



BUSINESS PAPER

EXTRAORDINARY MEETING OF COUNCIL

To be held on

Wednesday, 17 May 2017
9am

at

Council Chambers

Members

Administrator, Dr Ian Tiley

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Item: 7.2.1 **Ref:** AINT/2017/06385
Title: FOR DECISION: Adoption of Community Strategic Plan 2027 **Container:** ARC16/0502
Author: Peter Wilson, Senior Governance Officer
Attachments: 1. Community Strategic Plan 2017-2027
2. Summary Report - Exhibition Period Feedback February 2017

RECOMMENDATION:

That the Community Strategic Plan 2027 be adopted.

Background:

This report presents the Community Strategic Plan 2027 which outlines the 'vision' of the community over the next 10 years. The six-month comprehensive community engagement program sets out the strategic directions and community outcomes, which centre on the four themes of Environment and Infrastructure; Growth, Prosperity and Economic Development; Leadership for the Region and Our People and Community.

Key Issues and Risks

Council is faced with challenges in terms of boosting the economy and creating jobs, protecting the environment, building stronger communities, providing essential infrastructure and transforming the new organisation into a stronger council. At the same time, there are great opportunities to improve the wellbeing for all of our citizens.

However while Council has the responsibility to facilitate the development of the Plan, it's the community who must take ownership of it. The requirements of Federal and State Governments will also influence what needs to be done.

At the core of successful community planning are partnerships. Not all of the things our community wants to change or improve come under the direct delivery responsibility or influence of Armidale Regional Council. Further, many of the services Council provides go beyond the traditional services provided by local government, and these services are provided in line with local community expectations, and where Council has the resources to do so.

Where Council is responsible and resources make it possible, Council is committed to contributing to the aspirations and priorities of the community. Where we do not have a direct responsibility, we will advocate and lobby those that are responsible and will work in partnership with them to make progress towards delivering for the future of our community.

Integrated Planning and Reporting Framework

Leading the Council's planning hierarchy, the Community Strategic Plan identifies the community's main priorities and expectations for the future and ways to achieve these goals. Each of the four themes identified in the CSP are replicated in the Delivery Program and Operational Plan.

The Integrated Planning and Reporting (IPR) Framework includes:

- The CSP Engagement Strategy;
- The Resourcing Strategy, addressing sustainable long term financial, asset management and workforce planning;
- A combined four year Delivery Program 2017/18 – 2020/21 and Operational Plan 2017/18, reviewed annually. The Delivery Program outlines Council's activities planned for the period

to the end of the Council term. The Operational Plan consists of specific tasks identified to be undertaken in the current financial year as part of the Delivery Program activities, together with the related financial, capital works program, budget, and other details;

- Revenue Statement containing the rating structure, annual charges and fees and charges, reviewed annually;
- An Indicators Framework, integrated into the IPR components; and
- Six monthly and yearly progress reports.

"Integration" is the key concept of the IPR Framework, adding to the range of governance frameworks that will guide Council, staff, our community and stakeholders in working together to meet the challenges and opportunities of the next ten years.

Stakeholder Engagement

A wide ranging and comprehensive community engagement program was developed and facilitated by the consultants Straight Talk to gain community and stakeholder input, along with a review of existing Plans, to ensure that the strategic planning aligns with the future vision and aspirations of the community.

The engagement program commenced in September 2016 and comprised two phases. Approximately 800 citizens and stakeholders contributed directly to the Council's work in developing the vision, strategies and outcomes which reflects the needs and priorities of the new Council and our community.

A copy of the Phase One and Phase Two Engagement Outcomes Reports can be viewed on Council's online public engagement hub, EngagementHQ. A copy of the Phase Two Summary Report – Exhibition Period Feedback February 2017 is attached.

Financial Implications

The development of the CSP for the new Council was funded by the Merger Implementation Fund. The Draft Delivery Program maps out the way Council will help to implement the CSP over the next four years. A Financial Strategy and Resourcing Strategy support the strategic directions of the Council.

