it is greater than 1.5:1. (*Recommendation 29*)

Another important ratio is the debt service ratio. This measures as a percentage the amount of money that council is spending to service any debts. Lithgow City Council has \$4,697,000 in long-term debt and a debt servicing ratio of 2.83%. This demonstrates that council may have capacity to increase long-term debt and spread the burden of the cost of works.

Council indicated in their response to the draft report that they have identified many specific purpose loan funds for critical infrastructure works. In the 2007/08 – 2009/10 draft management plan council has proposed to borrow \$13,000,500. This amount includes \$4,400,500 for the augmentation of the Lithgow sewage treatment plant and

\$8,000,000 for the design and construction of an indoor swimming pool. Council's decision to proceed with the indoor swimming pool will be made following consideration of submissions to the draft management plan. Council should continue to assess the provision of funds for infrastructure works, the capacity to borrow and their ability to service loans. (*Recommendation 30*)

The Rates and Annual Charges Outstanding percentage has improved from 8.76% to 7.65%. Council's rates and annual charges outstanding reflects the percentage of money that has not yet been collected for rates and annual charges. The amount outstanding decreased from 2004/05 and is satisfactory for a council such as Lithgow City in the current climate.

TABLE 2 Financial Ratios

Ratio	2005/06	2004/05
Current Ratio	2.32:1	2.49:1
Unrestricted Current Ratio	1.08:1	1.09:1
Debt Service Ratio	2.83%	2.16%
Rates & Annual Charges Coverage Ratio	55.01%	44.86%
Rates & Annual Charges Outstanding Percentage.	7.65%	8.76%

In order to address the financial concerns of the council, the general manager stated that a new approach to the budget process has been adopted. It is a zero based budget whereby line/divisional managers need to justify budget requests each budgeting cycle and does not take into account prior year budgets. Having line/divisional managers made accountable for the budgets in their areas may be a good strategic step for council to improve its financial position. While a review of Note 2 – functions of the financial reports demonstrated that there were a number of significant differences from the original 2005/06 budget to the actual results for 2005/06, council should be encouraged to continue to monitor the budget in this way.

Another approach described by the general manager to address the financial position of council has been to reduce the number of casual staff and to reduce the use of consultants used to carry out council tasks. The employee costs are similar to those of 2004/05 and are less than the 2005/06 budget. A reduction in the cost of consultants is not yet apparent in the financial reports.

The general manager indicated that a large amount of work carried out on capital works had been outsourced on a regular basis. The costings for such did not cover the whole cost of the project and council was constantly putting in funds additional to the grants that had been received for the specific project. Council should persist using full oncost recovery programmes for all projects to help improve the financial position of the council.

Councils are required to develop a budget each financial year as part of the management plan. Also, councils are required to provide estimates of revenue and expenses for the following two years within the management plan. Councils are encouraged to develop longer-term financial plans that are integrated with the council's strategic plan.

Longer-term financial plans (LTFP) allow a council to forecast the revenue and expenses that are associated with the council's strategic direction. By undertaking longer-term financial planning, councils are able to forecast their financial position and measure the sustainability of the proposed activities. If the LTFP indicates that the council will be in a strong financial position, consideration can then be given to providing additional services and or activities. If the LTFP shows a decline in the council's financial position, the council is able to re-evaluate the proposed activities in the strategic plan and/or source other funding options.

Currently council does not have any financial plans beyond the three-year management plan. In order for Lithgow City Council to improve its financial position, it should develop a ten-year financial plan. The financial plan should include expected income and expenditure, capital outlays, funding sources, performance measures to assess financial sustainability and be linked to the strategic plan and asset management plan. It is noted that council has commenced preparing operational plans for each of the functional areas of council that will highlight a ten-year budget. (*Recommendation 31*)

Council Businesses

Lithgow City Council has identified three businesses in accordance with *National Competition Policy* requirements. They are water supply, wastewater and land development. The water supply and sewerage businesses are category 1 as they have operating revenues over \$2M per annum.

The NSW Government encourages best practice for water supply and sewerage services. To this end the Department of Energy, Utilities and Sustainability (DEUS) has developed the *Best Practice Management of Water Supply and Sewerage Guidelines*. The guidelines encourage ‘*effective and efficient delivery of water supply and sewerage services*’ and ‘*promote sustainable water conservation practices and water demand management*’.

The best practice guidelines sets out six (6) criteria for the management of water supply and sewerage services. These are:

- Strategic business planning
- Pricing and developer charges
- Demand management
- Drought management
- Performance reporting
- Integrated water cycle management

Lithgow City Council has developed a strategic business plan for the water and sewer business activities in conjunction with the Department of Commerce. The reports were completed in 2004 and allow the council to establish the level of revenue required to implement the long-term strategies for the water and sewer funds.

The review team was advised that the council is working towards meeting the criteria set out in the best practice guidelines in order to pay a dividend from any surpluses achieved in these funds. It is encouraging to see that the council is working towards meeting the criteria of the best practice guidelines.

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 full life of the assets. It involves effective coordination of the council's financial and engineering resources. Essentially there are three distinct steps in the process. They are to develop a policy, a strategy and a plan.

An asset management policy provides a clear direction and defines the key principles for asset management. The asset management strategy should align the assets to best meet the needs of the community, now and in the future, and allow the asset management policy to be achieved. The asset management strategy and policy provide the groundwork for the asset management plan.

Lithgow City Council states in the financial reports that over \$9M is required to maintain its assets. In 2005/06 and 2004/05 the amount programmed for asset maintenance was \$6.1M and \$5.6M. A further \$52M is required to bring council's assets back to a satisfactory standard. In the past, council's approach to asset management has been reactive rather than proactive or planned. Council recently appointed an asset manager under the new organisational structure. This is seen as a positive step to raising the asset management profile in the council.

In order to address the asset management concerns, the council needs to develop an asset management policy that clearly defines the direction and key principles for asset management. Once the policy is established, an asset management strategy should be developed. The strategy should include a current asset register identifying all of council's assets, any assets that are surplus to requirements, and a condition assessment for those assets.

