

challenges improvement innovation good governance

Local Government Reform Program - Promoting Better Practice

REVIEW REPORT

LANE COVE MUNICIPAL COUNCIL

JUNE 2007



dlg Department of Local Government

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1. ABOUT THE REVIEW

Review objectives

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

- to generate momentum for a culture of continuous improvement and greater compliance across local government
- to provide an 'early intervention' option for councils experiencing operating problems
- to promote good governance and ethical conduct principles
- to identify and share innovation and good practice in local government
- to enable the department to use review information to feed back into its work in identifying necessary legislative and policy work for the local government sector.

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

Review process

The review process was developed after extensive research into council performance measurements in Australia and overseas. There are essentially five steps in a review - preparing, assessing, checking, analysing and reporting. The review team examines local circumstances in order to understand the pressures on council and how the council has sought to manage that environment.

The process involves a Department of Local Government (DLG) review team evaluating the effectiveness and efficiency of the council's operations and giving

feedback. This involves checking compliance, examining appropriate practices and ensuring that council has frameworks in place to monitor its performance.

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

Lane Cove Municipal Council Review

Lane Cove Municipal Council was asked to complete a strategic management assessment and a checklist of key council practices. The completed self-assessment, completed checklist and a number of council documents were analysed by the review team prior to commencing the on-site review process.

Steve Woods, Senior Risk Management Consultant, acting for the Department of Local Government, conducted an on-site review of council from 5 February to 9 February 2007.

The review was based on council's response to the self-assessment of its corporate arrangements and capacity. This assessment asked council to respond to four critical questions of its capacity to improve:

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

In order to review council it is necessary to examine its performance across a range of functions. A number of modules of a practice checklist have been developed to assist council in assessing its functions and checking its compliance. Council's

response to the checklist is used as a guide for the on-site review and tests how council has set about delivering its priorities and measuring its achievements.

The on-site review consisted of discussions with council's senior staff, conducting interviews, and the review of a number of council's policies and other documents.

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

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

2. EXECUTIVE SUMMARY

Lane Cove Municipal Council's corporate mission is to be the best managed local council in Australia. In financial terms, council is healthy and is performing better than accepted industry benchmarks. In terms of strategic and operational focus, the planning themes from its Corporate Plan are clearly linked using a quadruple bottom line framework (Environmental, Social, Economic and Governance) to the Management Plan.

Council also has an excellent working relationship with the Northern Sydney Regional Organisation of Councils (NSROC) that has resulted in significant local benefits to the community.

Lane Cove Municipal Council is proud of its village atmosphere and is working with the community in the Lane Cove ALIVE (A Living and Inclusive Village Environment) project to ensure the viability of local shopping areas, while preserving the unique atmosphere already in place. Through extensive consultation with community stakeholders council has developed a Strategic Plan and an Action Plan involving cultural and social events.

Council has been proactive in holding an initial risk management workshop for senior staff and in developing a Risk Management Plan to provide council with a framework to proactively identify and manage generic and specific risks. This has been managed to date with assistance from Metropool.

Council does not have an internal audit function as such. The review recommends that council should continue to promote the establishment of a NSROC Regional Internal Audit Committee to share resources, complete a regional risk assessment and develop a regional Internal Audit Plan to address issues of highest risk.

Lane Cove Municipal Council's Social Plan 2005-2009, Meeting the Needs of Our Community, is well designed and presented, easy to read and conveys a clear sense of the council's commitment to meeting the social needs of its community.

Council is planning to use property development/redevelopment as a potential source of income in the future and a number of major sites have been initially assessed using a cost/benefit analysis. It would be good business practice for council to consider appointing a probity auditor at the commencement of any projects to ensure the appropriate balance of council's role as developer and regulator in undertaking these developments

Council has adequate human resources policies and procedures regulating Recruitment & Selection, Equal Employment Opportunity, Grievance Handling, Workplace Harassment, Occupational Health and Safety (OH&S), Rehabilitation Programme and Leave.

The Human Resources Strategic Plan is linked to the Management Plan and achievement of outcomes. Milestones in the Management Plan 2007-2010 include:

- Implement council's Training Plan
- Promote and review "Our People Achieving" reward and recognition program, and
- Develop, maintain and implement performance management system based on key accountabilities and standards

In summary, the council has strong leadership that is well positioned to strategically address the future needs for the Lane Cove LGA.

