

**Local Government Reform Program -  
Promoting Better Practice**

challenges improvement innovation good governance

**REVIEW REPORT**

**MANLY COUNCIL**

**JANUARY 2006**



**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 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.

For this review, Manly Council was asked to complete a strategic management assessment and a comprehensive questionnaire about key council practices. The review team examined these and a range of other source documents prior to visiting

council, in order to gain a preliminary understanding on the pressures on council and how the council has sought to manage that environment.

The strategic management assessment tool asked council to respond to four critical questions:

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

Mr Dominic Riordan, Manager, Investigations and Review Branch and a Senior Investigations Officer, Mr Richard Murphy conducted the on-site component of the review from 8 June 2005 to 10 June 2005.

The on-site review involved of a briefing for senior staff, three meetings with the general manager, interviews with a range of specialist staff, an interview with the deputy mayor (as the mayor was overseas), visits to a number of council facilities/worksites, an observation of a precinct committee meeting and the review of a number of council's policies and other documents.

Following the on-site review, further analysis was undertaken. Council management was then provided with the opportunity to respond to a confidential draft report of the review. Council's general manager forwarded comments to the department as a draft basis for discussion, and later confirmed that these comments constituted council's formal response to the draft report. The final text of this report was revised following discussions between council and the department.

This report details the review's findings, recommendations and council's 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

Manly Council faces a range of additional challenges, over and above those inherent in running any general-purpose council of its size. Some of these are related to the context in which it operates. Others are a product of the rapid changes that have occurred within the organisation in recent years. It also faces similar issues to other councils. This report provides a snapshot of how well council is dealing with the challenges it faces.

The Manly local government area is relatively small (16.2 square kilometres) and has an estimated resident population of 39,390<sup>1</sup>. Over 27% of the area is parks and reserves. Most readers of this report will be well aware of Manly's location and topography, its high land values and its iconic status and popularity as a premier tourist destination. The area has no significant "greenfield" sites for development. Care for the environment is clearly important to the Manly community. The combination of these factors presents the council with some of its key challenges.

It is evident that council has experienced a period of significant change since its current general manager commenced with council in December 2002. For example, there is evidence that council's use of technology has increased dramatically and council is introducing or has introduced a number of new/enhanced processes/systems. The systems examined appear to have a sound purpose and are of the type that would be recommended if they were not in place.

However, the review found that there is still significant work required in order to maximise the benefit from the new processes/systems. A critical issue is the management of risk/internal control issues that are inherent when an organisation quickly changes the way it operates. The report provides a number of recommendations on areas that council needs to focus on, in order to ensure that it gains a reasonable return for its investment in the new systems.

The general manager has been and remains central to the strategies currently being pursued across every area of council. It is admirable to see a general manager so obviously engaged with his organisation and committed to its success. However,

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<sup>1</sup>June 2001, Manly Draft Management Plan 2005 - 2008

council needs to consider how, over time, it can ensure that accountability is shared with key specialist managers and staff, and in doing so, how it can become less dependent on individual members of staff.

The report makes a number of recommendations, related to management planning, knowledge management, project and performance management and internal control systems.

The review noted that council needs to review its strategic plan “Vision 2005 and Beyond”. The document may have served council well in the past but its capacity to continue to do so is limited by its age (it was prepared in 2001). It is commendable that council has embarked on a process (Manly Futures Forum) that could be used as catalyst for the development of a new strategic plan.

Council needs a contemporary strategic plan that documents where council needs to be in 10 years time and beyond and which outlines in general terms how it intends getting there. Once the plan is in place, it can be used as the foundation for council’s rolling three-year management plans and the budgetary process.

The report comments critically on the content and format of the proposed management plan for 2005 - 2007, the 2004-2007 management plan and the 2004 annual report. There is significant scope for improvement in these documents.

The on-going relationship between a council and its community is a critical ingredient in council being able to manage its performance over time. A good relationship can enhance public confidence in the process of government and can be invaluable in providing guidance for council officers and programs. It is commendable that council has undertaken a customer satisfaction survey. The ready availability of the mayor and other councillors to meet with community members is also commendable.

Council has a system of precinct committees that provide a valuable opportunity for the community to engage with council – this system has been in place for some time. This report recommends the continuance of the system and makes some suggestions to improve its effectiveness.

