

# Fit for the Future

Guidance material



Completing Template 3:

## Rural Council Proposal



*Small rural communities  
need a new approach to local  
governance that recognises  
their unique challenges and  
characteristics*



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# About this guide . . .

This guide will assist councils in preparing a plan to become Fit for the Future as a Rural Council. It explains the process and support available, and provides guidance on completing Template 3.

Your submission should show how you will become Fit for the Future by implementing a selection of the options outlined in this guide and other strategies to address the unique challenges facing rural councils.

It is recognised that some small rural councils may have difficulty in achieving some of the Fit for the Future benchmarks in the short- medium term, especially in terms of own source revenue.

Your submission should show how implementing the Rural Council options and other strategies will improve your council's performance against the benchmarks and move you to a stronger position.

## Is this the right template for your council?

This template is designed for the following councils:

- Councils in Group C of the Panel's final report i.e. where the option of a Rural Council was presented with no preferred alternative.
- Other small councils that want to adopt the options and can demonstrate they meet the Rural Council

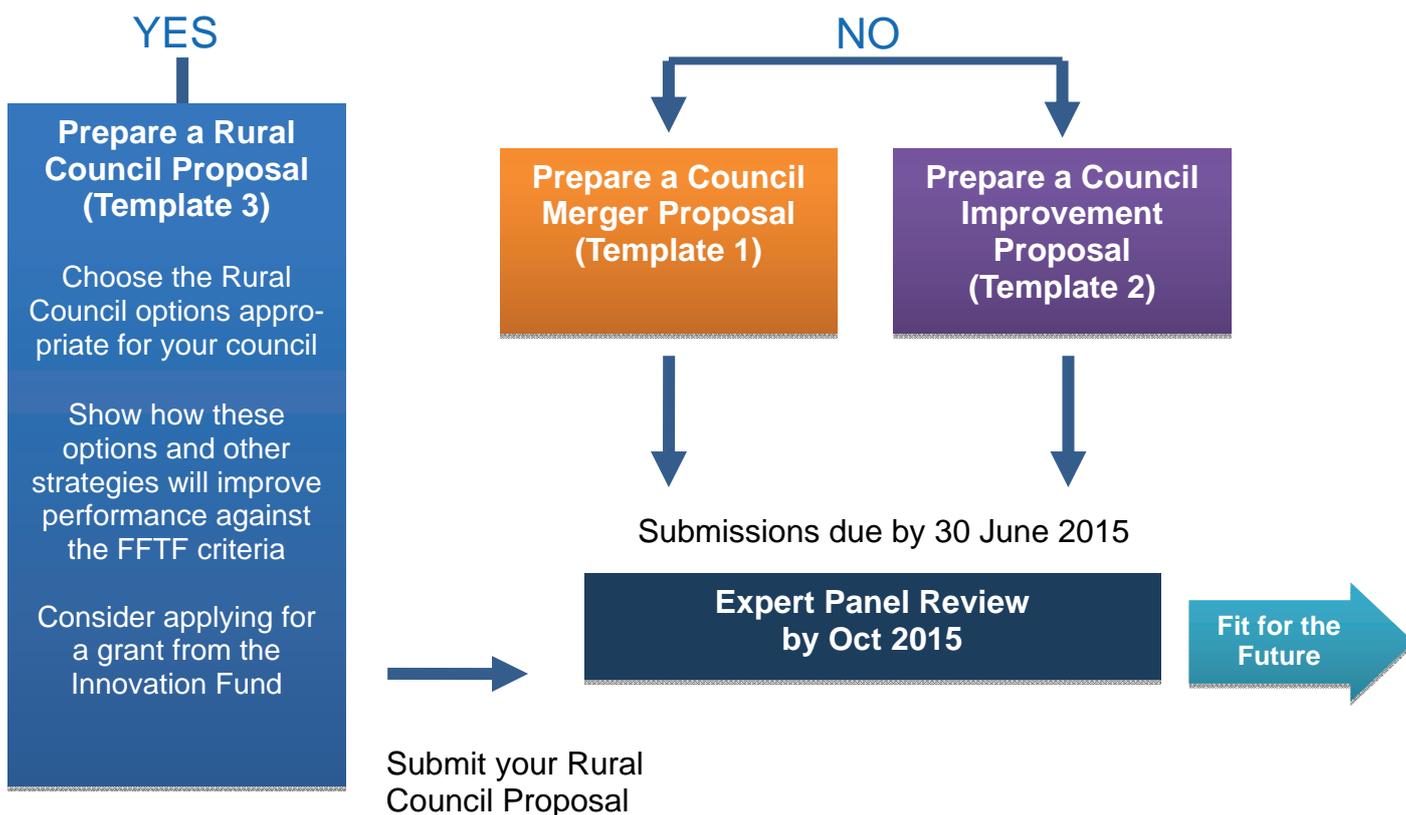
Characteristics described in this guideline.

Those who do not meet the Characteristics should complete Templates 1 or 2.

Those who meet the Characteristics may choose any of the three templates, depending on their council's preference for how best to become Fit for the Future.