3. RECOMMENDATIONS

Governance

1. Council should continue to promote the establishment of a NSROC Regional Internal Audit Committee to share resources, complete a regional risk assessment and develop a regional Internal Audit Plan to address issues of highest risk.
2. Council should develop written procedures for disposing of assets and contract management to ensure controls are adequate having regard to the potential for these areas to be high risk.
3. Council should complete an independent Fraud and Corruption Prevention Risk Assessment and develop guidelines to manage fraud and corruption risks.
4. Council should develop a system for the internal reporting of legislative non-compliance or prosecutions against council.

Regulatory Affairs

5. Council should continue to monitor development application objection levels and periodically revisit the option of introducing an IHAP to consider matters such as contentious DAs, DAs lodged by or on behalf of councillors and senior staff, contentious requests for review (section 82A) and contentious modifications to development consents (section 96).
6. Council should consider undertaking a Water Safety audit of its swimming pools to ensure compliance with Practice Note No. 15.
7. Council should develop a Companion Animals Management Plan as soon as practicable.

8. Council should develop procedures to routinely notify the Department of dog attacks using the Dog Attack Data Collection Form.
9. Council should develop a formal Enforcement and Prosecutions Policy as soon as practicable.

Asset and Financial Management

10. Council should develop a long term asset management plan and link this to a long term financial plan.
11. Council should implement a long term financial plan, as soon as practicable.

Community and Consultation

12. Council should ensure that its Social Plan provides an assessment of the previous social plans to ensure continuity, continuous improvement and corporate learning.
13. Council should consider appointing a probity auditor at the commencement of any major development projects to ensure the appropriate balance of council's role as developer and regulator.
14. Council should clean-up the storage area at the back of the depot as it is a potential security and fire hazard.

Workforce Relations

15. Council should develop succession plans for key positions/personnel, as soon as practicable.

4. CONTEXT

Lane Cove Municipal Council is located on Sydney's lower north shore and has an area of 10.5 square kilometers with 16 kilometres of river foreshore. It is bound by the local government areas (LGAs) of North Sydney to the east, Willoughby to the north, Ryde to the west and Hunters Hill to the south.

Lane Cove LGA has a population of 32,000 people and includes the suburbs of Greenwich, Lane Cove, Lane Cove West, Linley Point, Longueville, Northwood, Osborne Park, Riverview and St Leonards. It is an attractive place to live with a village atmosphere and large amounts of open space, is convenient to employment and public transport and close to both the North Sydney and Sydney CBDs.

The Cam-mer-ray-gal people, who formed part of the Ku-ring-gai tribe, were the original inhabitants and Lane Cove Municipal Council holds an annual spring festival in their honour.

The first recording of the name "Lane Cove" occurred soon after the arrival of the First Fleet in 1788 and the Greenwich Peninsula and the Lane Cove River were both surveyed during that year. The first land grants were made in 1794 and the area was an important source of timber from the earliest days of settlement.

Local government in its present form did not extend north of Sydney harbour until 1865, when an area of the North Shore, including the present municipality of Lane Cove, was proclaimed the Borough of North Willoughby. After a petition from ratepayers of the area, the Governor proclaimed the Borough of Lane Cove a municipality in its own right in February 1895.

The 2001 Census revealed that over 29 per cent of residents were born overseas and the three most common languages spoken at home other than English were Cantonese, Mandarin and Italian.

Community issues that are of current concern in the LGA include the impact of the construction of the Lane Cove Tunnel and its impact on local road congestion,

delays in the Lane Cove Market Square development, the impacts of urban development and any threats to existing bushland.

5. COUNCIL'S AMBITIONS, PRIORITIES AND FUTURE FOCUS

This part of council's assessment focussed on: clear ambition; a focus on communities and services; ownership of problems and willingness to change; a shared and realistic vision; a sustained focus on what matters; improvement integrated into day to day management; flexibility and innovation; capacity and systems to continue to deliver performance improvement.

Strategic planning

Lane Cove Municipal Council's corporate mission is to be the best managed local council in Australia. Council is doing a good job in terms of strategic and operational focus, linking its planning themes from the Corporate Plan 2005 - 2020 using a quadruple bottom line framework (Environmental, Social, Economic and Governance) to the Management Plan. Given its broad community focus, the plan is broader than an organisational corporate plan, and council may wish to consider renaming the plan as a strategic plan to reflect this.