The review noted what appears to be a low level of community engagement with management plan for the period 2005 – 2008. Council should consider critically examining the format of its management plan to determine whether it effectively communicates to the community what council intends doing and how it intends using its resources.

The review team noted 52 committees exist to manage or oversight a range of council activities. The number of committees, which are made up of councillors, staff and community representatives, is too great. The often limited scope of committee remits means that committees are often overlooking what would ordinarily be considered day to day management functions. Council should review the current committee structure with a view to rationalising current structures.

Council operates an extensive range of community and cultural services. The review team noted that council has a full time social planner on staff. This position should facilitate council being able to achieve a good level of integration between its community services programs and its overall corporate and land use planning activities.

Council has a strong recent tradition of services for young people, including what is said to be the first Youth Council in NSW. Council's library is well positioned in the centre of the Manly CBD. It is integrated into the Shorelink library network, giving borrowers borrowing rights from all libraries in the SHOROC area. Council is also a significant provider of tourism services, which appropriately reflects Manly's position as a major tourist destination. It runs a visitor information centre that receives 800 visits per day, on average.

Challenges in the community services area include the ongoing demand for childcare (including meeting the needs of 400 children on its waiting list) and council's strategies to deal with demographic change in the local area.

Council's land use planning and development assessment functions have been the subject of extensive reform in the past two years. Most of the reform has been in the

area of development assessment. The review team considers it is vital for council to closely monitor and evaluate these changes and their impact on the overall effectiveness and efficiency of the area. Further refinement in the conduct of this function is likely to be required.

Council's finances appear to be satisfactory. Like most councils, Manly faces challenges in funding current and future infrastructure requirements. It was commendable to note that council has undertaken a number of condition assessments on its current infrastructure and is pursuing strategies to address this issue.

Council faces a number of significant challenges in the attracting maintaining and motivating a skilled workforce. Section 6.5 of the report discuss these challenges and outlines some recommendations for council's consideration.

In summary, council's general manager appears to be driving an intensive change process designed to positively position the council to go forward. However, the pace and volume of change needs to be monitored and managed in a more structured, integrated way. The aim should be to ensure priority tasks are completed without exposing the organisation to excessive levels of risk. The council has noted, in its comments on the draft report, that the risk exposures are related to compliance and process issues. However council should carefully consider the direct and broader implications of such exposures.

A careful review and reinvigoration of council's strategic, management and operational planning process should provide a sound basis for council achieving its ambitions for the Manly local government area.

### **3 RECOMMENDATIONS**

- 1 Council should prepare a new strategic plan using the Manly Futures Forum, Social Plan and Sustainability Plan as a basis.
- 2 Council should revise the structure and content of the management plan to improve clarity, relevance and integration.
- 3 Council's operational processes should require staff to demonstrate how each activity, role, proposal, major purchase etc relates to the management plan and budget.
- 4 Council should adopt a recognised approach to quality management.
- 5 Council should ensure greater use of project planning/management principles.
- 6 Council should review and revise its internal reporting process to ensure that it reflects current statutory provisions and provides clear guidance on who may receive protected disclosures. The revised process should list additional staff that can receive disclosures (other than the general manager).
- 7 Council's conduct committee should meet and agree on procedures for dealing with complaints prior to receiving its first complaint.
- 8 The general manager should ensure all staff are given a copy of the new code of conduct and that they receive regular training that facilitates compliance.
- 9 The general manager should arrange for councillors and staff to be briefed on the correct completion of pecuniary interest returns and ensure that they are provided with a further copy of departmental circular 04/16.
- 10 Council should review the number of council officers who are designated persons to ensure that delegated decisions makers in key areas are designated persons.