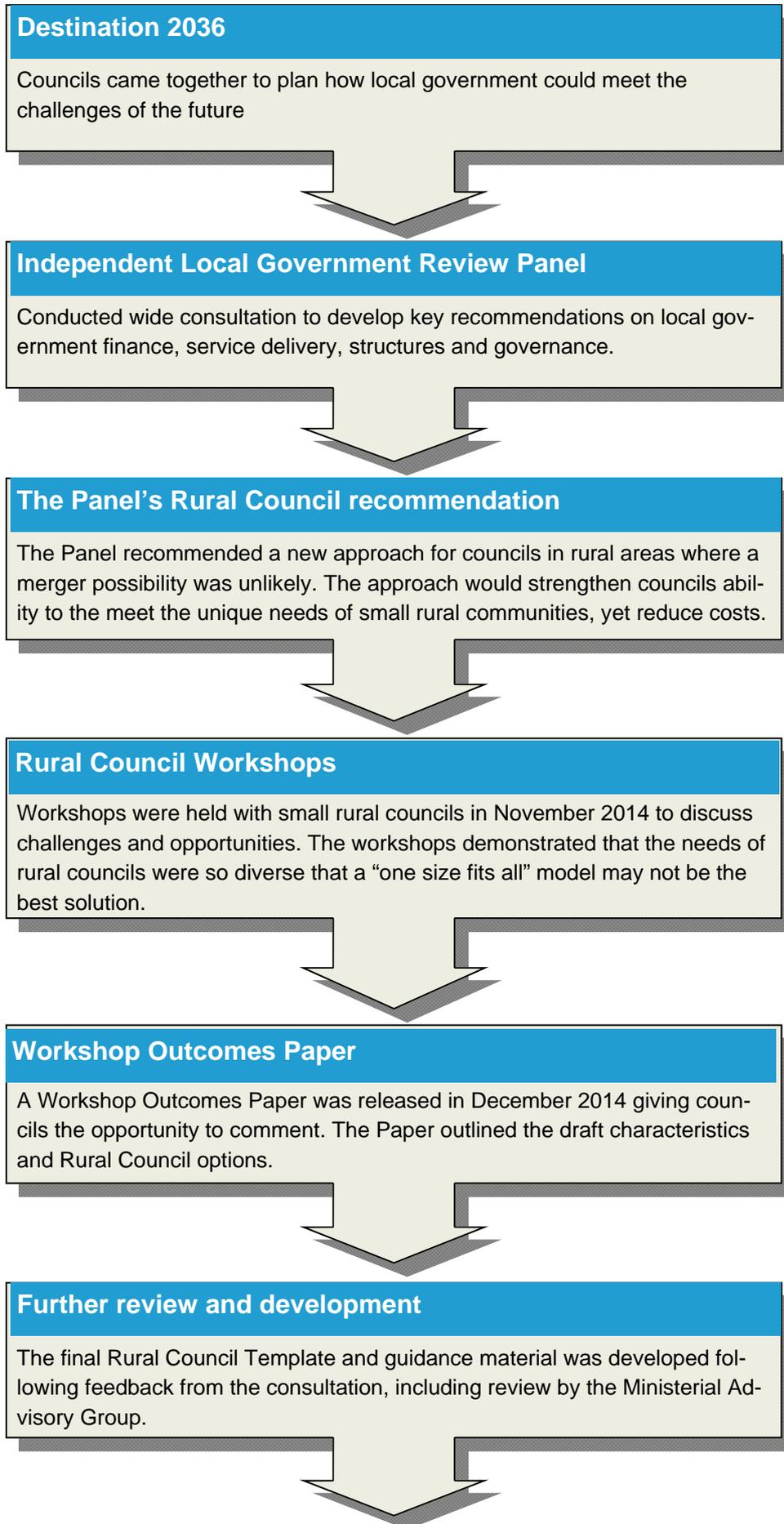
## Becoming Fit for the Future . . .

1. Does your council want to adopt the Rural Council option?
2. Was your council in Group C of the Panel's final report or, if the Panel recommended an alternative preferred option for your council, can you meet the Rural Council Characteristics?

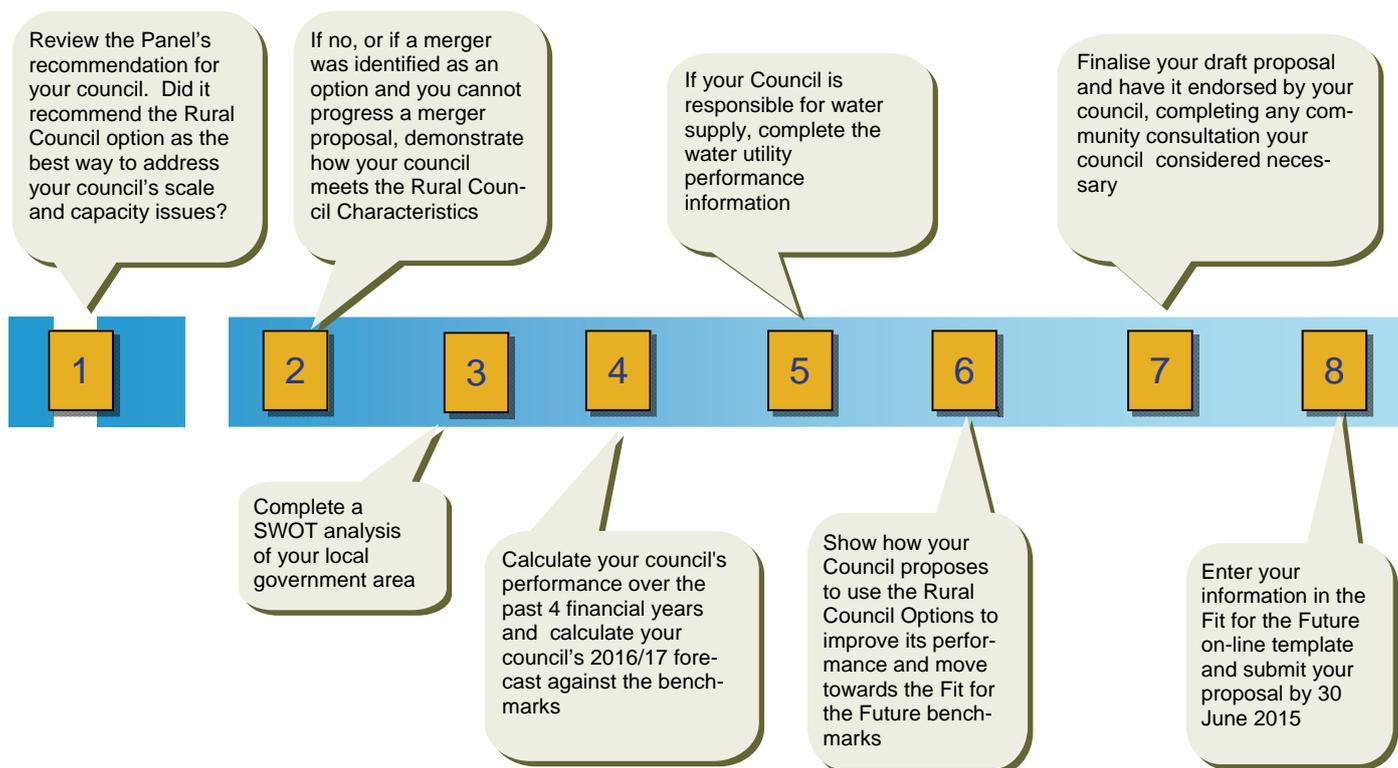


# Developing the Rural Council options . . .

The Rural Council Template (Template 3) and this guidance material was developed through the following processes, in consultation with the local government sector.