It also has an excellent working relationship with the Northern Sydney Regional Organisation of Councils (NSROC) that has resulted in significant local benefits to the community such as reduced waste and recycling collection costs and development and publication of strategies to achieve the best long-term outcomes for the region in terms of social, economic and environmental planning.

Lane Cove Municipal Council is proud of its village atmosphere and is working with the community in the Lane Cove ALIVE (A Living and Inclusive Village Environment) project to ensure the viability of local shopping areas, such as Lane Cove Plaza, while preserving the unique atmosphere already in place.

Through extensive consultation with community stakeholders, council has developed a Strategic Plan and an Action Plan involving cultural and social events such as a village fair, sunset in the plaza and Chinese New Year celebrations. Council has provided \$100,000 per annum over 3 years (2006-2009) to support the administration of the project, including employing a Project Co-ordinator.

Council's strategic and operational focus is built around six planning themes – Our Natural Environment, Our Built Environment, Our Society, Our Culture, Our Local Economy and Our Council – and each of these themes has goals, key issues, indicators, linkages to Issue plans and new/key actions. Each year council develops a Management Plan, which identifies a range of initiatives to achieve the goals of these planning themes, which are implemented by the various principal activities that represent the current organizational structure (Corporate Services, Environmental Services, Human Services and Open Space and Urban Services). On an annual basis council and senior staff also attend a Corporate Planning weekend to consider longer term strategic issues, review progress and consider the major issues and focus for the coming year.

Council is developing a long term financial plan and a 10-year strategic plan for major developments. The first major development is the Lane Cove Market Square, which incorporates an extended Library and car park. A joint Planning Strategy for development of the St Leonards Centre is also being prepared with Willoughby and North Sydney Councils.

Council values the importance of community consultation and has drafted a new Community Consultation Framework for public comment. Council also used a new 3D planning model SIMMURBAN in providing visual information during community consultation over a recent development proposal.

Council considers that achieving its corporate mission is dependent on having the following values:

- Customer focus
- Integrity
- Consultation
- Equity, and
- Leadership.

Council seeks to display these in meeting Lane Cove community's needs.

Ageing population

Responding to, and planning for major changes and service demands that will flow from Australia's ageing population will be a major challenge for all levels of government.

Between 2004 and 2022 Lane Cove's population is projected to increase in size by 7.7%. Its youth population is projected to decline in size, its working age population to grow slightly, and its elderly population to grow substantially.

Lane Cove 65+ population is projected to grow by 41.4% by 2022, and at 85+ years the increase will be 28.5%. Approximately 12.9% of the Lane Cove population is currently aged 65+ years and this is projected to grow to 16.9% by 2022. Lane Cove 85+ population is projected to increase from 2.1 to 2.5% of the population in the same period. This will have an impact on the demand on services, facilities and infrastructure and all aspects of council's operations.

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

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

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

NSROC has already been active in reporting the impact of population ageing as a major issue for its communities in the *NSROC Regional Social Report of June 2005*.

Lane Cove Council's Social Plan 2005-2009, *Meeting the Needs of Our Community* also outlines a number of goals to be achieved for seniors under the following headings:

- overcoming social isolation
- affordable and appropriate housing
- pedestrian mobility and access
- transport
- participation in community life
- information provision
- care service improvements
- local service co-ordination and access, and
- income security work.

Council's Management Plan and Social Plan are linked to a number of the above goals and it is evident that council has integrated strategies to address this challenge, both from a local and regional perspective.

6. DELIVERING AND ACHIEVING

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

Overview

There is a co-operative working relationship between staff and councillors at Lane Cove. This was evidenced in the strong joint focus on strategic planning and the respect shown to one another during the council meeting observed during the review.

Council promotes important issues with input from key stakeholders and community representatives, provides access to information so that informed decisions can be made and represents the needs of the local communities to higher levels of government.

6.1 Governance

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

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

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

What is working well

Ethics and values

Council has developed a specific set of values that are published on their website and are aligned to the key principles included in its code of conduct.

Council's current code of conduct was adopted in October 2005 and is based on the Model Code of Conduct released by the Department of Local Government in December 2004. A number of briefing sessions have been conducted for councillors and staff outlining the operations and requirements. New staff members are introduced to the code of conduct as part of council's induction process and regular refresher training sessions are available.

The code of conduct is not specifically made available to tenderers and contractors, although it is linked to a statement of business ethics on council's website. A statement of business ethics is also available at council's customer service counter and is written in to contracts.