Next Steps

The CSP will serve as the foundation for everything that we do on behalf of the area going forward. Council's reporting under the indicators framework will include:

- progress on the transformation to becoming a Stronger Council,
- monthly reporting to ELT on Operational Performance Measures that measure trends and progress on Projects, Programs and Activities in the Delivery Program and Operational Plan,
- quarterly reporting to Council on progress against the adopted Delivery Program and Operational Plan,
- annual reporting of the progress of the Delivery Program, and
- monitoring of the progress towards achieving the community outcomes of the Community Strategic Plan using Community and Strategic Indicators.

| | | |
|---------------------|---|------------------------------|
| Item: | 7.2.2 | Ref: AINT/2017/06384 |
| Title: | FOR DECISION: Adoption of Draft Four Year Delivery Program and Operational Plan 2017-2018 | Container: ARC17/1962 |
| Author: | Peter Wilson, Senior Governance Officer | |
| Attachments: | 1. Draft Delivery Program 2017-2021 and Operational Plan 2017-2018 2. Draft Operational Budget 2017-2018 3. Draft Revenue Policy (Part B) - Ordinary Rates and Annual Charges 2017-2018 4. Draft Resourcing Strategy | |

RECOMMENDATION:

- a) **That the Draft Four Year Delivery Program 2017-2021 and Operational Plan 2017-2018 be endorsed;**
- b) **That the Draft Operational Budget 2017-2018 be endorsed;**
- c) **That the Draft Revenue Policy (Parts B) – Ordinary Rates and Annual Charges be endorsed;**
- d) **That the Draft Resourcing Strategy, incorporating the Long Term Financial Plan, be endorsed;**
- e) **That the Draft Plans prepared under the Integrated Planning and Reporting Framework be placed on public exhibition from Friday 19 May to Monday 19 June; and**
- f) **That following the exhibition period (not less than 28 days), a report be presented to Council on 28 June 2017, which outlines community submissions, along with the final IP&R Plans.**

Background:

The purpose of this report is to endorse the various Draft Plans, required to be prepared under the Integrated Planning and Reporting (IPR) Framework, for public exhibition. The Revenue Policy (Part A) – Fees and Charges 2017 – 2018 was endorsed by Council on 12 April 2017 and placed on public exhibition on 13 April 2017 for a period of 28 days.

Key Issues and Risks

The Community Strategic Plan (CSP) captures the long term aspirations of our community. It's a blueprint for the future and tells us what is important to the community, where we should allocate Council resources and is a guide for decision making about issues that will impact the region.

The CSP is however a community plan and therefore the entire community, including all levels of government and the business sector are expected to play a role in implementing the strategic directions.

The Delivery Program (DP) and Operational Plan (OP) provide detail of how the community aspirations in the CSP are systematically translated into actions that lie within the responsibility and resourcing (time, money, assets and people) capacity of Council.

The IPR Framework is built on the quadruple bottom line (QBL), that is, the pillars of sustainability of economy, community, environment and civic leadership. The plans reinforce the imperative of the integration of sustainability into Council's core business as outlined in the DP and OP.

Integrated Planning and Reporting Framework

The NSW Local Government Amendment (Planning and Reporting) Act 2009 introduced a new planning and reporting framework for local government including:

- A Community Strategic Plan (10 Years +);
- A Delivery Program (4 Year Plan);
- An Operational Plan (1 Year Plan);
- A Resourcing Strategy – comprising the Long Term Financial Plan (10 Year Plan), Workforce Management Plan (4 Year Plan) and Asset Management Strategy (10 Year Plan)

The IPR suite of documents have been prepared in accordance with the Framework and legislative requirements.

The Delivery Program and Operational Plan are synergistic and for this reason have been combined to present the individual actions of the Operational Plan, within the context of the Delivery Program's four year agenda.

Stakeholder Engagement

Under the provisions of the Act the IPR suite of documents must be exhibited for public comment for a period of 28 days. The public exhibition period is 19 May to 19 June 2017. Community engagement will be undertaken in accordance with Council's engagement strategy.