# Preparing a Rural Council Proposal



## What should you include?

Councils preparing Proposals using Template 3 will need to take a slightly different approach to those completing Templates 1 and 2 when developing their Action Plan and financial modelling. It is recognised that implementation of some of the Rural Council Options will not be possible until the Local Government Act amendments are finalised and the final Joint Organisation model/s are established in each region, so some modelling will be based on assumptions.

### JO Pilots

Where your council is involved in the JO Pilot process, you should work with your Pilot group when identifying and modelling potential resource sharing options.

Councils who are not involved in the Pilot process may wish to consider existing regional ar-

rangements and how these may be further developed or enhanced once JOs are established across the State.

### Existing arrangements

Where existing resource sharing arrangements are in place and your council plans to continue them as part of its Proposal, it is important to show how these arrangements have already helped you to improve your position. You should provide evidence of specific performance improvement, efficiencies and savings resulting from these arrangements, and how you will continue to develop and improve them in the future.

### Meeting the benchmarks

To ensure consistency, the same benchmarks are used for all councils preparing a Fit for the Future Proposal, regardless

of whether they complete Template 1, 2 or 3.

However, the assessment process for Template 3 will take into consideration the particular circumstances of small rural councils in attempting to meet these targets.

Council should aim to meet the benchmarks. However, it is acknowledged that some small councils may not be able to achieve all the benchmarks. To become Fit for the Future, you should demonstrate that your council has thoroughly explored all the options available and has a robust plan to improve its position against the benchmarks over time.

Template 3 will assess your councils expected improvement in performance against the benchmarks rather than whether the benchmarks have been met.

# Linking your Fit for the Future Proposal with IP&R

The process of creating your Fit for the Future Proposal will allow your council to consider a range of strategies and plans that can be linked directly with the next iteration of your Integrated Planning and Reporting (IP&R) documents (see the diagram below).

All councils in NSW will continue to implement IP&R in the future, at the appropriate scale. Your Rural Council Proposal may include options for sharing expertise or co-developing plans to support your IP&R process. However, it is important that you

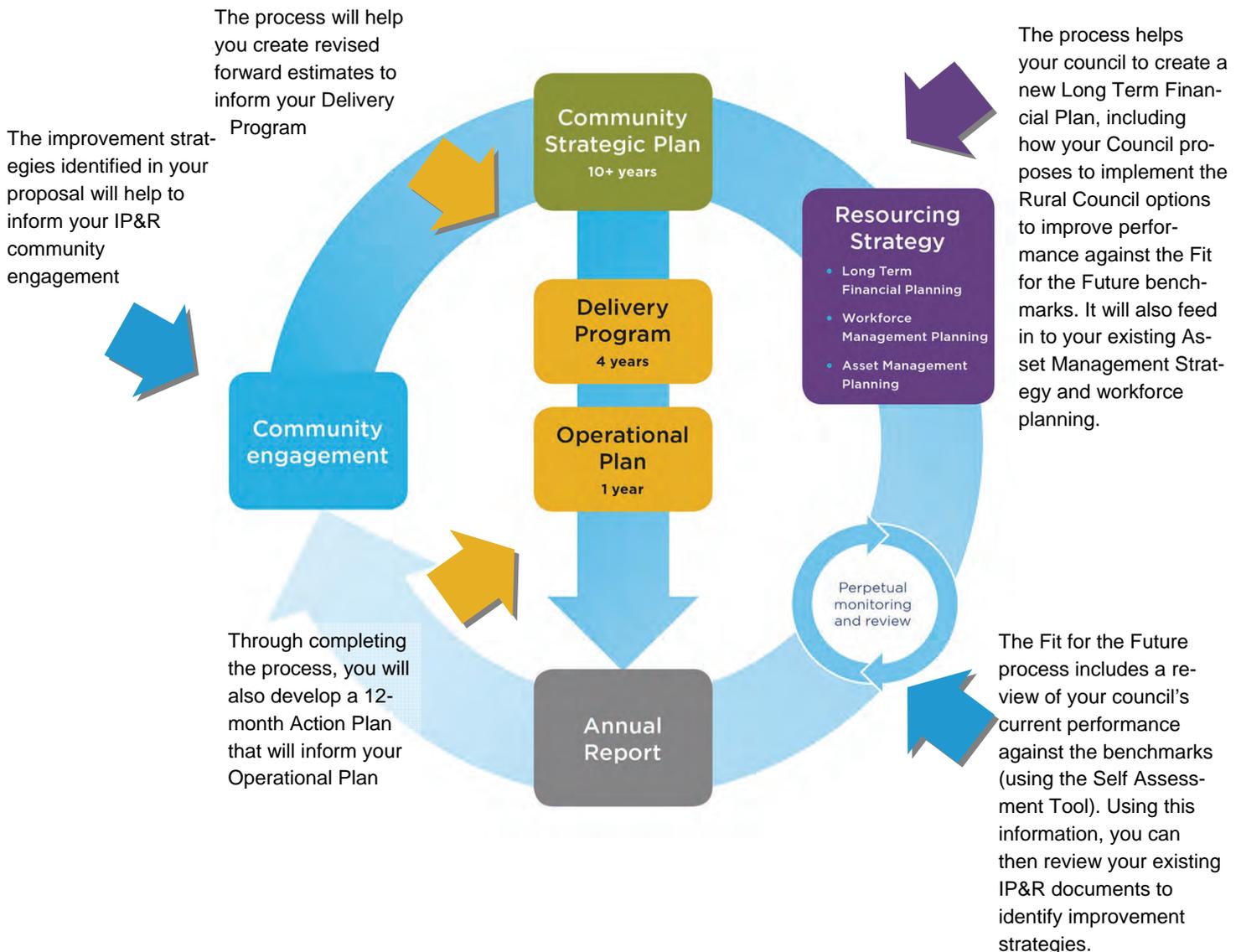
continue to work directly with your community to identify local priorities and appropriate levels of service. The Fit for the Future process involves looking critically at your existing IP&R documents and considering how implementing the Rural Council options may help you to better deliver your community's priorities and needs.

Preparing your Proposal will help you to create a new Long Term Financial Plan to ensure your council is operating sustainably and moving towards the Fit for the Future bench-

marks.

Through completing the process, you will also develop an action plan that will inform your Delivery Program and provide input to your Council's Operational Plan.

Fit for the Future gives your council an opportunity to have a fresh look at its planning, talk to the community about the challenges and opportunities facing the council and , and develop more realistic plans where appropriate.



# What support is available?

## Technical Panel

- The NSW Government has assembled a panel of technical experts, with skills in financial analysis, asset management, service delivery and community engagement. Councils can access the Panel, at their own cost, to help them undertake analysis, or prepare studies that support their proposal if necessary.