- 11 Council should examine the level of staff awareness of the requirement to declare gifts and ensure that training and briefings on the code of conduct stress the importance of using the gift register throughout the year.
- 12 Council should investigate the prevalence and nature of councillor contact with staff and revise its protocols to ensure that the intent of the code of conduct is achieved.
- 13 Council should promptly respond to the department's correspondence about the concerns over the limit on the number of motions a councillor can move.
- 14 Council should revise its code of meeting practice to ensure statutory compliance/consistency.
- 15 Council should amend the code of meeting practice to reflect the current committee structure i.e. replace reference to the Service Planning and Commissioning Committee.
- 16 Council should finalise the procurement guidelines and make them available to all staff.
- 17 The general manager should ensure that training/information sessions on the procurement process are provided.
- 18 Council should review its purchase requisitions and associated forms/templates to ensure that they draw attention to the guidelines and facilitate compliance with the correct process.
- 19 Council should include additional information on tender files so that it can demonstrate that the correct process has been followed.
- 20 Council should cease charging document retrieval fees.

- 21 Council should refrain from processing FOI applications pending confirmation that the applicant wishes to proceed despite the open access policy.
- 22 The general manager should ensure staff are aware of and comply with the business rules for registering/referring correspondence.
- 23 The general manager should expedite the completion and promulgation of a new delegations register/manual.
- 24 Council should undertake a comprehensive risk assessment with a view to ensuring that it is aware of potential threats to its operations.
- 25 Council should develop and implement an action plan to address any critical risks so identified.
- 26 The general manager should ensure all corporate policies and procedures are indexed and readily accessible via the corporate intranet.
- 27 Council should implement controls to ensure that the data entered into the knowledge management system is verified and approved by the relevant manager.
- 28 Council should clarify the status of its *sustainability strategy* and consider the potential of using it an overarching strategy document.
- 29 Council should review the development assessment process, having regard to the intent and effectiveness of recent changes to this area.
- 30 Council should review the criteria for the referral of development applications to its IHAP.
- 31 Council should adopt and implement business rules to ensure that all planning staff promptly update Authority with the current status of DAs.

- 32 Council should accept and process all development applications meeting the legal requirements for a valid application set out in the legislation.
- 33 Council should update the information on its website about the environmental levy program and ensure that its currency is maintained.
- 34 Council should ensure that its State of Environment reports include a more structured outline of council's response strategies.
- 35 Council should prepare and issue a quarterly community report on the environmental levy program.
- 36 Council should ensure complaints made to the Noise hotline are recorded in the CARTS and/or EDRMS systems.
- 37 Council should develop, adopt and implement an enforcement policy based on guidelines issued by the NSW Ombudsman.
- 38 The general manager should ensure that all enforcement officers are keeping records that are sufficient to account for their activities, meet any relevant evidential requirements and otherwise constitute adequate records of council business.
- 39 Council should ensure adequate resourcing is provided to undertake regular health inspections required by law.
- 40 Council should consider using the recently developed beach risk assessment checklist as a tool to audit the effectiveness of its beach operations and/or incorporate the tool in its existing Beach Management Operations Manual.
- 41 The general manager should ensure that managers/delegates are provided with clear, written advice as to the cost centres and budgets they are responsible for controlling.

- 42 The general manager should ensure that the responsible manager approves purchases / costs charged to their cost centre and/or reviews them on a regular basis.
- 43 Council should take steps to reduce the variance between budgeted results and actual results.
- 44 The general manager should ensure managers/delegates receive or have access to reports showing expenditure against their budget/s.
- 45 The general manager should ask the elected council how it wants to be involved in the budget process and ascertain whether there are additional opportunities to increase councillor understanding of and input to the budget.
- 46 Council should adopt a long-term financial strategy.
- 47 Council should trial the use of the LGMA *Financial Health Check* as an enhancement to its quarterly reporting process.
- 48 Council should prepare an Assets Management Plan.
- 49 Council should review the controls and procedures for the management of leases and licences.
- 50 Council should regularly assess the cost/benefits of in-house service provision.
- 51 Council should prepare an Information Technology and Management Plan.
- 52 Council should carry out an annual survey/review of precinct committee operations to monitor their overall effectiveness and to identify issues that need to be addressed.
- 53 Council should evaluate the ongoing/future role of precinct committees.