Pecuniary interests

The *Local Government Act 1993* sets out the parameters that must be adhered to when councillors and staff have a conflict between their public duty and private interests that constitute pecuniary interests. The Act requires that councillors and designated staff complete and lodge disclosure of pecuniary interest returns.

The council maintains a register of disclosure of interest returns by councillors and designated persons, as prescribed by section 449 of the *Local Government Act 1993*. A review of the forms submitted by councillors to disclose pecuniary interests and other matters revealed a small number of minor anomalies, and these were advised to the General Manager for further discussion with the relevant councillors. These include use of the word "various" to cover dates travelled in section D, councillor fees not included as a source of income and disclosing a sole residential property in both sections A & H.

The council has adopted a code of meeting practice, which includes as Part 6 "Pecuniary Interests", outlining a process for disclosure at all council and committee

meetings. This ensures that disclosures are recorded and dealt with in an appropriate manner. Council also has a conflicts of interest policy to assist in these matters.

Risk management and internal control

Council have been proactive in holding an initial risk management workshop for senior staff and developing a Risk Management Plan to provide council with a framework to proactively identify and manage generic and specific risks. This has been managed to date with assistance from Metropool. Assignment of responsibility for risk management across the organisation has not yet been fully implemented.

Review of the plan noted that some risks have been assigned to NSROC and others had been assigned for internal audit. Council does not have an internal audit function as such, but has used a consultant to undertake selected internal audit reviews eg. Lane Cove Golf Course tender. It was also noted that Council does not have an IT Audit capability to review progress of the Information Technology Plan, Disaster Recovery Plan, IT project management, environment controls et al.

These matters were discussed with senior management and it was recommended that Council should continue to promote the establishment of a NSROC Regional Internal Audit Committee to share resources, complete a regional risk assessment and develop a regional Internal Audit Plan to address issues of highest risk.

(Recommendation 1)

Protected disclosures and privacy

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

Council has an Internal Reporting Procedures and Guidelines policy to assist staff with any disclosures of alleged corrupt conduct, maladministration or serious and substantial waste of public money under the *Protected Disclosures Act 1994*. This procedure was last updated in February 2005, but has not been used to date.

Section 9 of council's code of conduct also refers to the Act in addressing reporting of breaches, investigation procedures and sanctions.

Council includes the requirements of the *Protected Disclosures Act 1994* and internal reporting procedures in its induction training of new staff and councillors and has completed refresher training for staff in 2005.

Council also has a very comprehensive Privacy Management Plan, which adequately addresses all the matters in the *Privacy and Personal Information Protection Act 1998*.

Tendering and procurement

Council has a tender and quotation procedure and draft policy that aligns with the NSW Government Code Practice for Procurement. A small sample of tenders and contracts noted that controls were satisfactory, in general, and that management was proactive in acting upon recommendations from the recent internal audit on the golf course tender. For example, council has run familiarisation training for any council staff likely to be involved in a tender/quotation process.

Council has also developed a draft sustainable purchasing policy for all purchases and to ensure that sustainability objectives are part of its tendering policy. It is also seeking to join the new Local Government and Shires Association's Sustainable Choice Purchasing Program.

However, council does not have written procedures for disposing of assets or contract management. It would be good business practice to formalise a procedure to ensure controls are adequate as these areas have the potential to be high risk
(Recommendation 2)

Record keeping

Council uses the TRIM system and has an excellent system of business rules for file creation, including handling various correspondence, sorting, use of scanners, handling emails et al.

Management plan

Each year council is required to prepare a draft Management Plan with respect to its activities for at least the next 3 years and its revenue policy for the next year. Sections 403 and 404 of the *Local Government Act 1993* and the *Local Government (General) Regulation 2005* require certain particulars to be included in council's draft management plan. The draft Management Plan is to be exhibited in accordance with section 405 of the Act.

The council's current Management Plan was examined and found to be in accordance with the relevant provisions of the *Local Government Act 1993* and Regulations.

Council monitors the implementation of the management plan through quarterly reports to council.

Annual report

A review of council's annual report against statutory requirements revealed a high level of compliance.

The only matter noted for discussion was that whilst total remuneration for senior staff was reported, no details of split of the total value of into salary components, superannuation, non-cash benefits and total payable fringe benefits tax for non-cash benefits were reported.