## Relationship Managers

- Your regional Relationship Manager is there to support your council through the Fit for the Future process. You can access the services of the Technical Panel through your Relationship Manager. He or she is also there to help with general enquiries and information about the process.

## Innovation Fund

- The Fit for the Future package includes a \$4m Innovation Fund to help small rural councils explore new ways of working. You may wish to consider a suitable project for funding when preparing your Rural Council Proposal. Further details on the fund will be made available in the coming months.

## Self-assessment tool

- The OLG has prepared a Self Assessment Tool to help councils get a clearer picture of their current performance against the Fit for the Future criteria. You should complete the Self-Assessment as a starting point for preparing your Proposal.



## Joint Organisations

- The establishment of Joint Organisations will provide opportunities to implement some of your council's proposals against the Rural Council options, such as areas of resource sharing.

# What are the requirements for water utilities?

Councils who have responsibilities for water and sewer management will need to consider these operations as a separate activity when preparing their Fit for the Future Proposal.

Clause 206 of the *Local Government (General) Regulation 2005* requires

councils to maintain a separate Water and Sewer Fund.

Accordingly, the financial modelling required for Sections 2 - 4 of the Template addresses only the General Fund. This also ensures that councils are assessed on a consistent basis.

Financial modelling for water and sewer should not be included.

There are a number of general questions for water utilities to complete in Section 2 of the Template. See page 16 for further guidance.

# Step 1

## Addressing the question of scale and capacity

Determining the appropriate scale for your council is a complex exercise. It involves considering a wide range of issues - some of which may be challenging for your community.

The Independent Pricing and Regulatory Tribunal recommended that councils should address Scale and Capacity before considering the other three Fit for the Future criteria.

For smaller rural councils, this is particularly important.

While there may be limited opportunities for your council to increase physical scale through population growth or strategic mergers, there are options to build capacity by refocussing council's activities and exploring new ways of working.

The options outlined in this guidance material and the recommendations of the Independent Local Government Review Panel provide a starting point for small councils addressing the challenges of scale and capacity.

The Independent Panel carried out extensive research and consultation on this issue, recognising that a one-size-fits-all approach was not appropriate for small communities in rural NSW. The Panel made recommendations regarding each council in NSW.

Where the Panel has recommended that becoming a Rural

Council may be the best solution for your community (ie councils in Group C of the final report), you have the option of completing Template 3 (the Rural Council Proposal).

If the Panel has recommended a merger as the preferred option for your council, then you should explore this possibility first before considering Template 3.

You do not have to adopt the exact recommendations of the Panel (in some cases several options were presented) but your proposal should demonstrate how your council has scale and capacity.

If your council was not in Group C or cannot meet a majority of the characteristics, you should complete either Template 1 or 2.

The Panel originally envisaged a structural Rural Council model for small communities. However, workshops with rural councils, held in November 2014 to further explore this concept, have highlighted that the needs of rural communities are so different that a single structural solution may not be possible.

The workshops developed a series of options that could help to build capacity within smaller councils and improve their performance against the Fit for the Future benchmarks.

Concepts on rural council population size have also been re-

viewed. The Panel originally designed its Rural Council recommendations for very small communities but further consultation with the sector has shown that the Rural Council options may be suitable for slightly larger communities depending on their circumstances.

The workshops agreed that population size alone was not a sufficient guide. Councils have identified a series of other Characteristics that help to define a Rural Council. (see pg 11). You should refer to these Characteristics when determining whether your community is of an appropriate scale for the Rural Council options.

# Step 2 Completing the template . . .

## Section 1: About your Proposal

### 1.1 Executive summary



#### Purpose

This section presents an overall summary (up to 500 words) of the key points of your proposal.



#### How to complete 1.1

Your executive summary should focus on:

- Council's past performance with reference to the Fit For the Future criteria
- Strategies aimed at improving your council's performance against the Fit for the Future benchmarks
- Anticipated outcomes of the successful implementation of the action plan.



#### Things to consider

This section should focus on highlighting the most important matters included in your Proposal.

### 1.2 Scale and capacity



#### Purpose

This section provides an opportunity to demonstrate that it is appropriate for your council to make a Rural Council proposal



#### How to complete 1.2

- If the Panel gave the option of becoming a Rural Council for your council (ie councils in Group B or C of the final report) answer 'Yes'.
- If the Panel recommended a different option as the preferred option (i.e. Group B and others), provide a summary (up to 500 words for each characteristic) on how your council generally meets the characteristics of a Rural Council. Each criteria should be addressed in the Template.
- Councils in Group C may wish to also address the characteristics to highlight specific challenges facing their area, but are not required to do so on the basis of the recommendation of the Independent Panel



#### Things to consider

- The Panel's recommendations should be the starting point for your discussion.
- Councils in group B and others where the Rural Council option was not the preferred option of the Panel should demonstrate consideration of the preferred option (e.g. a merger).
- You do not need to meet every single Characteristic to be considered as a Rural Council, but your Proposal should demonstrate that the majority of the Characteristics apply to your circumstances.
- The characteristics are not defined in a quantitative sense, reflecting the outcomes of the workshop held with councils and the unique and challenging circumstances facing small councils in rural NSW. Councils should provide sufficient and locally appropriate information to demonstrate the council has this characteristic.

## 1.2 The Rural Council Characteristics

### ***1. Small and static or declining population spread over a large area***

Challenges faced by rural councils encompass more than simple population numbers. Low population density of areas, historic patterns of development and relative inaccessibility to service centres also play a part.

The Rural Council options are best suited to local government areas with very low populations (under 4000). However, they may also be appropriate for slightly larger populations, depending on their circumstances, the size of the area maintained and the spread of population. In addressing this characteristic, councils should consider population projections for their region.

The Planning NSW population projections (<http://www.planning.nsw.gov.au>) are the reference point for all Fit for the Future proposals.

### ***2. Local economies that are based on agricultural/resource industries***

Reliance on a range of agricultural industries, or a single area of production, such as mining, to support their local economy leaves many small rural communities vulnerable to the effects of natural disasters, as well as pressures from market downturn or seasonal demand. Smaller councils can often find themselves supporting the supply chain from paddock to plate without necessarily receiving the direct employment benefits of production or distribution. For example, they may carry the cost of maintaining major freight routes passing through their LGA, while the freight hub, rail head and major production areas are located elsewhere.