Asset management plans should be created for each class of assets. The asset management plans should be linked to the capital works programme that council has recently developed (and displays on its website), the management plan and the long-term financial plans once they are prepared. (*Recommendations 32 - 33*)

Land Assets

The review team was provided with a copy of the council's land register that includes operational, community and Crown land. Specific information is to be included in a council's land register. Lithgow City Council needs to review section 53 of the Act and include the required information in its land register. (*Recommendation 34*)

The *Local Government Act* stipulates how council is to govern the use and management of community land. This is a fundamental responsibility of councils. The Department's *Practice Note 1 – Public Land Management* deals with this issue and is available for download from the department's website.

Council does not have any plans of management for its community land. The council recognises that this is a statutory requirement and has stated that it is looking to develop these. (*Recommendation 35*)

Register of Leases

Council has a register of leases granted over community and operational land. The register contains the land classification, asset number, lessee, usage, property description, the lease period for most leases and the amount of the lease. Council should consider developing a procedure for granting and managing leases and the associated maintenance and review of the leases and licences register.

Since the on site visit council has adopted a policy to manage leases and the general manager has been given the delegation to execute leases on behalf of the council.

Information Technology

In June 2006 Lithgow City Council adopted a disaster recovery plan. The plan looks at the types of risks that may occur and the security concerns that may be affected. The plan addresses risk management procedures related to information technology

and ways to reduce or prevent the risks. The post disaster role of the IT department is also outlined in the plan.

Council currently uses Proclaim, Finance One and Dataworks software systems. Proclaim was installed in August 2006 and council is working towards linking the asset management with the GIS.

Council does not have an information technology strategy but recognises the need for one. Information is being gathered regarding the service to be provided by the IT department, personnel resources, technology and equipment required to provide the service. Also the council is investigating the integration of its systems and joint GIS networking with neighbouring councils.

The structure and positions of the information technology department of council have been reviewed and the structure has been finalised and approved by the consultative committee and the council executive. Recruitment will commence soon for a Manager. The new structure includes a trainee that will be working on GIS and networking and a customer service officer. Provision for an additional trainee has been included in the budget.

6.4 Community & 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:

- *Preparation of the management plan*
- *Annual reporting*
- *The methods council uses to involve and determine the views of its community*
- *Reporting to the community and keeping the State government informed about its activities*
- *Social and community functions of council*
- *Cultural planning*
- *Economic development activities*
- *Ageing strategy*

Management plan

As discussed above council's draft management plan represents a significant improvement on previous management plans. It is well set out and contains clear statements of council's objectives for its key activities, the actions it intends to take to achieve them and well defined and measurable KPIs for measuring performance.

Council's draft management plan is currently on public exhibition. As with its previous management plan, council is consulting well on its draft management plan. It is to be exhibited for the required 28 days at five different localities in the area. It is also posted on council's website. In addition to this, council is holding community workshops on the draft management plan at a number of localities in the area. This is similar to the process council used to consult on its previous management plan.

Council received a number of submissions on its previous draft management plan. These were addressed in the report to council and in a number of instances resulted in adjustments to the plan.

Annual report

Council's 2005/06 annual report complies with statutory requirements and represents a marked improvement on the previous year's annual report. It is well set out and the information contained in it is clearly communicated and easy to find.

Communication strategy

Council utilises a number of means of communicating with the community. Council has a regular advertising space in the local newspaper. The Mayor also has a column in the local newspaper and a regular spot on local radio. In addition to this council uses media releases.

Council's website is reasonably informative. The Mayoral column and other community information is published on the website. Business papers and minutes of council and committee meetings are made available on the website. There is a page for the exhibition of draft policies and plans. However, as discussed above, council could use its website more effectively to provide better access to key documents.

Community engagement

As described above, council has engaged the community well in the development of its strategic plan and its management plan. Council also allows members of the public to address council meetings and ask questions.

In its current management plan, council foreshadows the creation of community development committees as a vehicle for community input into council operations and decisions. Committees would cover a defined or natural geographical area of interest and community. These would only be established on formal request.

While council is to be encouraged to seek ongoing community input into its operations and decision-making, in doing so it should be mindful of the experience of other councils in establishing formal community-based committees. There is a risk that such committees can be captured by vocal and unrepresentative groups or political candidates seeking to promote their own agendas at the expense of the views of the broader community. In establishing a community engagement framework, council may wish to explore alternative models such as that recently adopted by Wollongong City Council. (*Recommendation 36*)

Customer service

Council has recently adopted a customer service policy. This is an excellent document. It contains a statement of service commitment and articulates clear standards of service. It also prescribes procedures for dealing with complainants who cannot be satisfied that are informed by the principles contained in NSW Ombudsman publications on dealing with difficult complainants and that are not inconsistent with council's statutory obligations.

Council should seek to promote awareness of the policy by providing training to councillors and staff. (*Recommendation 37*)

Social and community planning

The *Local Government (General) Regulation 2005* requires all councils to develop a social and community plan at least once every 5 years to meet the needs of the residents of their area. This plan must be prepared in accordance with guidelines issued by the department. Aspects of the social and community plan must be reported in council's management plan and annual report.

Council's social plan has been prepared for the years 2006 – 2011. This represents a significant improvement on the previous social plan. The current plan has been well prepared and meets the minimum requirements set out in the department's *Social and Community Planning and Reporting Guidelines 2002*.

As discussed above, council's draft strategic and management plans are well integrated with its social plan. Actions under the social plan are clearly identified in the draft management report and are reflected in the draft strategic plan.

Ageing strategy

Responding to and planning for the major changes and service demands that will be created by Australia's ageing population is a major challenge for all levels of government.

With 14.1 % of its population currently aged 65+ years, Lithgow is NSW's 88th oldest LGA. This is projected to grow to 24.9% by 2022, making Lithgow NSW's 46th oldest LGA. At an average increase of 0.60 percentage points per year, this 'force of ageing' is substantially faster than that projected for both NSW as a whole (0.33) and NSW excluding Greater Sydney (0.43). Lithgow is ranked second in NSW in terms of this 'force of ageing' (*Population Ageing in New South Wales and its Local Government Areas*, Dr. Natalie Jackson, Director, Demographic Analytical Services Unit, University of Tasmania).

The impact on the demand on services, facilities and infrastructure will be significant and will impact on virtually all aspects of council's operations.