Section 355 and advisory committees

Council has only one section 355 committee, the Shorelink Committee (joint Library computer system), and 34 advisory committees that follow council's code of meeting practice. These committees do not have any delegated authority, separate constitutions or charters. The advisory committees list their agendas and minutes on council's website, allow residents to address them on certain pertinent matters, and can forward recommendations to council for discussion and resolution.

On-going training for councillors

Council has an induction program for elected members consisting of briefings covering topics such as the council's charter, strategic planning, management planning, finance, development and planning controls.

The council also has an ongoing program of training for its elected members. Council keeps records of all training undertaken by its councillors.

Council has a policy in place on access to information for councillors. Council also has developed and implemented a policy in relation to the interaction between councillors and staff.

Challenges to improve

Fraud and corruption prevention

Council has a fraud control strategy and has reviewed fraud risks during 2006 from a financial perspective, as part of its risk management workshop eg. “dummy” staff on payroll. However, it has not had an independent fraud and corruption prevention risk assessment carried out within the last 12 months. This may place some aspects of operations at risk especially if procedures have been changed or controls allowed to lapse. It would be good business practice to develop guidelines to manage these risks. **(Recommendation 3)**

Legislative and regulatory obligations

Council uses the corporate librarian to monitor gazetting of new legislative and regulatory obligations but does not have a system for the internal reporting of legislative non-compliance or prosecutions against council. Council should act promptly to develop such systems. **(Recommendation 4)**

6.2 Regulatory Functions

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

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

- *Council's planning instruments and policies*
- *Development assessment*
- *Section 94 plans*
- *Environmental management*
- *Graffiti removal*
- *Enforcement practices*

What is working well

Strategic planning instruments

Council has an overall strategic planning framework in place for land use, employment and economic development. The strategy has the following components:

- Comprehensive draft LEP 2007
- Lane Cove ALIVE (A Living and Inclusive Village Environment) project to ensure the viability of local shopping areas and maintain the village atmosphere already in place
- NSROC economic contribution report 2004, and
- St Leonards Centre strategy involving Lane Cove, Willoughby and North Sydney Councils.

Council integrates and links its management plan with its LEP, DCP, strategies and State of the Environment Report (SOE). Council reviews and reports on progress on action plans developed for the planning themes of Our Natural Environment, Our Built Environment and Our Local Economy on a quarterly basis.

Council is also participating in the Federal Government's RRIF (Regulation Reduction Incentive Fund) program under AusIndustry with 36 other councils seeking to achieve regulatory and compliance reforms for the benefit of local small businesses.

Development application process

Council is committed to effective pre-lodgement advice to applicants and has a comprehensive Applicant's Pack for proposed development and construction.

In 2005 council reviewed its internal delegation and workflow to improve efficiencies in DA processing by decentralising more application approvals to qualified staff. From September 2005 a new delegation process was introduced where generally, senior planners determine fully complying applications, the Manager of Development Assessment determines applications with minor variations and the Executive Manager determines applications with significant variations proposed or those that relate to modifications to consents determined by council.

Council has a system for monitoring progress and turnaround times for DAs and compliance certificates. Reports and graphs are produced monthly for review.

A review of a report of *Outstanding Development Applications* as at 6 February 2007 noted only two applications outstanding for November and December 2005, one of which involved revised plans and the other being a demolition/construction.

Council does not presently have an independent hearing and assessment panel (IHAP) as a forum for objectors and applicants on certain development applications. Any objections to DAs are considered by full council.

This matter was discussed with the Executive Manager, Environmental Services, who indicated that he favoured mediation for handling all types of development objections and that, based on his experience in working at other councils, an IHAP was not suitable for council at this point in time.

Taking this into account, it would still be good business practice for council to monitor objection levels and periodically revisit the option of introducing an IHAP to consider contentious applications, applications made by or on behalf of councillors and senior staff, contentious requests for review (section 82A) and contentious modifications to development consents (section 96). **(Recommendation 5)**

Development applications currently advertised are listed on council's website and any comments on applications can be emailed to council.

Council applies the 'stop the clock' provisions of the *Environmental Planning and Assessment Regulation* (clause 109-112) in accordance with these regulations and its Authority system utilises the stop the clock functionality.

Section 94 contributions

Council's draft section 94 plan 2006 was presented and adopted for public exhibition in November 2006. Council maintains a section 94 contributions register that ensures that contributions are receipted, monitored and spent within a reasonable time and in the areas to which they relate.