### ***3. High operating costs associated with a dispersed population and limited opportunities for return on investment***

Small rural councils face higher operating costs in providing services to a small population, spread over a large area and have limited opportunities to recover these costs through usage fees and charges. The lack of density in many rural areas, with multiple small communities to be serviced makes it challenging to achieve savings and efficiencies on a local scale. While regional collaboration may assist in reducing the cost of inputs, for example through group purchasing arrangements, small councils still face the challenge of having insufficient customers to fund the operating cost of assets such as swimming pools and waste facilities. In larger communities, the private sector provides a range of services that complement council activities. In smaller communities, council may be the only provider, due to the lack of potential for financial return.

### ***4. High importance of retaining local identity, social capital, and capacity for service delivery***

Councils in rural areas play a significant role in building community capacity. They are often regarded as the “backbone” of their community, being the major employer in the region and helping to sustain local settlements that are vital to agricultural industries. Councils in rural communities often provide services that urban councils are not required to supply, such as local doctors, post offices or aged care facilities. They also support local volunteering and a sense of community pride and ownership in local assets. Many facilities in small communities have been provided through community fundraising and input, in partnership with the local council. Elected representatives in small rural communities often have a longer history of service with council and are well known in their community.

## 1.2 The Rural Council Characteristics, Continued

### **5. Low-rate base and high grant reliance**

Low populations and a limited commercial/industrial sector create a low rating base for rural councils. Councils therefore receive a significant proportion of their income from funding such as Financial Assistance Grants to continue providing services and maintaining infrastructure. Rural councils may find it difficult to achieve the FFTF benchmark of 60% own source revenue because of this situation.

### **6. Difficulty in attracting and retaining skilled and experienced staff**

Some smaller councils find it difficult to attract and retain skilled and experienced staff, due to their remote location or inability to offer competitive salary packages. Some councils have invested in traineeship arrangements, only to find that trainees move on to larger councils after completing their studies. Others find it difficult to provide continued professional development opportunities for their staff, due to their smaller scale of operations. These challenges mean that it is often difficult for councils to provide specialist services, or they have to rely on expensive contract arrangements to provide these services.

### **7. Challenges in financial sustainability and provision of adequate services and infrastructure**

Pressures caused by a low-rate base and costs associated with providing services to a dispersed population and maintaining large infrastructure networks create the risk that many councils in rural areas will become unsustainable. The Treasury Corporation (TCorp) assessment provided an indication of councils' financial outlook, with many smaller councils experiencing particular challenges.

### **8 Long distance to a major (or sub) regional centre**

Long distances to a major centre can cause increased pressure on costs for both small councils and their communities. Where residents have to travel to access services such as aged care or health services, there is increased pressure on the council to provide a local alternative. Many smaller councils are already providing a greater range of services than their larger counterparts. There are also higher direct costs and time delays when services have to be procured over considerable distances. This makes it more challenging for smaller councils to achieve savings and efficiencies through competitive procurement.

### **9. Limited options for mergers**

The size of the LGA, the distance between regional centres, natural barriers such as mountain ranges and waterways, or the distance between communities of interest may limit councils' options in rural areas from considering a merger to improve their scale and capacity.

## Section 2: Your council's current position

### 2.1 Key challenges and opportunities



#### Purpose

Undertaking the Strengths, Weaknesses, Opportunities and Threats analysis will help councils to identify improvement actions and priorities based on a strong understanding of their current position. It is an opportunity for your council to explain the broader story behind your council's performance beyond financial indicators.



#### How to complete 2.1

- Identify the positive and negative drivers working within your council and in the community.



#### Things to consider

- In preparing this section, you may wish to frame your response in terms of the Fit for the Future criteria. For example, what are your council's sustainability strengths/weaknesses? What are your asset/service management strengths/weaknesses? What environmental factors impact on your asset management strategies? What are the opportunities for improved efficiencies?
- Documents you may wish to reference in preparing your proposal include: Your council's Treasury Corporation (TCorp) analysis report and Infrastructure Audit results; regional plans, such as Regional Growth Strategies and Economic Development Strategies; your council's land use and environmental strategies and community development plans, and other research undertaken by the Independent Local Government Review Panel.
- You may wish to reference strategies you have adopted from the Rural Council Options as opportunities for your area, including use of the Innovation Fund where appropriate.
- You also may wish to reference your Community Strategic Plan where appropriate.

## 2.2 Performance against the Fit for the Future benchmarks



### Purpose

This section establishes your council's current position and where the council is forecast to be if nothing changes against the other three Fit for the Future criteria of sustainability, service and infrastructure management, and efficiency. It should assist in identifying potential areas for improvement.



### How to complete 2.2

- Use the Self Assessment Tool and the best available data to calculate performance over the past four years. Enter the results from the tool in this section
- When entering data into the template **performance** is defined as your (General Fund) financial results.
- **Forecast performance** is based on your forecast 2016-17 (General Fund) financial results. Your forecast performance should be based on your current financial plans and assumptions (as per your IP&R documents).
- The Template will automatically calculate whether your council meets the benchmark (as it does in the Self Assessment Tool).
- If your council currently doesn't meet the benchmarks, or there is a reason why you cannot achieve them in the future, there is space on the template to provide an explanation of why this is the case.
- In preparing your proposal, it is important to demonstrate the robustness of your current results and forecast performance. Your working sheets should be attached, along with details of the assumptions that underpin your results, and the process you used to develop these assumptions. Where possible, indicate any involvement of any third parties, such as consultants, who have helped you develop or review the estimates.