The Local Government and Shires Associations have produced *Planning the Local Government Response to Ageing and Place*. This paper is intended to offer a framework to assist councils to begin to plan for the population ageing unique to their area by:

- providing information on what is happening with general population trends and access to population projection information for each local government area
- providing information on the existing and likely diversity amongst older people
- providing evidence on what population ageing means for all roles that councils performs, and
- encouraging councils to examine their numbers and proportion of older people and their rate of population ageing, in conjunction with the evidence on impacts, to identify what roles they may need to change and when.

The department encourages councils to use this paper in their planning process.

Given council's ageing population is increasing at a significant rate, council needs to consider ways to raise the awareness of this issue across all sections of council. Commendably, council has recognised this need and in its new social plan, has programmed the development of an ageing population strategy. This is due to be completed by June 2009.

Economic development

One of the items in a council's charter as defined under section 8(1) of the Act is to exercise community leadership. In fulfilling their charter in this respect, councils will often be required to take on an economic leadership role. This is particularly the case in regional areas.

Council used to have an economic development strategy and funded a community group, LEDA, to oversee its implementation. This arrangement has now ended.

Council is seeking funding from the Department of State and Regional Development to develop a new economic development strategy and to fund an economic development officer position.

A key component of its economic development strategy is the 'learning city' initiative. Council is exploring the possibility of using this to build partnerships between educational institutions and business as a means of attracting investment and generating employment in the region. Council has sensibly recognised that the greatest potential for such investment lies in the existing mining and energy industries that already have a strong presence in the area.

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.

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

- *Consultative committee processes*
- *Job descriptions and job evaluation*
- *Recruitment and selection processes*
- *Employee remuneration*
- *Equal employment opportunity*
- *Staff development*
- *Grievance management*
- *Occupational health and safety*
- *Secondary employment*

Overview of the organisation

Lithgow City Council employs 170 full-time equivalent staff. The majority of the staff (73%) are in the age range 25-54 years; 16% are aged 55-64 years; and 10% are younger than 25 years of age. Women represent 34% of the staff and 1% of the staff identify as Aboriginal and Torres Strait Islander or people with disabilities. Council expenditure on salaries, as reported in its annual financial report for the 2005/06 financial year, was \$7,976,000 - an increase of \$588,000 from the previous year. Council does not have any registered enterprise agreements nor any current council agreements in place.

Council has an induction and orientation manual that is provided to new staff. It includes general information on the council region and the organisational structure of the council. It also includes contact information for councillors and staff and information in relation to conditions of employment. This is supplemented by an employee handbook. Included in the handbook is information and policies on topics

such as appointments, code of conduct, Equal Employment Opportunity, grievance, performance appraisal and training.

Both documents are easy to follow and would be valuable tools for the staff of Lithgow City Council.

Human resources strategy

All councils are exposed to a number of workforce issues, such as:

- the shortage of specialised skills in certain areas, such as in the area of planning
- an ageing workforce
- a change in workload for certain sections as council's and government priorities change
- increases in career opportunities outside the area.

All councils should develop a long-term workforce plan that looks at the staffing needs of each section of council and allocates staff according to workload and priorities. The long-term plan should also address the issues of:

- council's ageing workforce
- the provision of a plan of succession for key positions, and
- increase opportunities for apprenticeships, cadetships and traineeships to address these concerns.

A human resources strategy can integrate and guide council's overall human resources effort, particularly in the areas of recruitment and retention and staff training and development. A strategy of this kind may be stand-alone or may be integrated into council's overall corporate strategy. The key is to ensure that, consistent with the council's view on the future direction of the organisation, planning is underway to support that direction at the human resources level. Such a strategy is a key part of effective modern strategic management. Its importance is underlined

by the requirement to report annually in the management plan on council's human resource activities (section 403(2)). (*Recommendation 38*)

Organisation structure

It is the councillors' role collectively as the governing body to determine the organisation structure and the positions within that structure that are senior staff positions, as well as to allocate resources towards the employment of staff within that organisational structure. The council may re-determine the organisation structure from time to time, but must re-determine it within 12 months after any ordinary election of the council.

Following its recent amalgamation and the appointment of the current general manager, the council has undertaken an organisational restructure. Initially there was a lot of resistance to the restructure. The council managed the resistance by implementing a change management programme. Each supervisor attended a change management training session that provided information on how to communicate changes to staff and ways to identify staff that are struggling with the changes.

A separate session was provided for all staff that explained the need for the change, ways to cope with the changes and gave them an opportunity to express how they were feeling. A change team was established and meetings were held as required. The general manager attended meetings with the staff to ensure that all the staff were informed of the progress of the restructure. Throughout the interviews, staff expressed the view that the change management programme was a good initiative of the council in assisting the staff move forward.

Training

The *Local Government Award* (clause 23) requires each council to develop a training plan and budget. The Award prescribes what is required to be taken into account when preparing the plan. The Award requires that the plan be designed in conjunction with the council's consultative committee.

Councils have other obligations in regard to staff training. Council staff in specialised roles are often required to maintain certain qualifications/complete refresher training in order to be allowed to carry out their work. Ensuring staff are appropriately trained is a key requirement in any OH&S system. Councils need to ensure staff have the required qualifications/training.

Council has a current training plan that lists a broad range of activities and provides a cost summary. Council has advised that the training plan is informed by the annual performance appraisal and requested training, required training and legislative needed training is considered. Training is centrally coordinated for each functional area of council.

Occupational Health and Safety

In January 2006 council appointed a risk and safety officer. Since then an Occupational Health and Safety (OH&S) system has been written and is awaiting approval prior to implementation. Also, a training package for group and divisional managers has been implemented, for which council received a Highly Commended Award from State Cover.

7. COUNCIL'S RESPONSE



LITHGOW CITY COUNCIL

180 Mort Street, Lithgow, NSW, 2790. Telephone: (02) 6354 9999
ABN: 59 986 092 492

22 March 2007

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



Dear Gary,

RE: PROMOTING BETTER PRACTISE REVIEW

I refer to your letter dated 25 January 2007 regarding the draft Promoting Better Practice Review conducted during September 2006 and offer the following comments on behalf of Council.