- 54 Council needs to update its communications protocol and a community consultations protocol.
- 55 Council should publicise provisions for community involvement in council meetings on council's website.
- 56 The general manager should ensure that the content on council website is up-to-date.
- 57 Council should ensure results of the ongoing community surveys are analysed and that the analysis results in conclusions and recommendations for improvement.
- 58 The general manager should ensure all service requests are recorded in the CARTS system as far as practicable.
- 59 Council should update and publicise its complaint-handling process/procedures.
- 60 Council should review and, if necessary, develop further long term strategies to meet current and future needs of older people.
- 61 Council should development a specific strategy for attracting and retaining greater numbers of volunteers to assist in the delivery of relevant community service and environmental programs.
- 62 Council should document its key human resources strategies in a long-term workforce plan.
- 63 Council should undertake a risk assessment to ensure that council is able to respond effectively to the planned and unplanned loss of key personnel.
- 64 The general manager should receive and monitor employee turnover statistics and these should be tracked and analysed over time to identify trends and possible causal factors.

- 65 The general manager should clarify the role of the new position of Organisational Development Officer and ensure that it is communicated to staff.
- 66 Council should ensure that a comprehensive business case should be prepared for all new positions.
- 67 The general manager should assess the adequacy of council's current human resources information system (HRIS) and investigate the cost and benefit of using Authority or another system/s to capture data and report on its human resources strategies.
- 68 The general manager should use the time taken to fill a vacancy as a KPI, to measure the efficiency of council's workforce planning and recruitment processes.
- 69 The general manager should receive and review a monthly report on all current vacancies.
- 70 Council should ensure that it prepares a training plan and budget that complies with the Award.
- 71 Council should review and upgrade its approach to maintaining training records and the process by which training needs are identified and followed up.
- 72 The general manager should ensure that council's performance appraisal system supports compliance with council's statutory obligations as an employer and that appraisals are being completed in accordance with the system.
- 73 Council should determine whether its current and proposed salary system complies with current Award requirements and, if necessary, take action to expedite the implementation of a compliant system.

- 74 Council should seek advice from the LGSA or another appropriate qualified body as to the extent of its potential liability for salary arrears if it is found to have a non-compliant salary system and/or has not been providing staff with access to progression they would otherwise be entitled to.
- 75 Council should consider seeking advice from a remuneration specialist if it is regularly using the market to justify the payment of “above award” salaries.
- 76 Council should revise its EEO plan having regard to the requirements of section 345 of the Local Government Act.

## 4 CONTEXT

Manly Council was incorporated as a local government body in 1877. It has 12 elected councillors and a popularly elected mayor. It does not have wards. The current general manager has been with council for a little over 2½ years. Council employed his predecessor for over 28 years.

Most readers will be aware of Manly's iconic status and popularity as a premier tourist destination. The Manly local government area (LGA) is relatively small (16.2 square kilometres) and has an estimated resident population of 39,390. The area has high land values. There are no greenfield sites available for development. It faces significant challenges in dealing with pressures for redevelopment.

Care for the environment is clearly important to the Manly community. The council operates in a sensitive environment given its location between the harbour and ocean. A significant proportion of the LGA is in a Foreshore Scenic Protection Zone. Over 27% of the area is parks and reserves. Manly's topography is very hilly in parts.

The rising cost of housing in the area has the potential to force out lower socio-economic groups who form the labour pool for the area's service industries, including tourism, retail, nursing and child care and council itself.

The council has to deal with issues arising from the competing demands of residents, businesses and visitors and the close proximity of its residential areas and the commercial/tourist area of Manly. The issues include noise, parking and the behaviour of patrons of licensed premises.

A staff survey conducted in 2003 indicates that there were significant problems in how council was operating. The survey indicated there were concerns that council did not know where it was going, that council was not careful how it planned and used resources and that council did not encourage trust and openness with staff.

The council, in its response to the draft response advised that a further staff survey was conducted subsequent to the review and it "showed positive trending response

in virtually all areas”. It is pleasing to see council using such approaches to measure the effectiveness of its strategies.

Until recently, the organisation made little use of information technology. The systems that were in place lacked integration.

## 5. AMBITIONS, PRIORITIES AND FUTURE FOCUS

The review assessed the clarity of council's strategic direction and whether council plans reflect a shared and realistic vision. We examined council's approach to corporate planning and implementing change. We looked at the degree to which project management and continuous improvement principles were integrated into day-to-day management.