Water safety

Council has supplied a copy of Practice Note No. 15 on Water Safety to its two swimming centres and provided assurances that relevant strategies and all safety requirements are being complied with.

However, it would be good business practice for Council to undertake a compliance audit to ensure that regular risk assessments are being completed of water safety personnel and learn to swim classes and aquatic regulatory requirements are being monitored. **(Recommendation 6)**

State of the environment reporting

Council's SOE reporting complies with departmental guidelines. NSROC and council have an active commitment to managing environmental issues in a practical and meaningful way and NSROC has also produced a regional report, *The Potential Environmental Impacts of a Substantial Population Growth in the Northern Region of Sydney* in July 2005 so that appropriate responses can be developed at a regional, catchment or community level.

Council's SOE is linked with the Management Plan and its Sustainability Plan, *Think Global - Act Local*.

Challenges to improve

Companion animals

Council has procedures on animal control but it does not have a Companion Animals Management Plan to coordinate and manage its work in this area. The development of such a plan has been included in the current Management Plan with a timeframe of June 2007 for completion. A consultant has been recently appointed and background work commenced on Stage 1 – a review of off leash areas.

While council has been taking appropriate enforcement action with regard to dog attacks, it has not been routinely notifying the department of such attacks, using the Dog Attack Data Collection Form. This matter has since been rectified by the Manager, Environmental Health. **(Recommendations 7 & 8)**

Enforcement and prosecutions

Environmental Services utilises the council's Customer Action Request system for reporting and investigating complaints of regulatory non-compliance or unauthorised development. The General Manager reports results to council on a monthly basis. However, council does not have a formal enforcement and Prosecutions Policy and has acknowledged that it would be good business practice to develop this policy. **(Recommendation 9)**

6.3 Asset & Financial Management

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

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

- *Financial management*
- *Asset management*
- *Insurance*

Overview

The council is in a good financial position as highlighted in the figures below.

Liquidity and cash position

Council's unrestricted current ratio (UCR) is considered very good at 6.16 for 2005/06. This represents an increase from 5.59 at the same time in 2004/05 and 5.01 in 2003/04. The UCR measures the adequacy of working capital and the ability to satisfy obligations in the short term. A good UCR is considered to be greater than 2.

Rates and Annual Charges Outstanding Percentage (RACO %) was good at 1.44%. The RACO % assesses the impact of uncollected rates and charges on liquidity and the efficiency of debt recovery. A benchmark for city councils such as Lane Cove is less than 5%.

Council had a good Debt Service Ratio (DSR) of 0.16% for 2005/06. This indicator assesses the degree to which revenues from ordinary activities are committed to the repayment of debt. A DSR of less than 10% is good. A DSR ratio from 10% to 15% is considered borderline and a DSR of 15% or more is considered to be of concern.

What is working well

Council's overall financial position appears to be well above average. All financial indicators are better than accepted industry benchmarks. Council has a program of quarterly reporting of financial performance against performance standards, which is satisfactory. In 2005/06, as in previous years, council was compliant with legislative and other requirements in reporting on its financial position.

Council measures its performance against predetermined standards to assess the financial health of the organisation. The Financial Health Check is used and performance measurement is also reported in the council's management plan and annual financial statements. The finance plan is reviewed quarterly and material differences reported if they arise.

Asset management planning

Council has an asset maintenance program. Council has maintenance programs for its range of assets. The programs are developed predominantly from asset systems and/or service specifications.

Council does not have a long term asset management plan but is working with the NSROC Infrastructure Group to survey assets for asset identification, valuation and condition assessment, to further develop asset software, calculate funding requirements and link this to a long term financial plan. **(Recommendation 10)**

Council's register of infrastructure has been updated during the last year and has established a Major Developments unit to prepare long-term development plans.

Information technology

Council has developed a draft Information Technology Plan 2007-2011 that was adopted by Council in February 2007 and incorporates three planning themes – the right infrastructure, the right practices and quick and easy access to information.

Challenges to improve

Long-term financial planning

A long-term finance plan is under development and is being linked to the long-term asset management plan. The challenge for council is to develop and implement the plan to gain the long-term benefits that are considered achievable.