Council generally accepts the matters raised in the report, however would like to offer the following comments.

SECTION 2. **Executive Summary**

Council believes that it has taken far more than a preliminary approach to updating and preparing for a new LEP and DCP framework. The draft strategic planning process has seen the following steps undertaken. Further it is anticipated this draft will be submitted to Council for consideration in April 2007.

Attached to this letter is a program Council has undertaken with the Strategic Plan Preparation to date.

Council accepts works need to be done to improve our financial position and argue that the recent quarterly reviews and creation of additional strategic internal restrictions has and will continue to improve this position. The draft budget for 2007/08 - 2009/10 illustrates this improvement and is attached for the Department's information.

Rather than comment on each recommendation in the body of this submission, Council has attached a commentary on each recommendation in Appendix One to this submission for the Department's reference.

Address Correspondence to: General Manager, PO Box 19, Lithgow, 2790
Fax No.: (02) 6351 4259 • Email: glcc@lithgow.nsw.gov.au
Website: www.lithgow.com

SECTION FIVE

Council's ambitions, priorities and future focus.

Corporate Vision (page 19)

Council agrees as discussed that the previous management planning program was deficient in many areas, inter alia linkages to long term financial and operation management programs. To this end the elected Council and the Management Team have, following the preparation of the Strategic Plan developed an entirely new process and program to deliver a Management Plan which is meaningful, understandable and importantly measurable by the Council and the community. A copy of this information is attached for your information.

Setting Council's Strategic Direction (page 19)

As discussed in the comments on the Executive Summary, Council believes extensive consultation phase / program was fully articulated to the community in the visioning program and upon adoption of the Draft (April 07) additional consultation will occur. A copy of this program is attached for the Department's information.

Planning and Reporting (page 20-22)

As previously discussed Council acknowledges the difference with the former Management Plans and Annual Reports (pre 2005/06). This was acknowledged during the site visit where an example of a new format was discussed. A copy of this format is attached for clarity sake. Council believes this point should be acknowledged by the Department in the report or recommendations attached there in.

As part of Council's "new" management planning program and following from the departments "new directions paper", Council has commenced the program of operational plans for each functional area of the organisation. This not only provides information for the Management Plan but also enables Council to align towards the preferred Management / Corporate Planning model.

On the basis of discussions being held with respect to a new direction for Local Government, Council will be moving towards these time frames so as to give Council an ability to strategically consider long term financial planning, infrastructure planning and strategic service delivery programs.

The reporting deficiency of the previous Management Plan was acknowledged by staff during the site visit and steps immediately investigated to amend this process. Attached in Appendix 2 are copies of the September 06 and December 06 quarterly reviews which show a significant change to the previous process.

Integrated Planning (page 22-23)

With the creation of a "new" management plan format Council has ensured linkages to, and integration of all forms of planning documentation occurs.

This not only highlights to the community why and how certain issues are included but also facilitates complete reporting on all planning documents in a holistic and measurable manner.

As part of the integration process, Council is now also in a position to prioritise such projects and gain better understanding of the responses needed to ensure project completion.

Organisational Structure (page 23-24)

Council contends the current organisation structure delivers and will continue to deliver savings to the organisation and avoids duplication and perceived conflicts by staff on regulatory and economic development functions.

To ensure a full organisation context is obtained staff are involved in cross divisional and departmental working groups to ensure all issues are considered and reviewed in projects. This not only avoids duplication but also engenders ownership and accountability of the projects being undertaken. The Management have also created a Corporate Management Team (CMT) comprising of all Divisional and Internal Managers who meet on a regular basis to discuss operational matters.

Strategic Alliance (page 24-25)

Council is very excited about the benefits a strategic alliance will provide the community and organisation and potentially the benefits in economic development to the sub region. In agreeing to the alliance a preliminary risk assessment was carried out before the member Councils would agree to participate. Council would be more than happy to expand upon this process but seeks guidance from the Department as to what is expected in this regard.

SECTION SIX

6.1 Governance

Delivery and Achieving

As pointed out in the report, Council has recently adopted a new suite of policies to guide the organisation towards best practice. These policies have been workshopped with the Council and are included in the induction program for all new staff. A training program is being developed to ensure all staff is aware of the policies.

Councillor Induction Training (page 27)

Council agrees with the concept of ongoing training for Councillors and induction programs, however following the Minister's recent announcement of compulsory induction training Council is awaiting the details of such so additional features can be included as required.

Council already participates in "alliance" training via Centroc but is happy to further explore additional opportunities with such training, in addition to that provided by the LGSA and other peak bodies. Council is also investigating the hosting of a full Council meeting of all Alliance partners in an attempt to foster greater relation and training opportunities.

Code of Conduct (page 27-28)

Council's current code of Conduct was adopted November 2006. This version of the Code addressed many of the issues raised by the department. A copy is enclosed as Appendix 3.

Council has recently provided Code of Conduct training to all staff and Councillors. This training was developed to illustrate all staff and Council responsibilities and roles and to remove most of the "mystic" that surrounds such documentation.

Disclosures (page 28-29)

Council believes that the disclosures were completed properly rather than generally as stated and seek to have this item amended.

The Council is of the opinion that the forms required are outdated and difficult to complete. Such forms should in 2007 be available in an electronic format for ease of completion and storage. This would enable such matters to be kept on the Department's and Council's web site and the like for community members to view as required.

Staff will now ensure the Department's circular is attached to all disclosure requests along with examples of complete forms to highlight the information sought.

Council requests the Department to consider legislation changes to the disclosure provisions so as to make the information sought easier to understand and compile.

Gift Register (page 29-30)

Council most recently adopted an electronic gifts register for all staff so as to make the process much easier and simple. It is proposed to expand this facility to Councillors upon the completion of Council's intranet. Council's current gift register is available to Councillors to utilize and is stored in Council's electronic document management system.

Council has included a complete section on gifts in the Code of Conduct training and emphasised the importance of such. As a result Council seeks the deletion of this recommendation as these works have been completed.

Councillor Expenses and Facilities Policy (page 30)

Council most recently adopted such a policy and will forward it to the Department for information. Council has not adopted the "suggested" format but rather maintained our preferred format with the guidelines acknowledged.