### Things to consider

In describing what is driving your council performance against the Fit for the Future benchmarks, key considerations might include:

- The characteristics of a Rural Council.
- Population base and density and the need to fund and maintain infrastructure
- Historical constraints/context
- Ability to attract, secure and retain appropriately skilled and experienced employees
- Council policies on financial management (eg "no borrowings" policy)
- Susceptibility to natural disasters (eg drought, floods, storms and bushfires)
- Population demographics and/or holiday population placing pressure on services and infrastructure
- Increases in costs (eg employee expenses)
- High existing infrastructure backlog and inability to reduce in the short term
- One-off adjustments or "trade offs" to reflect community priorities (eg reducing the spend on new assets to free up funds to address the backlog)
- Inter-generational equity (eg sharing the whole of life costs of major assets)
- Community expectations of services

*If you need to undertake financial modeling, or prepare detailed forecasts to support your proposal, you can get help from members of the Fit for the Future Technical Panel. Contact the One Stop Shop or your council's regional Relationship Manager for details.*

# Fit for the Future Measures and Benchmarks

Measure	Definition	Benchmark
<b>Sustainability</b>		
<b>Operating Performance Ratio</b>	$\frac{\text{Total continuing operating revenue (exc. capital grants and contributions) less operating expenses}}{\text{Total continuing operating revenue (exc. capital grants and contributions)}}$	Greater than or equal to break-even - average over 3 years
<b>Own Source Revenue Ratio</b>	$\frac{\text{Total continuing operating revenue less all grants and contributions}}{\text{Total continuing operating revenue inclusive of capital grants and contributions}}$	Greater than 60% - average over 3 years
<b>Building and Asset Renewal Ratio</b>	$\frac{\text{Asset renewals (building and infrastructure)}}{\text{Depreciation, amortisation and impairment (building and infrastructure)}}$	Greater than 100% - average over 3 years

## Infrastructure and Service Management

<b>Infrastructure Backlog Ratio</b>	$\frac{\text{Estimated cost to bring assets to a satisfactory condition}}{\text{Total (WDV) of infrastructure, buildings, other structures and depreciable land improvement assets}}$	Less than 2%
<b>Asset Maintenance Ratio</b>	$\frac{\text{Actual asset maintenance}}{\text{Required asset maintenance}}$	Greater than 100% - average over 3 years
<b>Debt Service Ratio</b>	$\frac{\text{Cost of debt service (interest expense \& principal repayments)}}{\text{Total continuing operating revenue (exc. capital grants and contributions)}}$	Greater than 0% and less than or equal to 20% - average over 3 years

## Efficiency

<b>Real Operating Expenditure</b>	$\frac{\text{Operating expenditure}}{\text{Population}}$	A decrease in Real Operating Expenditure per capita over time
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### About these measures

**Measures are based on General Fund data and do not include water and sewer funds.**

#### Operating Performance:-

- Consistent with Accounting Code/TCorp measure.
- Numerator and denominator excludes fair value adjustments, reversal of revaluation decrements, net gain/losses on sale of assets and net share/loss of interests in joint ventures.

#### Own Source Revenue:-

- Consistent with Accounting Code/TCorp measure.
- Numerator and denominator excludes fair value adjustments, reversal of revaluation decrements, net gain on sale of assets and net share of interests in joint ventures.

#### Building and Asset Renewal, Infrastructure Backlog and Asset Maintenance:-

- Consistent with Accounting Code/TCorp measures.

#### Debt Service:-

- Denominator excludes fair value adjustments, reversal of revaluation decrements, net gain on sale of assets and net share of interests in joint ventures.

#### Real Operating Expenditure per capita over time:-

- Expenditure is deflated by the Consumer Price Index (for 2009-11) and the Local Government Cost Index (for 2011-14) as published by IPART.
- The numerator excludes revaluation decrements, net loss from disposal of assets and net loss of interests in joint ventures.
- The denominator is population data from ABS, Regional Population Growth, Australia - Table 1. Estimated Resident Population, LGAs, NSW - Released 3.4.2014. The data has been averaged over 2 calendar years except for 2013-14 where population data for 2013 has been used.

For more information refer to the Self Assessment Tool.

## 2.3 Water utility performance

*This section should only be completed by councils who have direct responsibility for water supply and sewerage management*



### Purpose

This section aims to provide an overview of how councils that have responsibility for water supply and sewerage management are currently performing.



### How to complete 2.3

- You should only complete this section if your council is directly responsible for water supply and sewerage (ie you are the reporting agency under the NSW Government Best Practice Management of Water Supply and Sewerage Framework).
- If you are responsible for sewerage only, please indicate this in your answers.
- Identify your current performance under the Best Practice Framework. You may wish to reference your council's most recent report.
- If your council is currently not meeting the requirements of the Framework, please identify the issues that are influencing that performance - eg water/sewer backlog works, aging infrastructure, lack of resourcing, pricing paths etc.
- Identify any major capital works (>\$1m) planned for your water and sewer operations over the 2016-19 to 2019-20 period and nominate any external funding that may be available to support these works - eg grants or developer contributions.
- Identify whether your council is currently managing its water and sewerage operations on at least a break-even basis and explain the factors that may be influencing this performance - eg pricing policies, extensive capital works program, backlog works etc.
- List some of the strategies your council has identified to improve its performance in water and sewer management in the 2016-17 to 2019-20 period and the anticipated outcomes. You need only provide a high level summary of these strategies, financial modeling is not required to support the outcomes.



### Things to consider

- You may wish to refer to your council's current plans under the Best Practice Framework - eg your Integrated Water Cycle Management Strategy and your Strategic Business Plan.
- You do not need to attach any of your council's Best Practice Framework documents.

## Section 3: Towards Fit for the Future

### 3.1 How will your council become/remain Fit for the Future?



#### Purpose

This section asks your council to demonstrate how using the Rural Council Options and other strategies will help to improve its performance against each of the remaining Fit for the Future criteria - Sustainability, Infrastructure & Service Management, and Efficiency.



#### How to complete 3.1

Provide a detailed plan for each option the council intends to adopt. There is a separate box for each of the six options and space to add any additional options your council might be undertaking or intends to implement.

Each option includes two sections to complete:

- The first section outlines what you intend to do under each option and how it will be implemented.
- The second section explains how this will improve your performance against the Fit for the Future criteria.
- When completing the first section, summarise your key strategies and expected outcomes for each of the Options you choose (up to 500 words for each).
- Provide details about each proposal, how it will be achieved/implemented, the proposed milestones for implementation and known risks.
- Prepare costings for each of your proposals. You should ensure these costings are robust and based on reasonable assumptions. You should explain what these assumptions are (for example additional income from an SRV). Proposals may also consider use of the Innovation Fund.
- Key milestones should indicate specific timeframes where appropriate.
- Outcomes should be quantified wherever possible.
- The number of options you may need to adopt will depend on their impact on the councils performance.