(Recommendation 11)

6.4 Community & Consultation

A council's charter requires that a council:

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

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

- *The methods council uses to involve and determine the views of its community*
- *Access to information*
- *Interaction between councillors and staff*
- *Social and community functions of council*
- *Annual reporting*
- *Cultural planning*
- *Ethnic affairs obligations*
- *Reporting to the community and keeping the State government informed about its activities*

What is working well

Social and community planning

Lane Cove Council's Social Plan 2005-2009, *Meeting the Needs of Our Community* is well designed and presented, easy to read and conveys a clear sense of the council's commitment to meeting the social needs of its community.

The Social Plan is divided into three parts - a Social Planning Profile, the Social Plan and Target Group Social Plan Chapters containing all mandatory targets except for Aboriginal and Torres Strait Islander people. This target group is contained in a separate Northern Sydney Aboriginal Social Plan 2006-2010.

The Social Plan is well integrated with the Management Plan. Responsibilities for social plan actions are allocated with priorities and identification of key issues to help the community interpret council's intentions for implementing the plan.

However, the Social Plan provides little assessment of the previous social plans to ensure continuity, continuous improvement and corporate learning.
(Recommendation 12)

Council is also developing an Open Space and Recreation Plan to link current Bushland, Estuary, Golf Course, Tree Management and Playground and Community Land plans into a Strategy Action Plan with set objectives and direction for the LGA.

Cultural planning

Lane Cove was the first council in NSW to develop a Cultural Plan in line with all the elements of the (former) NSW Ministry for the Arts Cultural Planning Guidelines and duly won an award for excellence in Cultural Policy and Planning at the Local Government Cultural Awards in May 2005. The name of the Cultural Action Plan, *Expressing Our Culture*, was also picked-up as the theme for the 2005 Lane Cove spring festival, inspiring about fifty festival events.

Council also supports NAIDOC Week, Senior's Week, Youth Week, World Refugee Day, Harmony Day, etc. Council is an active participant in the National Trust Heritage Festival 200t, with Lane Cove Library working in conjunction with the National Trust to present some events.

The Shorelink Library network incorporates Lane Cove, Manly, Mosman, North Sydney and Willoughby councils. The five libraries lent 2.8 million items during 2005-2006 and 77.7% of inter-library loan requests were satisfied within the network. Library customers can search the online catalogue from home, renew their loans, place holds and suggest items for purchase.

Community consultation

Council consults with the community through regular surveys, public forums, focus group meetings and quarterly newsletters. It has also developed a new Community Consultation Framework, which includes new email subscription lists, advisory committee networks, customer satisfaction and other online surveys etc. A draft policy and consultation process and consultation methods guide have been exhibited and placed on Council's website for comment.

Customer service

Council has a Customer Service Charter and partnership agreements for its Front Counter Customer Service team with the Traffic, Open Space, Development, Strategic Planning and Environmental Health managers to provide quality service to its customers. Council has a Front Counter Customer Service work plan and KPIs to measure performance and link to Customer Requests.

MoU with local Aboriginals

Council is committed to a Principles of Co-operation Agreement signed with the Metropolitan Local Aboriginal Land Council in July 2004. The latter is a significant stakeholder within the Lane Cove LGA and a consultation committee has been established to co-ordinate issues associated with the agreement.

Economic development

Council is working with NSROC and local chambers of commerce to promote economic development. Council is developing a 10 year Strategic Plan for Major Developments. A number of major sites have been initially assessed using a cost/benefit analysis. It would be good business practice for council to consider appointing a probity auditor at the commencement of any projects to ensure the appropriate balance of council's role as developer and regulator in undertaking these developments. **(Recommendation 13)**

Challenges to improve

Use of depot facilities by community groups

Discussions with council management indicated that they were considering re-developing a storage area at the back of the depot so that it could be used by a

community group as office space. A review of this site noted it to be a potential security and fire hazard and needed to be cleaned-up, as soon as practicable.

(Recommendation 14)

6.5 Workforce Relations

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

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

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

Overview of the organisation

The Executive Management team is made up of the General Manager and four Executive Managers: Corporate Services, Environmental Services, Human Services and Open Space & Urban Services. The council employs 180 staff – 76% of the workforce is aged 25-54 and 17% aged 55 and over. Women represent 53% of staff.

The total salary expenditure for 2005-2006 was \$9.7 million, which was 2.2% below budget. The value of overtime paid during the last financial year was \$177K.