On the basis of these matters, Council requests the recommendation number 20 be removed.

Councillor Access to Information (page 30-31)

Council is unsure as to why, if the policy is complete with the how to deal with requests an issue has been made of this matter in the report. Council acknowledges in the past this may have been an issue, but contends following the adoption of the policy, no problems have arisen. This was also reinforced as part of the Code of Conduct training.

Council requests the Department to review this section and suggests recommendation number 21 may be surplus to the review.

Council agrees that briefing sessions with Councillors works well and ensures an effective and efficient meeting process. Council will further consider this service along with the most suitable meeting night when a review is carried out in line with the management plan scheduled for May 2007.

Council does and will continue to hold workshops and briefings on all major issues. For example Strategic Plans, Capital works programs, LEP Reviews, Management Plan and the like.

Meetings (page 31-32)

Council has identified issues with Council meeting efficiency and has made dramatic inroads into improving such matters. The issue of conduct matters has been covered in the Code of Conduct Training.

As an amendment to Council's Code of Meeting Practices, a works request form has been included. This has dramatically reduced the extent of operational requests being raised in meetings and provides the elected Council and the community with a detailed response of the outcomes providing a more realistic answer and time frame for works to be completed.

Council acknowledges the administration oversight of the requirements of Section 10D (2)(c) and have since amended reporting templates to ensure full compliance with the Act and requirements. A copy of the latest closed Council report is included for the Department's reference. On this basis Council seeks to have the recommendation deleted but is happy to have the matter identified as an area of importance which has now been rectified.

Public Access to Documents (page 35-36)

Council agrees that although we satisfy the provision of the Act for availability of materials under Section 12 of the Act, much more could be done to provide such information electronically 24/7 via the web. Council will now focus on general website improvements following the recent appointment of an IT Manager.

Policy and Sec 12 refusals

Council's Complaints and Procedures Policy already contains direction for second tier review which is implicit in its content. Section 6 of the Policy identifies the steps to be followed where complaints are lodged. Council's Public Officer receives the complaints in the first instance and is required to ensure there is a response within 21 days of the complaint being made.

The Public Officer is required to direct complaints to one of the two Group Managers. The appropriate Group Manager is then required to direct the complaint be investigated and assigns that responsibility to a member of staff. The Group Manager receives the investigation results and if necessary will recommend remedial action arising from that investigation. The General Manager is presented with a report on the investigation and the remedial action. A written response is then provided to the complainant by the Public Officer.

In essence, Council has built into every complaint a second tier review and assessment of the investigation and remedial action with signoff from the Executive (through the Group Manager and thence the General Manager).

Council's Customer Service Policy also contains relevant information for customers who may be dissatisfied with Council's responses. Unfortunately, frequently those complaining about Council's performance are simply unhappy with the answer or are asking for Council to step into areas where we have no authority, such as neighbourhood disputes

Tendering procurement, contract management and assets disposal (page 36-38)

Council had in fact amended the internal policy for purchasing to reflect the legislation change in December 2006 following a regular internal review of all such internal policies or standard working procedures (SWP) with this action Council believes recommendation 30 can be deleted. A copy of the SWP is included for reference.

Council staff are currently reviewing other policies and SWP regarding contract management and will be making recommendations to management in this regard.

Council will consider the level of asset (operations) that can be disposed of with the need for a formal resolution in a review of delegations and policies by September 2007.

Risk Management (page 38)

Council's original focus was to manage a continuing OH&S trend and develop and implement a system to assist in managing the organisations responsibilities under the Act and requirements and more importantly provide a safe and improving workplace for staff, contractors, visitors and the community.

As the Department acknowledges this was completed, adopted and implemented late in 2006. Council has now embarked upon the risk management side of this system and will utilise the strength of the OH&S system to incorporate such for corporate risk.

Council would be happy to receive advice from the department on this approach to determine if such a program alleviates the concern raised.

Council has completed a risk audit which will be the benchmark for future programs to enable the improvements to be qualified and measured.

Internal Audit (page 38-39)

Council agrees that an internal audit function utilising the advantages of our strategic alliance partners is of major benefit and as such a matter for discussion at the next alliance board meeting. Council has commenced a program of internal auditing and fraud control with a cross functional staff team reviewing such activities. This identification of possible staff resources through a Governance Officer has been considered. Other activities already achieved include the creation of a Strategic task list which has been provided to all managers to provide timeframes and key dates when statutory, legislative or operational matters require attention. Staff completion of key strategic tasks is being monitored as key performance issues.

6.2 Regulatory Functions

Strategic Land Use Planning (page 40)

Council accepts that the current LEP is somewhat old in nature, however, Council has attempted to keep it up to date with amendments to deal with specific issues.

Council has adopted SEPP60 as the exempt and complying development rather than SEPP4 as indicated.

As acknowledged, Council has commenced the initial step of rectifying the LEP with the development of a LGA wide strategic plan. This plan will be the basis of the new comprehensive LEP which will be included in the 2007/08 financial year after recently receiving advice from the Minister of Planning of a successful application for funding under the Planning Reform Fund.

Development Contributions (page 41-42)

Council will be undertaking a comprehensive review of all Sec64 of the LGA and 94 EP&A Act contribution plans as part of the comprehensive LEP review process. Works are will underway with the S64 plans and should be presented to Council by July 2007.

Council recently adopted a planning agreement policy to enable maximum utilisation of the improved arrangements under the EP&A Act. This has resulted in Council entering into ten (10) agreements. The income from these agreements will now be used to provide playgrounds, community facilities and open space embellishments and also be highlighted in Council's Management Plan.

Development Assessments (page 42-43)

Council staff are currently working on a "sample bag" of information for persons seeking to carry out developments within the LGA. These "sample bags" will enable a Customer

Services Officer to identify a property and the issues that need to be provided with a DA. Tailored information to specific sites can be provided to help wade through the numerous pieces of information requested to submit a DA. Council will be investigating the electronic version of this system with an updated web service and geographic information system web interface in future.

The organisational structure as discussed previously created a split of regulatory functions and planning facilitating functions. As a result the economic development activity is physically removed from the development control activity and managed directly by the Group Manager Community and Corporate.