### *Strategic Plan*

Council needs to review its strategic plan "Vision 2005 and Beyond". The document may have served council well in the past but its capacity to continue to do so is limited by its age (it was prepared in 2001). One senior manager observed that *Vision 2005 and Beyond* has run its course. However it is still referred to in the current and proposed management plans.

It is commendable that council has embarked on a process (Manly Futures Forum) that could be used as catalyst/basis for a new strategic plan. We recommend that such a document be used to provide a focus for where council needs to be in 10 years time and beyond. (Recommendation 1)

### *Management Plan*

The broad content of council's management plan appears to satisfy the legislative requirements. However, the current management plan does not appear to be central to the operation of many parts of council.

The DLG has provided councils with a set of guidelines to assist them in developing their management plans. The guidelines point out that councils must take a short, medium and long term focus on the diverse mix of interests and needs that exist in their areas. The guidelines go on to state that addressing this complex, and sometimes conflicting, set of factors cannot be done on an ad hoc basis, but requires thoughtful and insightful planning along with a practical management tool.

The council's management plan is the strategic mechanism within which such planning, policy making and management may take place. The absence of an

agreed strategic plan is reflected in the content of the proposed management plan for 2005 – 2007 and council’s 2004 - 2006 management plan. It is not surprising that the management plans lack clarity and focus. This needs to be addressed in the development of the plan for 2006 – 2008. (Recommendation 2)

Once the strategic plan is in place, it should be used as the foundation for council’s rolling three-year management plans and the budgetary process. The links between the strategic plan, the management plan and the budget should be clear in the published documents. Council’s operational processes should require staff to highlight linkages to the aforementioned documents. (Recommendation 3)

### *Social Plan*

Council prepared and adopted a new social plan in 2004. The plan shows evidence of sound research and appears to contain well thought out and relevant strategies. The plan was submitted to the department in a timely fashion and meets the statutory requirements.

### *Quality Systems*

Council lists “quality” as the first of its values but does not appear to have adopted a quality improvement framework. The absence of such a framework raises questions as to how council defines quality, how it is to be measured and how it is to be tracked over time.

Many contemporary organisations have adopted a quality improvement framework and/or have sought to have their processes accredited to a recognised quality assurance standard such as ISO 9000. A quality improvement framework can assist council focus on what is important, help it gain insight into where it is in terms of quality service provision and provide a useful tool to track progress over time. It is recommended that council consider the merits of adopting a recognised approach to quality management. (Recommendation 4)

Council has adopted a customer service charter. The charter is clear and provides a reference point against which council’s performance can be measured.

### *Project and Performance Management*

The review was concerned that there is evidence of staff working on major projects without written project briefs/plans and without being able readily link their work to the content of the management plan.

Council does have a process where staff seek the approval for some policy initiatives from the Manager Corporate Governance. This is positive as long as it is done consistently and seen as the first step towards developing a project management/quality approach.

Council should consider adopting a process by which staff receive an initial brief to undertake a project (with a clear link to the management plan); staff scope the work and get sign off from an appropriate sponsor; and staff then develop and use detailed project plans (key deliverables, major tasks, budget, critical path/milestones) to guide their work. These plans should become integral to the monitoring and reporting of progress/performance. This approach is recommended as a way of ensuring effort is targeted appropriately, as a means of improving internal control and as a way of managing stress by providing clarity over what is expected.

(Recommendation 5)

### *Information Technology*

It is evident that council has been pursuing e-business as a key priority. Council has obviously made very significant investments in upgrading its information technology infrastructure since the current general manager has been appointed. Many of the applications that will use the infrastructure are still being developed or are yet to deliver their full potential. This is understandable given the apparent speed at which they have been developed.

### *Working Environment*

It is evident that council is undertaking significant work to upgrade the working environment for council employees. In doing so, council is addressing a number of occupational health and safety and access issues. Work is underway at the council chambers and the work depot. Staff we spoke with generally demonstrated a good level of awareness of where improvement was required.

