



**KEMPSEY**  
Shire Council

## **MAYORAL REPORT**

13<sup>th</sup> February 2007

<b>MM6</b>	<b>INTEGRATED PLANNING AND REPORTING</b>
<b>FILE: 111</b>	<b>EAG {Folio No. *}</b>

### **SUMMARY:**

To outline the options for reformed Integrated Planning and Reporting being proposed by the Department of Local Government.

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### **DESCRIPTION:**

The Minister for Local Government, the Hon Kerry Hickey MP, recently announced a series of proposals that aim to set a new direction for Local Government.

The pressure leading to these changes have been identified in the *Independent Financial Sustainability Inquiry* (the Allan, Darlison and Gibbs inquiry) and Local Governmental Departmental reviews. They have found that there are a number of issues affecting councils' ability to develop and deliver long term strategic plans and achieve better long term outcomes.

These issues include:

- The nature of the existing framework
- A general lack of resources for Local Government
- Confusion over roles and responsibilities in developing strategic plans.
- Uncertainty about how to develop and deliver the plans.
- Lack of long term financial planning.
- Lack of sufficient supporting information to develop a long term plan.
- Uncertainty about integrating council plans with State and regional priorities.

Many councils may be largely unaffected by these issues and do long term planning very well. Other councils are significantly impacted by some or all of these issues and face significant challenges in strategic planning.

Details of the proposals are outlined in the following two documents:

- *A New Direction for Local Government – A Position Paper* Oct 2006; and
- *Planning a Sustainable Future – A Department of Local Government Options Paper on Integrated Planning and Reporting for NSW Local Councils* Nov 2006 (hereafter called the options paper) [Appendix D, part 1, part 2, part 3, part 4, part 5, part 6.](#)

## **Consultations**

To obtain feedback from councils, the Department of Local Government hosted a series of regional workshops on the integrated planning and reporting proposals during February 2007 and Council was represented at the Sydney workshop held on 8 February by myself, the General Manager and Councillor McWilliam.

## **Overview of Options Paper**

The options paper proposed three basic options for the planning and reporting framework:

1. Maintain the status quo
2. Add to the existing framework
3. Reshape the framework

## **Option 1 – Maintain the status quo**

Option 1 proposed maintaining the status quo including the elements below:

- Management Plan 3 years
- Social Plan 5 years
- State of the Environment Report 4 years

The option of maintaining current structures should always be considered.

Whilst having limitations, pros include:

- It encourages at least three years of forward planning
- It includes some requirements for community consultation
- It requires councils to report to their communities on principal activities
- It mandates some social and environmental planning and reporting mechanisms.

Concerns include:

- It doesn't encourage councils to take a long term view.
- It isn't sufficiently flexible to accommodate the varied needs and resources of different councils.
- It is overly prescriptive, encouraging a focus on compliance rather than strategic direction.
- It focuses too heavily on operational matters and doesn't encourage integration with other systems, such as long term financial planning, asset management and land use planning.
- The planning and reporting timeframes don't align.

As the environment in which councils operate is changing, it may not be possible to "maintain the status quo" in terms of planning and reporting. The weight of changing expectations, management roles and infrastructure will demand a new approach not easily catered for by the existing framework.

Over the years, the focus has shifted to compliance with the regulations, rather than applying the strategic intent of the framework. Combined with limitations on resources, this has tended to make planning more reactive than strategic. In this environment, it would be reasonable to suggest that the current planning framework is not providing the optimum results.

If the existing framework is maintained, future impacts could be mitigated by:

- Ensuring impact assessments are undertaken before any new requirements are added
- Providing guidelines and better practice examples to assist councils
- Encouraging regional approaches to some reporting, eg State of the Environment reports
- Making requirements more flexible where possible

## **Option 2 – Add to the existing framework**

Option 2 proposes improving the existing framework by adding a mandatory strategic plan. Under this proposal, councils could be required to:

- Consider the needs of their community over the next 10-20 years
- Identify key directions and priorities
- Outline strategies for achieving these outcomes

Whilst having limitations, pros include:

- It may ensure that long term needs and pressures are considered and the community had more direct input.
- It could enable change with the least disruption.

Concerns include:

- The requirements to complete a separate State of the Environment Report and Social and Community Plan would remain.
- It could result in additional resource requirements for councils.
- The level of benefit that could be obtained from this investment is open to question, because it would still lack integration of the various planning mechanisms.
- Councils would need to determine how they could integrate the objectives of their new strategic plan into the management plan structure and how the social plan and SoE could help to inform the strategic plan. The existing problems with differing timeframes, eg SoEs every four years, social plans every five and management plans at least every three years, would remain. There is also potential for duplication, particularly with community consultation, as the various plans are prepared.

## **Option 3 – Reshape the framework**

The final option is to reshape the existing framework to strengthen strategic focus, streamline the planning and reporting processes, reduce red tape and encourage integration between various plans.