Part of the alliance program was considered to look at partners providing a "peer review" of DA's where Council is the applicant (for other than routine development), this process has yet to occur given the staffing resources currently in the Alliance Councils, however, Council has used external consultants on major DAs such as the Blackman's Flat Waste Management Facility.

Council also accepts the notification section of the LEP is somewhat onerous and outdated and will be reviewing such with the comprehensive LEP review. Council is mindful that the community have a role to play in the development control process but will be seeking some advice on best practice for such matters.

As discussed in this report, Council during the 2005/06 financial year implemented the RULES module of proclaim. During this process the determination letters were reviewed to satisfy the Act and legal advice sought. Council contends the determination letters do offer the advice and a copy of the standard determination is attached for the Department's information. Council believes recommendation number 43 can be removed.

SOE Report (page 45-46)

As previously discussed, Council accepted that the previous management plans failed in these areas. The plan currently being produced however, has addressed these issues and illustrates the linkages to all such other planning documents and will report on the outcomes with the management plan and respectfully through other plans. A copy of such linkages and cross referencing is provided for the Department's Information.

Companion Animals (page 46)

Council with the recent appointment of staff in a compliance area have accepted certain works need to occur with such plans.

Compliance (page 46-47)

Council's compliance with E&P requests is generally based on complaint or random follow up inspections. Although Council agrees more work in this area is warranted the issue of resources (both financial and human) are of issue. Whilst Council fees are regulated, the cost of additional compliance must be sought from the general fund where existing pressures exist.

Although Council doesn't have an enforcement policy, it does have a comprehensive complaints policy which will ensure the matters raised are dealt with appropriately. Council will investigate such a policy to guide staff and the community on these functions.

6.3 Assets and Financial Management

Overview of Financial Position (page 48-51)

Council agrees that the level of the current ratio and unrestricted ratio are unsustainability low. Acknowledgment should be provided by the Department as to the efforts being made by the Council to address these ratios by the use of strategic restriction for specific purposes and the building of cash reserves to reduce Council's liability on cash flow programs.

Council have identified many specific purpose loan funds for critical infrastructure works, but given the issues identified above staff are reluctant to recommend a heavy borrowing program until suitable and sustainable servicing funding can be identified.

In the proposed management plan specific loan borrowings are identified for strategic infrastructure works.

As discussed during the site visit Council has been actively utilising day labor and eliminating consultants, casuals and contractors to assist in the budget impacts. This has seen a significant saving being generated along with "ownership" of major and minor capital works programs.

In addition full on cost recovery programs were introduced to ensure each project and activity respectful "earn" internal costing to cover full costs to council rather than simply the employee on costs. This has lead to a better appreciation by Council and the staff as to what the actual costs of a project are and entitled Council to actually charge and cost to grants and private works. As a result of these changes, Council believes recommendation 51 and 52 should be deleted.

As mentioned previously Council is embarking upon an operational plan for each functional area. These plans will highlight a 10yr budget and will be the root source of data for Council's long term financial plan. Council has commenced this project via the upgraded management plan but still has some works to complete this project.

Asset Management (page 52-53)

Council agrees that in the past the approach to assets management has been adhoc to say the least. Council has identified this as a major program and will identify the works in the 2007/08 section of the current / proposed management plan.

Council accepts that the assets management program needs to be linked with works plans (capital and maintenance) financial strategies and the management plan. In addition Council will be striving to not only provide the strategy and plan but to also increase the standard and life cycle of these assets for the benefits of the broader community.

Land Assets (page 53)

Under the previous structure there was no person or area of Council directly responsible for council's land assets. This is now identified in the Policy and Planning Division of the Community and Corporate Department.

This realization has enabled Council to systematically review all land assets, identify the clarifications under the Act and group according to future and current use.

Council proposes in the 2007/08 financial year to undertake the required works to re-classify lands which have been accidentally or inadvertently wrongly classified and to create plan of management (POM) for all community lands. Where appropriate specific users and groups will be utilised to ensure the POM's are accurate and meaningful.

Register of Leases (page 53)

Following the review and discussion in the site visit re managing leases, Council has adopted a policy to cover this process and issued a delegation to the General Manager to execute such leases on the organisation's behalf. A copy of the delegation and the policy are included.

6.4 Community Consultation

Management Plan (page 55-66)

As previously discussed Council agreed that the previous management plan was deficient in many areas, albeit compliant with the Act. As a result Council have adopted a new format for future plan which provides Council, staff and the community with a better understanding of the proposed functions and services, funding sources, actions and measurable results.

The reference on page 55 to recommendation 49 should refer to recommendation 58.

Community Engagement (page 57)

As is evident by the manner in which Council has recently commenced community consultation, the view of the community and residents to the strategic direction of Council is highly regarded. Council is keen to endeavour to involve the community in the future direction of the LGA and the future style, feel and view of these individual localities (within Council's span of control). Council is happy to review other models as suggested.

Customer Services (page 57)

As the Department was aware, at the time of the review and site visit, the formation of the Customer Services Unit was relatively new. Now some months into the program, the community is beginning to understand the role and the elected Council now use this service for works requests and general information.

There is still some additional training required for those staff to enable the complete transformation to occur, but Council believes we are heading in the right direction.

Social and Community Planning (page 58)

As previously discussed the improved management plan format ensures all of Council's planning documents are integrated.

The current Draft Management Plan illustrates this program and how certain activities relate to other planning documents and strategies. Council believes in light of these changes recommendation 61 can now be deleted.

Ageing Strategy (page 58)

Council accepts the dramatic changes to the current demographics occurring in the LG area. This is evident with the increasing demand and development of retirement villages and aged care facilities.

Council identified this significant growth as part of the strategic plan preparation process and proposed to commence the creation of an aging strategy in 2008/09.

6.5 Workplace Relations

HR Strategy (page 61)

Council's OD Manager has identified the need for a strategy to ensure council is in a good HR position with respect to training and development, staff planning, and resourcing of key positions. This strategy will look at recruitment and retention issues, employer of choice programs as well as the impacts the changing local profile will have on service provisions and hence the appropriate level of response in service areas. This strategy is due for completion in September 2007.

Training

Training is an important part of any organisation and the organisation's ability to grow and adapt to changes occurring locally and in a wider extent.