What is working well

Human Resources strategy and policy framework

Council has a solid strategy and policy framework across its Human Resources area including a Human Resources Strategic Plan, Recruitment & Selection Manual, Equal Employment Opportunity, Grievance Handling, Workplace Harassment,

Occupational Health and Safety (OH&S), Rehabilitation Programme and Leave policies and procedures. All positions have written job descriptions.

The Human Resources Strategic Plan is linked to the Management Plan and achievement of outcomes set out in that plan. Milestones in the Management Plan 2007-2010 include:

- Implement council's Training Plan
- Promote and review "Our People Achieving" reward and recognition program, and
- Develop, maintain and implement performance management system based on key accountabilities and standards

Recruitment and selection

Council ensures that selections are made on the basis of merit, as required by section 349 of the *Local Government Act 1993*, by the following:

- All advertisements and job descriptions clearly outline the qualifications, and both essential and desirable criteria required; and
- All applicants are selected for interview based on a culling process.

Job descriptions and evaluation

All positions within the council have written job descriptions and all employees have copies of their respective job descriptions. Council has a policy and practice for the reviewing of job descriptions at the time of vacancy as well as at the time of employee appraisal.

Occupational Health and Safety

Council has a well-developed OH&S policy and procedural framework and has a practice of conducting systematic OH&S site risk assessments. The number of workplace incidents for 2006/07 was nine (9) YTD, three (3) of which resulted in Workers' Compensation claims.

Challenges to improve

Succession Planning

Council does not have formal succession planning for key positions/personnel, but has an informal mentoring program in place. It has been recognised in the Management Plan 2007-2010 that it would be good business practice to formally complete succession plans, as soon as practicable. (***Recommendation 15***)

7. COUNCIL'S RESPONSE



Lane Cove Council

48 Longueville Road, Lane Cove NSW 2066

Tel: 9911 3555

Fax: 9911 3600

Date: 18 June 2007
Ref: PB:ME

Mr Garry Payne AM
Director General
Department of Local Government
5 O'Keefe Street
Nowra NSW 2541



Dear Mr Payne

Re: Draft Better Practice Review Report

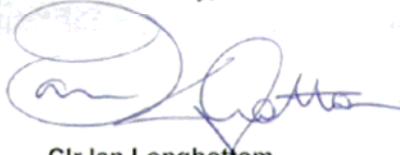
Thank you for the opportunity for Council to participate in the Local Government Reform Program - Promoting Better Practice.

The comprehensive and independent review process was a positive and refreshing experience for Council. It provided management, staff and elected representatives with a valuable external assessment of our strategic management, corporate systems and processes as well our overall capacity to respond to the future needs of the Lane Cove LGA.

We are pleased with the outcome of the review and especially with the professionalism demonstrated by Mr Steve Woods, of the Independent Audit Bureau, while he undertook the review.

The recommendations proposed by the review are of value and will help reinforce many of Council's current priorities. Council looks forward to completing the Action Plan and being able to make public the Report.

Yours faithfully,


Clr Ian Longbottom
Mayor


Peter Brown
General Manager

8. SUMMARY- WHAT'S WORKING WELL & CHALLENGES

COUNCIL'S PRIORITIES AND FOCUS

What is working well

- Clear mission and strong community focus
- Planning integrated throughout council's principal activities
- Meeting the needs of an ageing population

GOVERNANCE

What is working well

- Ethics and values, protected disclosures, privacy and pecuniary interests
- Management Plan and Annual Report
- Risk management and internal control
- On-going councillor training
- Tendering and procurement
- Record keeping

Challenges to improve

- Fraud and corruption prevention
- Legislative and regulatory obligations

REGULATORY

What is working well

- Strategic planning instruments
- Development applications and Section 94
- Water safety
- Companion animals
- State of Environment reporting

Challenges to improve

- Companion Animals
- Enforcement and prosecutions

ASSET AND FINANCIAL MANAGEMENT

What is working well

- Financial performance
- Information technology

Challenges to improve

- Long term financial plan
- Finalising asset management plan

COMMUNITY, COMMUNICATION AND CONSULTATION

What is working well

- Social and community planning and cultural planning
- Community consultation
- Customer service
- MoU with local Aboriginals
- Economic development

Challenges to improve

- Use of depot facilities

WORKPLACE RELATIONS

What is working well

- Human resource strategy and policy framework
- Recruitment and selection and job descriptions
- Occupational health and safety

Challenges to improve

- Succession planning