The Community Engagement Strategy will involve widespread promotion through advertisements, media releases, e-newsletters, Engagement HQ online hub and social media. Hard copies can be viewed at the Armidale and Guyra offices.

All submissions received during the exhibition period will be reported to Council at its meeting to be held on 28 June 2017. Council is required to adopt the Delivery Program and Operational Plan, Operational Budget, Resourcing Strategy and Revenue Policy by 30 June 2017.

Financial Implications

The combined Delivery Program and Operational Plan outline a range of projects, programs and activities to be completed over the four year timeframe of the Delivery Program. The DP/OP is underpinned by the Resourcing Strategy.

A statement on the 2017-2018 Fees and Charges is detailed in a separate Revenue Policy (Part A) document. The Revenue Policy (Part B) provides statements on the 2017-2018 Ordinary Rates and Annual Charges.

Due to the merger, there was a need for the many separate service fees and charges previously adopted by the former councils to be standardised. While many of the fees are statutory fees or charges and therefore did not differ, there were a number of other fees and charges which have been revised and restructured. This now allows for the fees and charges to be consistently applied throughout the new Armidale Regional Council area. Any fee or charge duplicated across the two former councils were identified and removed.

The NSW Government introduced rate pegging in 1987. Rate pegging limits the amount that Council can increase its rate revenue from one year to the next by a specific figure determined by the Independent Pricing and Regulatory Tribunal (IPART). For the 2017-2018 financial year, IPART has determined that Council's general income may be increased by 1.5%. The rate peg applies to general income in total, and not to individual ratepayers' rates. Councils have discretion to determine how to allocate this increase between different ratepayer categories. Individual rates are also affected by other factors, such as land valuations. General Income comprises income from ordinary rates and special rates only. It does not include income from waste management service charges, water and sewerage services charges.

During the 2016/17 financial year the NSW Valuer General released the new land values for Armidale Regional Council, and these new land values are to be used to distribute the ordinary rates across the LGA in the 2017/18 year.

The NSW Government is introducing arrangements for funding Fire and Rescue NSW, the NSW Rural Fire Service and State Emergency Services.

From 1 July 2017, a Fire and Emergency Services Levy (FESL) will replace the current levy on property insurance. Council is required to collect the FESL on behalf of the NSW Government. The land value used for rating purposes will be one of the factors used to calculate the FESL.

Next Steps

The Draft Plans will be placed on public exhibition from Friday 19 May to Monday 19 June and following the exhibition period (not less than 28 days), a report will be presented to Council on 28 June 2017, which outlines community submissions, along with the final Plans.

Item: 7.2.3 **Ref:** AINT/2017/05084
Title: FOR DECISION: Financial Strategy 2017-2021 **Container:** ARC16/0441
Author: Keith Lockyer, Chief Finance and Information Officer
Attachments: 1. Draft Financial Strategy 2017-2021

RECOMMENDATION:

- a) **That Council endorses the Draft Financial Strategy 2017-2021;**
- b) **That the Strategy be placed on public exhibition for a period of at least 28 days from Friday 19 May to Monday 19 June 2017 and that any submissions received be considered at the Council meeting of 28 June and if no submissions are received the Strategy be adopted;**
- c) **That following adoption of the Strategy, Council will:**
 - i. **Prepare the Long Term Financial Plan to achieve the strategic outcomes over a 5-10 year period.**
 - ii. **Undertake a service level review involving community consultation to assist with securing long term financial sustainability**
- c) **That the Strategy be reviewed a minimum of every two years.**

Introduction:

Both Armidale Dumaresq and Guyra Shire Council were deemed by NSW Treasury Corporation (TCorp) as “not financial sustainable”.

As part of the Local Government Reform Program, NSW TCorp defined:

A financially sustainable council is one that, over the long term, is able to generate sufficient funds to provide the level and scope of services and infrastructure, agreed with its community through the Integrated Planning & Reporting process. (NSW Government).

The purpose of the attached financial strategy document is to outline a road map in order to achieve financial sustainability. The strategy also sets a number of parameters that will guide management and council decisions.