## **Ambitions, Priorities And Future Focus Summary**

### ***What is working well:***

- Manly Futures process underway and could provide the catalyst for a new strategic plan
- Social and Community Plan shows evidence of sound research and strategies that reflect current and emerging issues
- Customer Services Charter in place
- Key Business Systems being built/implemented
- Staff awareness of where improvement is required
- Improvements to the workplace

### ***Challenges to improve:***

- Need to ensure council has a long-term strategic plan to articulate council's and the communities aspirations and how they are to be achieved
- Management systems and operational planning requires refinement and integration
- Consistent use of a recognised quality improvement framework to measure council's service delivery and facilitate on-going improvement.
- Consistent use of a recognised project planning and management methodology

## 6. DELIVERING AND ACHIEVING

This part of council's assessment focussed on five key areas:

- Governance
- Regulatory Functions
- Asset and Financial Management
- Community and Consultation
- Workforce Relations

The review considered council's statutory responsibilities and looked for evidence of good or better practice. The review team looked for:

- 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;
- use of performance information;
- risk managed appropriately;
- exposure to external challenge.

### **Overview**

It is evident that council has experienced a period of significant organisational change since its current general manager commenced in December 2002. For example, there is evidence that council's use of technology has increased dramatically and council is introducing or has introduced a number of new or enhanced internal processes/systems. The systems examined appear to have a sound purpose and were of the type that would be typically recommended, if they were not in place. However, the review found that there is still significant work required in order to maximise the benefit from the new processes/systems. A critical issue is the management of risk/internal control issues in key functional areas. This section of the report provides a number of recommendations that seek to assist council in gaining a reasonable return for its investment in the new systems.

## 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 examined a range of aspects of council’s governance practices including:

- *Council’s planning and reporting processes*
- *Ethics and values*
- *Council’s decision-making processes*
- *Risk management and internal control*

The review considered a number of specific processes including:

- *Adoption of the Model Code of Conduct and its implementation*
- *Internal reporting*
- *Pecuniary interest returns*
- *Gifts Register*
- *Interaction between councillors and staff*
- *Tendering and procurement*
- *Access to information*
- *Code of Meeting Practice*

It should be noted that a number of the aforementioned governance issues are canvassed in the previous section of this report. Clearly, management planning and reporting processes and project management practices are important element in a council’s governance framework.

### *Code of conduct and internal reporting*

Council’s Planning and Strategy Committee adopted a new code of conduct on 11 April 2005. The content of the council’s code is generally consistent with model code but it is structured differently and uses different syntax. Council has also chosen to

incorporate its reporting procedure for protected disclosures into the code. Council should be mindful of the risks in varying its code from the exact wording of the model code. One of the risks is that the council may find it has inadvertently adopted provisions that are inconsistent with the model code.

Council's internal reporting process appears to provide for protected disclosures to be made to supervisors. The council's code *states "the disclosure has to be made ... to the general manager or in accordance with the established reporting procedures within the council."* Part 5(8.2) also refers to supervisors receiving disclosures but part 5(8.3) states *"disclosures must be made directly to the general manager"*.

The internal reporting process contains several such inconsistencies and lacks clarity. The process places too much focus on protected disclosures being made to the general manager and thereby acts to discourage staff who may not be comfortable with approaching him or who lack ready access to him. Section 6.3 of the code is out of date. It needs to be updated so that staff are aware that protected disclosures may be to the Director General of the DLG.

It does not appear that the previous internal reporting process was critically reviewed prior to the code being referred to council for adoption. Such a review is clearly required and should address both statutory compliance and whether the process can be improved having regard to its stated purpose. (Recommendation 6)

The new code of conduct provides for a conduct committee who has a role in dealing with complaints about councillors. The committee has discretion as to how it will operate. Given the sensitive nature of the committee's work, it is recommended that it meet, prior to receiving its first complaint, to develop a set of standard operating procedures. (Recommendation 7)

Council indicated that all employees were to be given a copy of the new code of conduct. Council has subsequently advised that the corporate induction program, which all new staff complete "identifies the Code of Conduct" and further that, "it is available to staff on the intranet". However, given the importance of this issue and

the changes to the code that have occurred, it is critical that council proceed with its stated intention to provide all (new and existing) staff with a hard copy of the Code.