The proposed model is designed to give councils more autonomy in responding to their community's various needs and encourages elected representatives to play a leading role in developing long term plans. Key elements of the model include:

*A mandatory requirement for a long term strategic plan.* This recognises the findings of the Allan inquiry which found that whilst many councils have a strong strategic focus, many councils currently experience difficulty with strategic planning and there are varying views as to what constitutes a "strategic plan". Some regard a "strategic plan" as the combination of their strategic documents, such as the social plan, strategic land use plans, service development strategies etc. Others see it as a separate entity, overarching these documents. There are questions as to whether a council's strategic plan should relate to the future of the community it services, or the future of the council.

*A base model upon which all councils could build.* The strategic plan would focus on building a sustainable community and the various roles that council can play in achieving this aim. Key elements of a sustainable community include social cohesion, functional economy, robust environment and sound infrastructure.

The term "Community Strategic Plan" has been used to refer to the strategic plan, to reinforce the view that it is a plan for the community, rather than just the council. There is no intention to mandate what councils should call their plan. However, all plans would include four mandatory "themes": Social; Environmental; Economic and Governance, which must be addressed in some way.

*A prescribed minimum timeframe of 10 years.* Councils would be free to adopt any timeframe they choose beyond that point. The purpose of the Plan is to identify the community's main priorities and expectations for the future and to plan strategies for achieving these goals.

*Consideration of outcomes that council could achieve by different means.* These include:

- . Providing direct services or programs
- . Providing or facilitating services and programs in partnership with other agencies
- . Acting as a community advocate, to lobby other levels of government and agencies for change.

*Mandatory community engagement.* The method of carrying it out would not be mandated. Council will be free to decide appropriate methods, depending on the nature of its communities.

*A 10 year resourcing strategy outlining the financial commitment required to achieve the Plan's outcomes.* This will give councils a clearer picture of the resources required, particularly if the Plan has identified the need for major capital works or asset upgrades/augmentations.

*Strong working partnership between staff and elected representatives.* For councils to successfully develop their Plan, they will need to have a strong working partnership between elected representatives and staff. It is proposed that the Mayor and councillors would hold legislative responsibility for the Plan. These responsibilities would include establishing the strategic direction of the council, in consultation with the community and staff and ensuring the Plan is implemented and reported to the community.

*Delivery Program.* A delivery program will be prepared by councillors and staff and look at the council's programs and priorities for its term and include four years of detailed budgets. However, councils would still have the flexibility to review these budgets annually when determining their rates and charges for the year.

*Operational Plan.* Councils would also prepare an annual operational plan, which outlines the "nuts and bolts" of implementing the Delivery Program for that year, and the budget that will be required. It will be a separate document to the Plan and the Delivery Program. The operational plan will focus on the detail of implementing each year of the Delivery Program and should not depart substantially from the direction and budgets set in the

Program. Councils will be required to place the document on public exhibition, as it will contain the proposed fees and charges for the year.

*Prescription of General Manager special duties / accountability.* The General Manager would be required to ensure that council is constantly monitoring and assessing its operating environment and adjusting its plans accordingly.

The General Manager would be responsible for ensuring monitoring systems are in place to inform council of key issues that may impact on the Plan. These systems would include, as a minimum:

- . Maintenance of current social planning mechanisms, including demographic profiles
- . Systems for monitoring relevant legislative changes, financial drivers and environmental data
- . Asset management systems and stakeholder consultation networks

While the mandatory structure of the Social Plan would no longer be applied, councils would still be expected to undertake social planning and monitoring. Similarly, State of the Environment reporting would not be prescribed, though councils would be expected to develop adequate monitoring and reporting frameworks, in consultation with the CMA.

Under this model councils would still prepare their Principal LEP, as required by the *Environmental Planning and Assessment Act, 1979*. The underpinning Strategic Land Use Plan and subsequent LEP should reflect the same community directions and priorities identified in the Community Strategic Plan, if adequate consultation has been undertaken. Subsequent reviews of the Community Strategic Plan and the LEP should be regarded as a "cross check" to ensure that both documents are aligned.

*Review.* The Plan would not be submitted to the Department of Local Government for "compliance checking". Regional mentoring and liaison teams including DLG, professionals, LGSA and councillors would consider whether:

- . the Plan adequately addresses the four themes prescribed by the legislation
- . its objectives are tangible and achievable, i.e. not just "motherhood" statements
- . the Delivery Program is adequately aligned with the objectives of the Plan
- . the financial projections and resourcing arrangements are realistic and achievable
- . additional borrowings, or a special variation to rates will be required

Each new council would review the Community Strategic Plan to determine whether or not its objectives were still relevant and appropriate to the community. It would also be required to roll the Plan forward a further four years, so that its planning timeframe is perpetual. If councils wished to change the plan substantially – for example change a key objective – they would need to carry out further consultation with their community.