Report:

Local Government Reform was based around the following three elements:

- financial sustainability
- organisation asset management maturity and asset sustainability
- community plans and affordability.

In 2012, the NSW Government commenced a detailed audit of Local Government. The outcome of this review was a majority did not have the capacity or financial resources to meet key financial benchmarks. Subsequent independent reviews between 2012 and 2014 put forward a number of key recommendations to improve the financial capacity of Local Government including:

- merging
- changing the Local Government Act
- regulating Asset Management Practices and Reporting
- implement common performance benchmarks.

The outcome of this review was the introduction of a NSW Local Government Reform program called "Fit For Future". All Councils that merged and those which continued as stand-alone must have an action plan in place to demonstrate how and by when, they can be deemed "Fit". These plans will form part of the annual audit program and Council Performance. Progress will be reported to NSW Government through the NSW Auditor General.

Key Performance Indicators - Fit For Future Councils

| Ratios |
|---|
| Financial |
| Operating Performance Own Source Operating Revenue Unrestricted Current Debt Service Cover Cash Expense Cover Interest Cover |
| Asset |
| Capital Expenditure Infrastructure Backlog Asset Maintenance Building & Infrastructure Renewals |

In addition to the Financial Performance Indicators, TCorp (*2012 Local Government Assessment*) and IPART established some typical characteristics that would define a sustainable robust Council.

Some of the more central ones to financial sustainability and performance include:

- service level continuous improvement culture
- asset management framework and practices
- improved revenue streams
- operational productivity reforms and partnerships
- a management team which understands the business and are focused on sustainability
- a Council that understands its role and to have a long term vision particularly when it manages assets with long useful lives
- in respect of capital expenditure, Councils should concentrate on 'fit for purpose' standards for its assets and at levels agreed with the community
- good reporting and budgeting
- conservative budgeting as a tool to keep pressure on operating budgets and surpluses generated can be allocated for capital expenditure.

For merged councils, the NSW Government's Department of Premier and Cabinet defined some key characteristics of strong local councils. The key themes include:

- strategic capacity
- service provision
- community relations
- organisation performance
- organisation health.

Community Engagement and Internal Consultation

The Financial Strategy 2017-2021 will be placed on public exhibition for community submission.

Financial Implications

The strategy provides a guiding framework for the construction of the Long Term Financial Plan and annual budget.

Good Governance

Previously each council adopted the annual budget without a long term financial objective or a series of agreed Key performance Indicators (KPI's). This strategy will set the financial framework to support good governance decisions.

Integrated Planning and Reporting Framework

The Long Term Financial Plan forms part of the resourcing strategy. The Delivery Program must inform and be informed by, the Resourcing Strategy. The Long Term Financial Plan is an important part of council's strategic planning process. This is the point where long term community aspirations and goals are tested against financial realities. It is also where the council and the community may decide what resources councils need to influence and work with other parties so that they might deliver on responsibilities.

Sustainability Assessment

A financially sustainable council is one that, over the long term, is able to generate sufficient funds to provide the level and scope of services and infrastructure, agreed with its community through the Integrated Planning & Reporting process (NSW Government).

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| Item: | 7.2.4 | Ref: AINT/2017/07118 |
| Title: | FOR DECISION: Merger Implementation Plan | Container: ARC16/0002 |
| Author: | Peter Dennis, Chief Executive Officer | |
| Attachments: | Nil | |

RECOMMENDATION:

- a) **That the allocation of \$5,000,000 from the Merger Implementation Grant for the funding of merger related workstreams and projects, as detailed in the report, be approved.**
- b) **That the CEO be granted delegated authority to approve allocation of the remaining contingency and the prudent ongoing allocation of funding to the nominated workstreams.**

Background:

Through various reports, publications and media releases over the past 12 months, since the merger of Armidale Dumaresq and Guyra Shire Councils, the community has been informed about the State Government funding that is linked to the merger and the programs for expenditure of those funds. In particular, allocation of the \$10 million Stronger Communities fund has been completed, with \$9 million being committed to the completion of new and improved infrastructure and the remaining \$1 million distributed (through individual grants of up to \$50,000) to incorporated not-for-profit community groups for projects designed to build more vibrant, sustainable and inclusive communities.