As indicated in the report, Council identifies requested training, required training and legislative needed training at each staff member's performance appraisal. These training needs are then considered by the Manager and recommended to the Executive Management via the OD Division. The OD Division provides a training plan for the entire organisation listing each individual and the training they require. The OD Division then coordinates training for each functional area.

A copy of the current training plan and appraisal form is attached for the department's information. On the basis that these exist, Council believes that Recommendation 63 may be deleted.

As can be seen from this response council has used the PBP Review to help drive the cultural and organisational change program which was embarked upon with the employment of the current General Manager.

Council appreciates the assistance provided by the Department pre, during and post the review and hopes the Department will view the process made by Council in the areas identified as positive and beneficial.

Council applauds the Department and the introduction of the PBP review program in assisting Council's to direct strategic improvements and promoting best practice. Council recommends the process to other Local Government Area's with the State.

If you need any clarification of the issues / answers raised please do not hesitate to contact me personally on 0263 549 912.

Yours Faithfully



Mr. Paul J Anderson
GENERAL MANAGER

APPENDIX ONE

SECTION 3. Recommendations

1. Council has adopted a new format for the 07/08 – 09/10 Management Plan which is outcomes focused and based upon the objectives and strategic threads adopted by Council as part of the strategic planning process which is currently underway, as referred to in the comments on the executive summary. This should be acknowledged in the recommendation.
2. Council believes extensive community consultation has occurred with the Strategic Plan, to the point of ensuring the interpretation of meanings was validated by community selected groups. This is further highlighted in the comments in the executive summary. This recommendation should be removed.
3. Council has adopted a new format for the 07/08 – 09/10 Management Plan which is outcomes focused and based upon the objectives and strategic threads adopted by Council as part of the strategic planning process which is currently underway, as referred to in the comments re executive summary. This should be acknowledged in the recommendation. Council consider this recommendation should be amended to reflect this initiative or removed.
4. Agree.
5. Whilst Council doesn't disagree with this comment, it would appear that the "new direction" discussion may in fact oversight this consideration.
6. Council acknowledges this administrative oversight and as a result management have adopted an internal working procedure with dates and times to ensure such matters are covered. This should be acknowledged in the report.
7. This point was acknowledged by Council during the review onsite meeting and steps were put in place immediately to remedy the situation. Attached to the letter are the September 2006 and December 2006 reviews which will satisfy the department's concerns with this matter. September quarterly review was presented to the 6 November 2006 meeting and the December review was presented to the 5 February 2007 meeting as there were no January meetings held.
8. Agree - see comments to recommendation 1 with the total refocus of Council's Management Plan. The matters currently not included in the Management Plan are identified with further planning processes for future years and may be reliant on Government funding.
9. This process has actually occurred and can be identified in the Draft Management Plan. Further to this senior staff and management staff performance agreements are linked to these outcomes to ensure ownership and management of the process and delivery is assessed as KPI's for staff.
10. Council is unsure of the concerns raised here. Council promptly created and adopted a structure which split functions within the organisation to give a

greater focus on strategic planning whilst allowing the ongoing necessity of operational management activities. No gaps in operations have been identified at this stage. Council believes this recommendation should be removed.

11. This action has already occurred and was underway at the time of Promoting Better Practice Team review. All of Council's Strategic Planning programs include working groups of staff and as necessary, Councillors, to ensure a consistent flow of ideas and comments are provided each way. These working groups also report to the Corporate Management Team (CMT) and Executive Management Team (EMT) on a regular basis.

During October 2006, the CMT was created. This group meets on a 3 weekly cycle and is chaired by a member of the group. This role rotates on a 6 monthly basis to broaden experiences and skills of all members. The meetings are subject to formal agendas and minutes. (Copy enclosed). This recommendation should be removed.

12. Council will seek further advice from the Department on this recommendation as to what is anticipated / required.
13. Agree. There are a number of points which echo this recommendation.
14. Whilst Council agrees with the importance of this program, Council was awaiting direction from peak bodies such as the LGSA and the Department to determine what, if any, additional features needed to be supplemented to such a program.
15. Training is a function identified in the Central Tablelands Alliance Management Plan as a cost effective method to provide further education to staff and elected Councillors already. This also sources via our alliance with costs savings to Councils.
16. Training for all staff and Councillors in the Code of Conduct was held in March 2007. This recommendation should be removed or acknowledge the training occurred. Some staff commented they felt this occurred before.
17. Criteria for General Manager to determine breach.
18. Whilst council is happy to provide additional information to those persons needing to complete such a return it is considered the minor discrepancies are easily rectified. This will occur with the 2006/07 return.
19. This awareness training was reinforced as part of the overall training Program. A copy of the program is included for the Department's information. This recommendation should be deleted as the training and awareness program was carried out.
20. These matters have now been dealt with and the amended policy will be forwarded for the Department's information. On this basis Council requests this recommendation be deleted.

21. Whilst council may acknowledge such matters have been an issue in the past, since the adoption of the current policy, no issues here have arisen. As discussed above the training was provided and includes such matters. As a result Council seeks the deletion of this recommendation.
22. Council will consider such a process in a review of its programs set down in May 2007. Briefing sessions are already held for large, significant issues although on an adhoc basis.
23. With the adoption of an amended Code of Meeting Practice, such activities have been identified and a standard form created for ease of use. This has been adopted by Council on 19 February 2007. Council believes this recommendation can now be deleted.
24. Agree. Council's reporting templates have been amended and now satisfy these provisions. Attached in a report presented to Council Meeting 19 February 2007. Council believes this recommendation can now be deleted.
25. Council's Complaints and Procedures Policy already contains direction for second tier review which is implicit in its content. Section 6 of the Policy identifies the steps to be followed where complaints are lodged. Council's Public Officer receives the complaints in the first instance and is required to ensure there is a response within 21 days of the complaint being made.