Pros include:

- Each council would be free to develop its Strategic Plan within the context of its own community needs and existing frameworks, provided that the plan addresses the four key themes of Social; Environmental; Economic; and Governance.
- This model allows councils the maximum flexibility to develop business systems that suit their own particular needs.
- Councils could choose to be more innovative in their approach – or they could simply adopt the basic framework and target their monitoring activities to a series of key indicators, depending on the resources available.
- The requirement to consider resourcing over the 10 year period of the plan will help councils to take a wider view of their needs, considering not only finances, but also human resources and asset requirements.

Concerns include:

- While the mandatory structure of the Social Plan would no longer be applied, councils would still be expected to undertake social planning and monitoring. Similarly, State of the Environment reporting would not be prescribed, though councils would be expected to develop adequate monitoring and reporting frameworks, in consultation with the CMA.
- Option 3 would require substantial changes to existing legislation and a significant implementation period. Some councils have already progressed substantially along the lines of Option 3, but the majority have not yet embraced strategic planning at this level. The initial stages of implementation would involve additional commitment of resources. To assist in the transition, a staged implementation and assistance package is proposed, over the 2008 - 2012 council term.

Kempsey Shire Council is a long way down the track in implementing Option 3. We have just completed extensive community consultation to develop a Community Strategic Plan and this is the subject of a General Manager's Report to this meeting.

The Community Strategic Plan that is being referred to Council for exhibition has been developed by the community; it is for a period in excess of 10 years and complies with the mandatory themes of Social, Environment, Economic and Governance. The Community Strategic Plan is supported by a 10 Year Financial Plan (Resourcing Strategy).

Council prepares an annual operating plan and a management plan with 3 year financial budgets. It would not take a great deal of effort to prepare a 4 year plan for the term of Council with outcomes and performance measures.

We are currently preparing a standard LEP and this can be married to the Community Strategic Plan. How we incorporate the Social Plan and the State of the Environment Report needs to be addressed.

I am concerned about the statement in the position paper regarding changes to natural resource management that, "These changes have led to some questions about the future role local government will play in natural resource management and environmental reporting and the relationships between local councils and Catchment Management

Authorities. These relationships are still being defined and the integrated planning and reporting review has explored the possible linkages between Council's strategic plans and Catchment Action Plans, and the future role of state of the environment reporting."

Does this mean that Catchment Management Authorities will take over council's environmental role and if so will the CMA fully fund the programs or will a levy be placed on councils to fund their programs.

The other aspect of uncertainty is the integrating of Council plans with State and Regional priorities. Although it is necessary for all tiers of government to work together Local Government doesn't want to surrender its independence and be regulated by the State Government in respect to service provision.

The position paper "A New Direction for Local Government" focuses on councils being made stronger through shared continuous improvement. Council strongly supports the resource sharing initiatives of the Mid North Coast Group of Councils. The General Manager advised in his January report that these resource sharing relationships need to be strengthened and a joint meeting of the chairs of the resource sharing groups is to be held on 17<sup>th</sup> February to map out future directions of the alliance.

The major cost of the proposed reforms to Kempsey Shire will be the development of an Asset Management System and it is estimated that the cost of developing one will be in the vicinity of \$100,000. Council has agreed to fund the development of the plan over a number of years. However, if the Department required an earlier timeframe this would have a detrimental affect on our budget. If this requirement is imposed financial assistance or a pro-forma software program should be provided by the Department.

I would propose:

1. That Council support the introduction of Option 3 as that option would –
  - compulsorily require councils to plan long term
  - involve the community in the long term planning process
  - identify shortfalls in Council resourcing
2. That the Department be advised that there are substantial costs in implementing the option and that councils should receive financial assistance as well as the extended timeframe for implementation.
3. That the role of the Mayor and Council should be as a facilitator, and driver of the plan whereas the General Manager and staff should advise Council and the community and implement the plan.
4. That community members in association with Council should develop the plan as a Community Plan not as a Council Plan.
5. That the Annual Report should be the mechanism for reporting achievement of the actions identified in the plan and the factors imparting on Council's ability to achieve those actions over the year.
6. That Council support the initiatives outlined in "A New Direction for Local Government".

I will undoubtedly have more information following the workshop on 8 February. Particularly about the future role of the CMA's and integrating plans with State and Regional priorities.

**REPORT IMPLICATIONS:**

- *Environmental*

*Option 3 will still require monitoring and reporting frameworks in consultation with the CMA.*

- *Social*

*Option 3 would still require social planning and monitoring.*

- *Economic (Financial)*

*Option 3 would require the development of an Asset Management Plan and provide the mechanism for the allocation of resources. The option will make Council more accountable to its community.*

- *Policy or Statutory*

*Nil*

**RECOMMENDATION:**

**That Council forward a submission to the Department of Local Government based on the six proposals outlined in this report.**

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**E A Green**  
**MAYOR**