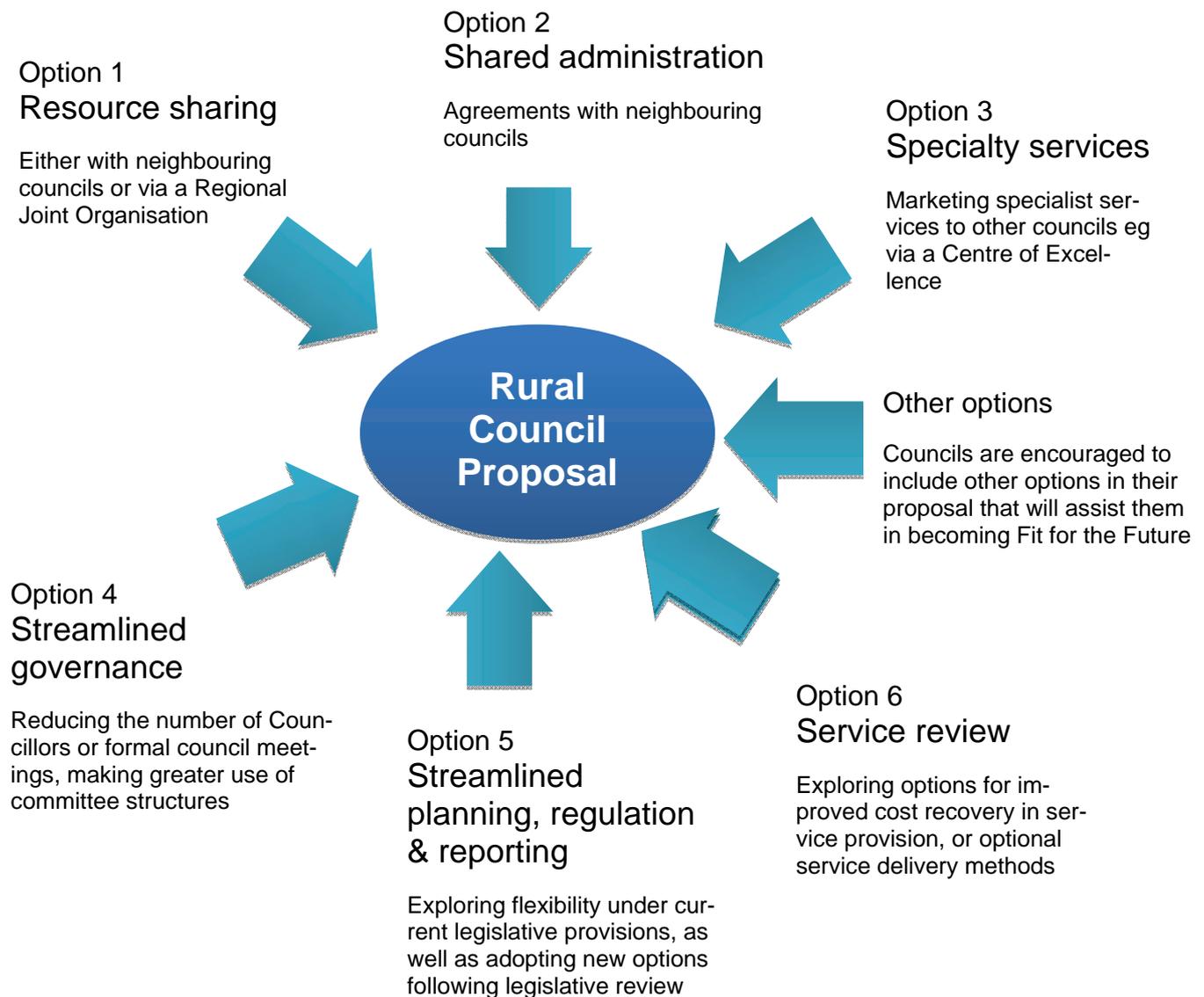


#### Things to consider

- The options for Rural Councils developed through the workshops are outlined on the next page. Your submission should consider a range of these options but does not need to be limited to these and does not need to include all of the six options.
- Your proposals should aim to improve your council's performance against the benchmarks within a reasonable time period. What is reasonable for each council will vary, based on its starting position and local circumstances.
- The template asks you to consider strategies, actions and impacts over the 2016-17 to 2019-20 timeframe, to align with the next cycle of IP&R.
- You may wish to refer to Chapter 3 of the Integrated Planning and Reporting Manual, which deals with the Resourcing Strategy, to help you develop your assumptions.
- You may wish to consult with your community and staff on your council's performance against the benchmarks and the proposed options.

## 3.1 How will your council become/remain Fit for the Future?

Through the Rural Council workshops and wider consultation, the following six Rural Council Options have been developed. **Your council may develop proposals for any or all of the six options**, demonstrating how you will use them to improve performance against the benchmarks of Efficiency, Infrastructure & Service Delivery, and Sustainability. **Proposals do not however need to be limited to these options.**



Each of these six options is explained in more detail below.

## 3.1 The Rural Council Options

### **1. Resource Sharing**

Many councils already have existing resource sharing arrangements with neighbouring councils and further opportunities will arise following the establishment of Regional Joint Organisations.

There are numerous activities undertaken by councils which could be performed more efficiently through sharing resources and/or accessing the skills and expertise of staff at their JO or another council.

Potential activities for resource sharing include:

- Community Strategic Plans
- Accounting and auditing
- Strategic financial planning and management
- Procurement and shared purchasing (e.g. through procurement panels)
- Road network planning and major projects
- Engineering design and infrastructure project management
- Non-operational functions of local water utilities (i.e. strategic planning and management)
- Tourism and economic development where appropriate
- Children's and aged services
- Library services

Where your council already undertakes resource sharing and intends to continue these arrangements as part of its Fit for the Future proposal, you should include details of how these arrangements have helped to effect savings or improve efficiency within your council to date (include specific results).

### **2. Shared Administration**

In contrast to sharing resources, shared administration involves the sharing of senior council managers or administrative processes between councils. Under current arrangements, councils can share a General Manager and directors if they choose, and some county councils currently take advantage of this option to share expertise and cost.

### **3. Speciality Services**

Some smaller councils have developed special expertise in a particular service or function, for example IT, or engineering design.

There may be opportunities for a rural council to act as a centre of excellence for other councils to access these specialty services.

New technologies are providing more options for expertise and services to be shared across councils. A number of councils at the workshops were interested in exploring these possibilities.

## 3.1 The Rural Council Options

### **4. Streamlined Governance**

The administration of representative activities and meetings creates costs for councils. Many smaller councils have a high resident-to-councillor ratio and could reduce the number of councillors and/or formal council meetings, while still maintaining opportunities for community involvement.

Restructuring current committee systems, or making greater use of options under *Section 355 of the Local Government Act 1993* to encourage community input could also be explored.

Some smaller councils have saved up to \$100,000 by redesigning their governance structures. Future legislative amendments to make it easier for small councils to restructure governance will be considered.