The Public Officer is required to direct complaints to one of the two Group Managers. The appropriate Group Manager is then required to direct the complaint be investigated and assigns that responsibility to a member of staff. The Group Manager receives the investigation results and if necessary will recommend remedial action arising from that investigation. The General Manager is presented with a report on the investigation and the remedial action. A written response is then provided to the complainant by the Public Officer. In essence, Council has built into every complaint a second tier review and assessment of the investigation and remedial action with signoff from the Executive (through the Group Manager and thence the General Manager). Council's Customer Service Policy also contains relevant information for customers who may be dissatisfied with Council's responses. Unfortunately, frequently those complaining about Council's performance are simply unhappy with the answer or are asking for Council to step into areas where we have no authority, such as neighbourhood disputes.
26. See 13.
27. See 13.
28. Council acknowledges some deficiencies with the current web site. An interdivisional working group established and reporting to the recently appointed IT Unit Manager are currently reviewing this site. Council has listed additional documentation but acknowledges additional works are required.

29. Agree.
30. Agree. Will occur with the ongoing review. Seek removal on basis of already been dealt with.
31. Agree.
32. Agree with the concept of a dollar limit to the assets disposal policy and will consider the implementation of minor assets disposal processes as an internal procedure.
33. Council recently adopted a comprehensive Occupational Health & Safety System (150 Accredited) which is now being augmented to include risk management in consultation with other Local Government entities and insurance groups to ensure broad risk awareness and management. Council has an action plan which is attached for the Department's information.
34. Council has in place a project to deliver internal audit processes. Council has already developed a check list of key strategic tasks which is circulated to Managers. Checks are in place to ensure legislative timeframes listed are complied with. A new position of Governance Officer has been recommended and approved to undertake duties.
35. Refer to Point 34.
36. Noted. The basis for Council undertaking the Strategic Plan (due for completion in April 2007) is to ensure all of Council's principle planning documents is fully integrated. On the basis of this program being in the 2007/08 Management Plan Council and its principle purpose being to inform others. Council requests this recommendation be deleted.
37. Agree. This has been identified as a "next step" in Council's prioritised planning LEP review. A planning Agreements Policy is in place and the current review is S64 and S94 plans is nearing completion.
38. Agree.
39. Agree. A "Sample Bag" approach for development applicants has been developed in pilot with plans to expand across many areas.
40. As part of the organisational structure Council's economic development activities have been specifically and purposefully "split" from Council's regulatory role. This was done to ensure a physical separation of the roles of regulator and facilitator. Council requests this recommendation to be deleted.
41. This has been identified as an advantage of the Alliance and a possible cost saving for member Councils. In the past Council has utilised consultant planners to undertake this role at considerable costs to the organisation.
42. Agreed.

43. Council is of the opinion that this already occurs and was in place at the time of the review. Attached are sample copies of standard letter and determinations. As a result Council believes this recommendation can be deleted.
44. The proposed Management Plan for 2007/08 – 2009/10 is actually a complete review of previous plans, these linkages will now occur.
45. Agree.
46. Agree. Council would be interested in receiving advice from the Department on best practice in the function.
47. Agree.
48. As previously mentioned Council will be undertaking a comprehensive training program for all staff in policies and standard working procedures. (point 13)
49. Council agrees that the unrestricted current ratio is low and is striving via the creation of strategic internal restrictions to increase the extent of cash held both for specific purposes and on an unrestricted basis.
50. Council has reviewed its capacity to borrow funds, but at the same time needs to ensure sufficient resources are available to secure and manage the debt. Council will look to further capital being provided with loan funds where servicing can be managed.
51. Undertaken now as indicated in the review. Council believes recommendation should be deleted.
52. Undertaken now as indicated in the review. Council believes recommendation should be deleted.
53. Agree.
54. Agree and identified as project in the 2007/08 Management Plan.
55. Agree.
56. Agree – Function to be undertaken in 2007/08 as identified in the Management Plan.
57. Agree – identified as function to be undertaken in 2007/08.
58. As mentioned and illustrated with the sample included, the draft Management Plan for 2007/08 – 2009/10 has a significantly different feel and provides the community with a greater understanding of the programs, projects and priorities of the Council.

59. Agree.
60. See 13.
61. Council agrees with the statement, however, it must be remembered as an amalgamated Council the Social Plan was deferred until November 2006. Following the adoption of the plan by Council in November 2006, the specific Council identified functions have been included in the Draft Management Plan as suggested. This will ensure integration. Council believes this recommendation on this basis should be deleted.
62. Council agrees with the recommendation. This is also identified as a specific objective of the Central Tablelands Alliance.
63. Council has Training Plans and they are reviewed and updated annually with staff appraisal. A copy of the current plan and appraisal form is attached for your information. These existed at the time of the review. On the basis Council feels the recommendation should be deleted.

8. SUMMARY- WHAT'S WORKING WELL & CHALLENGES

COUNCIL'S PRIORITIES AND FOCUS

What is working well

- Council now has a strategic focus as evidenced by the development of its new strategic plan, the formation of the strategic alliance and the other key strategic tasks and organisational restructure it is currently undertaking.

GOVERNANCE

What is working well

- Council has developed a comprehensive governance framework.
- Council has a committee and meeting structure that promotes the efficient consideration of council business. Meetings are conducted effectively and in a way that promotes public participation.

Challenges to improve

- Council's governance framework can be enhanced in a number of areas suggested in this report.
- Council needs to ensure the ongoing effectiveness of its governance framework by promoting awareness of it through training.

REGULATORY

What is working well

- Council is reviewing and updating its planning instruments as required under recent planning law changes.
- Council processes DAs efficiently.

Challenges to improve

- Council needs to review the manner in which it currently uses development contributions.
- Council needs to exercise its enforcement functions more effectively.

ASSET AND FINANCIAL MANAGEMENT

What is working well

- Council is taking positive steps to address its financial issues.

Challenges to improve

- Long-term financial planning and integration with other key planning documents.
- Asset management strategy and plan and integration with other key planning documents.
- Plans of management for community land.

COMMUNITY, COMMUNICATION AND CONSULTATION

What is working well

- Council engages well with the community on a number of different levels.
- Council has identified key strategic challenges faced by the community it services and is developing plans to address them.

WORKPLACE RELATIONS

What is working well

- Induction and orientation of staff.
- Implementation of organisation restructure.
- Development of an Occupational Health and Safety system.
- Identify training requirements to up-skill the workforce.

Challenges to improve

- Development of a human resources strategy and integration with other key planning documents.