It would be prudent for council to keep a record of when employees are given a copy of the code. Council also needs to ensure that new and existing staff are fully trained in and understand the new code's requirements. Council could consider providing managers with a script on key points to be covered with staff. Consideration could be given to using a consultative committee to communicate council's expectations in relation to the code. (Recommendation 8)

### *Pecuniary interest returns*

The Local Government Act sets out the parameters that must be adhered to when councillors and staff have a conflict between their public duty and private interests that constitutes a pecuniary interest. The Act requires that councillors and designated staff complete and lodge returns disclosing pecuniary interests. It is important that councillors and staff observe these requirements. To not do so has the potential to seriously undermine the community's confidence in the integrity of local government.

The review team examined pecuniary interest returns lodged by all councillors, as well as those of selected council staff. In both cases, the general standard of returns was reasonable. However, we did identify a number of deficiencies:

- The full details of companies and employment, including relevant addresses, were omitted from a number of returns.
- One return was completed in pencil and was barely legible.
- Several returns included details on the wrong sections of the forms (i.e. councillor fees shown as income rather than in section B3 of the form).
- Some returns disclosed interest and/or dividend income, but failed to disclose the source of this income (such as the nature of the bank or financial institution accounts or the details of the shareholdings).
- Some returns raised questions about completeness. They disclosed ownership of what are presumably investment properties but did not disclose rental income.

- A continuing councillor's return for the current year was lodged prior to the end of the reporting period (1 July 2004), possibly due to having confused the councillor's obligations with the obligations on a newly elected councillor. This may mean the councillor has technically failed to lodge a valid return in the current year.

Councillors and staff appear to need more support in this area. A good starting point would be to provide all councillors and staff with a briefing on the correct completion of pecuniary interest returns and a further copy of departmental circular 04/16. (Recommendation 9)

It is important that council carefully consider which staff are required to lodge pecuniary interest returns. When doing so, it is important to strike an appropriate balance between the cost and inconvenience of completing returns with the benefits in terms of accountability from having council staff declare relevant interests.

At Manly, many officers who are delegated decision makers are not required to complete a return. It is surprising that no planning staff other than the relevant manager, and no regulatory staff other than the relevant manager are designated persons. Council should review the number of council officers who are designated persons to ensure that delegated decisions makers in key areas complete returns. (Recommendation 10)

### *Gifts register*

The review team examined councils' gifts register. It has been in place for some time, which is commendable given that it was only made mandatory from 1 January 2005. The entries in the register indicate a good level of knowledge of the gifts register among senior staff and some councillors. The bulk of entries relate to Christmas gifts. This is not entirely unexpected.

However, that there appear to be no entries from staff employed in roles where gift giving is not an unusual occurrence. This includes community services staff (e.g. child care) and outdoor staff who have direct contact with suppliers or members of the community. This may indicate that some groups of staff are not aware of what

constitutes a gift and of the associated requirements. As council is yet to undertake formal training of staff in the new code of conduct, this is a matter that should be given special attention as part of that recommended training. (Recommendation 11)

The council, in its comments on the draft report noted that “the importance of registering gifts in Council’s gift register is part of staff training in Code of Conduct” and that the staff newsletter raises the importance of this issue at intervals during the year and particularly nearing the Christmas period. However, as there appear to be no entries in the register from staff employed in roles where gift giving is not an unusual occurrence, the review team can only reiterate its recommendations to ensure all staff are given a copy of the code of conduct and that council review the effectiveness of its current approach to this issue.

#### *Councillor induction*

New councillors require induction training to equip them with the skills required to properly carry out their duties and allow them to be effective members of council’s elected body. To assist councillors in achieving these goals, councillor induction training should familiarise councillors with the activities and functions of their council and the legislative framework in which they operate. The program should ensure that councillors are made aware of their general legal responsibilities as an elected member and their obligations of disclosure under the pecuniary interest provisions of the Local Government Act. It was pleasing to see that council provided the current elected council with training and that it was well attended.

#### *Interaction between councillors and staff*

Council’s code of conduct contains a requirement that councillors are to “refrain from contacting a member of the staff of the council unless in accordance with procedures governing the interaction of councillors and council staff that have been authorised by the general manager”. It also requires councillors to refrain from directing or influencing, or attempting to direct or influence, any member of the staff of the council or a delegate of the council in the exercise of the functions of the member or delegate.