Concurrent to that funding, the State Government has provided \$5 million to assist in the implementation of the newly merged Council. This funding is known as the 'New Council Implementation Fund'. This paper presents to Council for approval details of how this funding will be expended to achieve its intended outcomes. The project identified all support the requirements of Department of Premier and Cabinet to create a stronger council.

Key Issues and Risks

As was anticipated, administration and administrative costs associated with the logistics of establishing the new Council were incurred immediately from the date of proclamation (12 May 2016).

However, to ensure the prudent and optimum expenditure of these funds and as required by the State Government, an implementation plan has been established and progressively developed. This Plan documents and prioritises the specific projects and activities that either have, are or will be undertaken to support the continued program of implementation of Armidale Regional Council to create a stronger council.

The proposed program has been subject to detailed review by the PMO and Council's leadership team to ensure the workstreams and specific projects ensure best value is achieved in creating a stronger Council and the prudence of the respective projects. Senior management has also work closely with DPC to ensure deployment of the funding is in line with its intended purpose.

Integrated Planning and Reporting

The merger implementation funds are vital for establishing the foundations of the IP&R in the newly formed Armidale Regional Council.

Stakeholder Engagement

The Program Management Office (PMO) has engaged with DPC on the merger implementation plan.

Financial Implications

The PMO and ARC Leadership team have prepared a detailed program plan for prudent and efficient deployment of the Armidale Regional Council implementation fund. Presented in the table below are the ten work streams and associated projects.

| Work Stream | Key Projects | Stream Funding |
|--------------------------------------|---|--------------------|
| Service Delivery | Consolidate LEP and DCP's Customer Strategy Consolidate Emergency Management Plans Boundary Adjustment | \$275,000 |
| Community Engagement | Media and Communications Framework Branding and signage Enhanced integrated website | \$539,500 |
| Organisation Restructure | New organisation structure Recruitment Accommodation Review Redeployment and redundancy costs | \$1,700,000 |
| Our People | Workforce planning Cultural Survey and Leadership Work Safety Strategy and Review | \$312,000 |
| Financial Sustainability | Long Term Financial Plan Rate modelling Enterprise Asset Management System | \$439,000 |
| ICT | Intranet Streaming of Council Meetings New Council Domain Integrated SCADA system - Guyra and Armidale | \$680,000 |
| Business Improvement and Integration | Integrate electronic documentation BI of DA lodgement to improve service levels Integration of systems | \$98,000 |
| Asset Management | Asset Management Framework Strategic Financial Review of Key Assets Business Plans for Council Businesses Consolidate DSP Consolidate open space servicing strategies Capital Governance | \$170,000 |
| Strategic Planning | 2017-27 Community Strategic Plan Integrated Planning Framework Documents Economic Development Strategy for Region Arts and Cultural Plan Enterprise Risk Management Arts Precinct Master Plan Dumaresq Creek Master Plan Smart Regional Plan | \$591,500 |
| Governance & Risk | Consolidate Enterprise Risk Management Plan Review and update BCP Certificates of Title Review and consolidation | \$80,000 |
| Contingency | | \$115,000 |
| Total | | \$5,000,000 |

The program of projects and activities linked to the New Council Implementation funding is both extensive and critical to the establishment of Armidale Regional Council and its future. Whilst some of the projects and activities have either been finalised or nearing completion, others will continue through to the 2017/18 financial year. There is some uncertainty regarding cost associated with the organisation restructure including the size of the redeployment pool which will need to be funded from this budget.

It should be noted that there are many other projects and activities under the respective project streams that are being undertaken within existing operational budgets by staff of Armidale Regional Council, in addition to their substantive duties. These costs have not been included in the above cost estimates.

The associated volume of work is significant and has demanded high levels of output over a sustained period of time, often in challenging periods of change. Such efforts have substantially contributed to the outstanding success of the merger and staff should be both commended on their efforts.