### **5. Streamlined planning, reporting and regulation**

Councils currently have a number of options for streamlining or sharing planning and reporting requirements under existing legislation and further options will be explored in the review of the Local Government Act and the IPART review of the regulatory burden on councils. Options that councils are keen to explore include:

- Sub-regional land use plans
- Implementation of joint planning panels for development control and oversight
- Sub-regional State of the Environment reports.

### **6. Service Review**

Councils are encouraged under the Integrated Planning and Reporting framework to undertake regular service reviews, in consultation with their communities.

Rural Councils can work with their communities to identify the key services that are most important to local people, and those which are less important, or could be delivered to a revised standard. These services will vary from community to community and depend on the level of existing service provision through private enterprise or other levels of government.

Some small councils currently effect savings and build community capacity by relying on local not for profit organisations to provide a range of community services, with an agreed level of support from the council.

It is also important to deliver services as efficiently and cost-effectively as possible. Undertaking service reviews will help to identify areas where improved cost recovery might be possible and Joint Organisations will provide a forum where smaller councils can work more directly with State Agencies to negotiate service provision.

Councils will need to consider the costs and benefits for small and vulnerable communities, including social consequences of altering the level of services and should ensure this is done in consultation with the community and employees where appropriate.

## 3.2 - 3.3 Rural Council Action Plan and Preparing your Proposal



### Purpose

This section defines the specific actions that your council will undertake to deliver its proposal. This section also asks your council to detail how it prepared its proposals, including community engagement.



### How to complete 3.2 - 3.3

- The template provides an overview of the first year of your council's Rural Council Action Plan - ie. key actions and timeframes.
- You should attach a more detailed plan to your submission, identifying the costs/benefits and risks associated with the actions and the assumptions that underpin these estimates.
- The template includes space to explain how your council went about the process of preparing its Action Plan. You should include details of who was involved in the process and any external assistance you received and how your council reviewed and approved the Plan. The Template asks you to specifically outline how your council consulted your community when determining which proposals to adopt.
- The template also asks your council to detail how it has consulted with the community, employees and relevant industrial representatives in considering its action plan to ensure the need for change and the potential impact is well understood.



### Things to consider

- The proposals outlined in Section 3.1 should underpin your Action Plan.
- Your plan should outline realistic actions within a clear timeframe, supported by robust assumptions.
- You should also consider how these actions relate to your current Delivery Program and the objectives set out in your Community Strategic Plan.
- Explaining how the Plan was developed provides an insight into how your council arrived at its conclusions and how it determined priorities. If elected representatives, staff or community members were involved in the development process, it is important to highlight that involvement and how it influenced the final plan.
- Your council's community and staff consultation will vary depending on what consultation has occurred to-date on any of the proposed changes and the likely impact on the community and employees.
- Your Action Plan should also outline implications on staffing and resources at your council.

*If your council needs help to prepare your plan, you can get support from members of the Fit for the Future Technical Panel. Contact the One Stop Shop or your council's Relationship Manager for details.*

## 3.4 Other strategies considered



### Purpose

This section seeks to determine how broadly your council considered its options when preparing its Rural Council proposal.



### How to complete 3.4

- List the actions that were considered and could have been pursued to achieve the improvement objectives of your council - for example, merging with neighbouring councils.
- Provide an explanation as to why the action was deemed not appropriate for your council.



### Things to consider

- There is a broad range of potential actions that councils could take to improve performance, but not all of them will be suitable for your council's situation, or in line with your community's values and priorities. Explaining the rationale behind these decisions helps to demonstrate how your council arrived at its final Action Plan.
- If one of the options you considered to improve performance was undertaking a merger but you could not reach agreement with your neighbours, attach any supporting information regarding this option, for example a Merger Business Case.

## Resources

Documents that may assist your council in completing Section 3 of the template include:

- [Final Report of the NSW Independent Local Government Review Panel](#)
- [Fit for the Future – A Blueprint for the future of Local Government](#)
- [Fit for the Future – A Roadmap for Stronger, Smarter Councils](#)

- Your council's Integrated Planning and Reporting documents - Community Strategic Plan, Resourcing Strategy, Delivery Program and Operational Plan



- Your council's TCorp sustainability assessment
- Your council's Infrastructure Audit results
- Relevant regional plans

## Section 4: Expected outcomes

### 4.1 Expected performance improvements



#### Purpose

The purpose of this section is to highlight your council's anticipated improvement in performance for each of the Fit for the Future measures.



#### How to complete 4.1

- Indicate your expected future performance (2016-17 to 2019-20) for each of the Fit for the Future measures.
- Future performance estimates should reflect your council's performance following the successful implementation of your Rural Council Action Plan.
- You should attach supporting information to verify your forecasts.
- The template asks your council to show total improvement in performance over the four years. This information will help the Assessment Panel determine whether your council is likely to meet the benchmark in the future, if it is unable to do so in the short-medium term, and whether your council had developed a credible plan to improve with consideration of any constraints being faced.
- There is space in the template to explain the factors which may be influencing your performance against the measures.



#### Things to consider

- It is not expected that Rural Councils will be able to achieve all of the Fit for the Future benchmarks in the short-medium term. The Own Source Revenue targets will prove particularly challenging for some councils. However, your proposal should show that adopting the Rural Council Options will provide the best possible outcome for your council in improving its performance against the benchmarks over time.
- In describing what is driving your council performance against the Fit for the Future benchmarks, considerations may include:
  - Timeframe for improvement in performance
  - Resources available to implement action
  - Demographic factors that make improvement challenging
  - Environmental factors that affect performance improvement
- Your Proposal should be able to demonstrate at least some improvement towards the benchmarks over the nominated four-year period and a clear indication of how performance will continue to improve over the longer term through implementation of the options.

# Section 5: Implementation



## Purpose

This section establishes your council's implementation plans for the proposal.



## How to complete 5.1

- Outline the process your council will use to implement its Rural Council Action Plan, for example, who will be responsible, how progress will be monitored, anticipated timeframes etc.
- Your plan may include consideration of the Innovation Fund as a means of implementing your proposals.



## Things to consider

- The proposals will result in a large number of actions to be undertaken. Consider how your council will manage delivery of these actions, to ensure that the desired result of improved performance is achieved.
- You may wish to explain how your council currently manages projects and how you will use these methodologies to help implement your Action Plan.
- Also consider how you will ensure that the Rural Council Action Plan is integrated with your Council's future Delivery Program and Operational Plans.