It should also be noted that the allocation of budgets from the Merger Implementation funding to several projects and activities has occurred previously through individual reports to Council. One of the purposes of this report is to ensure that all expenditure from the Merger Implementation funding receives approval of Council.

Next Steps

Council staff with the oversight of the PMO will continue the delivery and execution of the Merger Implementation Program. Strong governance oversight will be provided by the ELT and PMO to ensure effective and prudent deployment of this critical program.

| | | |
|---------------------|---|------------------------------|
| Item: | 7.4.1 | Ref: AINT/2017/07207 |
| Title: | FOR DECISION: Armidale Regional Council Disability Inclusion Action Plan (DIAP) | Container: ARC17/1504 |
| Author: | Jane Guilfoyle, Manager Community Services | |
| Attachments: | 1. Draft Disability Inclusion Action Plan (DIAP) | |

RECOMMENDATION:

- a) **That the draft Disability Inclusion Action Plan (DIAP) be placed on public exhibition for 28 days from 18 May to 15 June 2017.**
- b) **Following the public exhibition period that a final draft and any submissions received be sent to the Council meeting scheduled for 28 June, to be fully endorsed as Council's first DIAP.**

Background:

Disability action planning is not a new approach. Since the introduction of the NSW Disability Services Act 1993 (DSA), all NSW government departments and some other government bodies have been required to undertake disability action planning. The Disability Inclusion Act 2014 (DIA) replaces the DSA, and strengthens the commitment to inclusion, consultation with people with disability and protection of their rights.

It is a legislative requirement for all local councils to have in place a Disability Inclusion Action Plan (DIAP) by 1st July 2017. The DIAP will be lodged on the NSW Disability Council's website and Council will need to report annually to the state government on the status of the DIAP.

Report:

New South Wales (NSW) is entering a new era in disability inclusion planning. This reflects a renewed commitment to the importance of inclusion in building a strong and equitable community in NSW.

The NSW Government is committed to supporting the fundamental right of choice for people with disability. People with disability must have the same right to choose the way to live their lives, to access the same opportunities and enjoy the benefits of living and working in our society. NSW is ensuring the mainstream services it provides are accessible. This underpins disability inclusion planning in the NSW public sector.

The Disability Inclusion Act 2014 (DIA) demonstrates the ongoing commitment of the NSW Government to building an inclusive community and requires the government to produce a Disability Inclusion Plan. The NSW Disability Inclusion Plan supports the DIA and provides a strategy to implement the Act's objects and principles across government and the community. Disability Inclusion Action Plans (DIAP) also mandated by the DIA, play a critical role in promoting the ethos of inclusion and provide the practical measures by which intent is transformed into action by agencies and local government.

Action Plans will outline the practical steps NSW Government agencies will put in place to breakdown barriers and promote access to services, information and employment and promote the rights of people with disability.

The social model of disability, outlined in the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD), states people with disability are not disabled by their impairment but by the barriers in the community that prevent them gaining equal access to information, services, transport, housing, education, training, employment, and social opportunities. The NSW Government will provide a positive role model of inclusion for other sectors of the community.

A project team has been working on ARC's first DIAP since September 2016.

The DIAP sits within Council's CSP.

Key Issues and Risks

Social inclusion is a right of all citizens and needs to be weaved into the fabric of our community life. Without a DIAP our business and our community may not have the parameters in place to guide the community towards social inclusion.

Integrated Planning and Reporting Framework

The DIAP is in line with supporting people in our community.

Stakeholder Engagement

A comprehensive community engagement strategy was developed and delivered and these results form the basis for the DIAP.

Financial Implications

Within the first 12 months of the DIAP scoping of specific works will take place and the results of these scoping exercises will inform the financial implications of the 4 year DIAP. It is anticipated that scoping of works will commence 1 July 2017 and appropriate future budgets will be allocated to identified Actions. There are Actions within the DIAP that require no specific budgets only staff resources.

Next Steps

Once the DIAP is fully endorsed scoping of engineering works will commence. All Actions will be monitored by an internal project team and the Access Advisory Committee. An annual report outlining the status of the DIAP needs to be sent to state government. The report will also go to Council.