It appears that the mayor, his staff and other councillors contact members of staff directly, to enquire as to the status of particular matters and/or to obtain information related to constituents' concerns. Council should investigate the prevalence and nature of councillor contact with staff and revise its protocols to ensure that the intent of the code of conduct is achieved. (Recommendation 12)

#### *Council's decision-making processes*

A key document governing council's decision-making process is its Code of Meeting Practice. Council has recently amended its code. Council has placed a limitation on the number of motions to be put by councillors within each calendar year. A concern about this practice was raised with the department. The DLG has written to council seeking its view on the legality of this limitation. Council is yet to respond to this matter. Council should respond to the department's correspondence without further delay. (Recommendation 13) The council, in the response to the draft report commented that it has sought and is awaiting legal advice on this issue.

Given the significance of the change, council should also examine whether the amendment to the code, which introduced the restriction, followed due process, including the requirement to provide proper notice of the change.

The code of meeting practice supplied to the review team prior to the onsite review was not the current code. The current code was not available via council's website as at 23 May 2005 even though the code was adopted on 21 February 2005. Council should implement a procedure to ensure that council codes, policies and procedures are promulgated promptly.

Clause 21 of council's code of meeting practice refers to Disclosure of Interests. This clause is inconsistent with the Act; the code does not require councillors to leave chamber/or be out of sight.

The provisions of the code relating to the exclusion of public from meetings are not consistent with the Local Government Meeting Regulation. Nor does the code contain reference to the limitations outlined in Section 10B of the Act.

Clause 69 of the code acknowledges that Act and regulations take precedence over code but given the significance of the inconsistencies, it is recommended that the code of meeting practice should be revised to ensure statutory compliance/consistency. (Recommendation 14)

The code states that the principal committees of council are:

- (a) the Land Use Management Committee; and
- (b) the Service Planning and Commissioning Committee.

The Service Planning and Commissioning Committee appears to have been replaced by Planning and Strategy Committee. If this is the case, the code should be amended to reflect the current committee structure. (Recommendation 15)

#### *Monthly reporting to councillors*

The General Manager provides councillors with a monthly briefing document. The review team examined the report for April/May 2005. The briefing includes a summary addressing key issues the general manager/council are currently dealing with. This is accompanied by activity reports from each section of council. The briefing indicates a genuine commitment by the general manager to keeping his council informed on the operational activities of council and is to be commended. The format and content of the briefing should be the subject of periodic review, if this is not occurring. A primary consideration in the reviews of the briefing should be whether they are meeting the information needs of councillors.

The briefing could be enhanced by providing a table of contents and by including more comparison data (i.e. comparison to budget, the previous period, comparison to last year). There is scope for council to use colour codes to communicate the status of various activities.

### *Tendering and procurement*

The review team reviewed the papers for two minor procurement matters. The documentation appeared generally to be in order. However, it would be useful for council to adopt a few additional practices to improve its record keeping, such as:

- details of why/how suppliers were selected to quote
- the reason for selecting the preferred quote
- a record of the quotations sought by council (such as a file note where oral quotes are sought, or a copy of the email, facsimile or letter seeking written quotes).

The review team was provided with a set of draft guidelines for purchasing dated November 2004 and a second council document entitled “Tender Procedures Summary”. The documents refer to different thresholds, over which quotations are required and differ in the prescribed manner for obtaining quotations. The review team suggests the level of detail in the latter document should be included in the draft procedures document. The guidelines should be enhanced to include advice about the need for relevant specifications, what type of contract is required and who is delegated to approve the purchase. Council should also include relevant additional information on the probity issues associated with procurement.

Council should finalise the procurement guidelines and make them available to all staff. Training/information sessions on the guidelines/procurement process should be provided to ensure staff are aware of what is expected. Purchase requisitions and associated forms/templates should be reviewed to ensure that they draw attention to the guidelines and facilitate compliance with the correct process. (Recommendations 16, 17 and 18)

The review team randomly examined a tendering file and found that the bulk of better practice requirements were evident on the relevant file. The tender, for a Coastline Management Study, was well documented, with most key pieces of information available on file.

The review team recommends that additional information be included on tender files:

- A record of staff involved in issuing tender documents.

- Records of all communications between potential tenderers and council staff (ideally by way of a single log for each tender).
- Copies of all tender assessment matrixes completed by members of the tender assessment committee, with the names of the members noted on each.
- Tendering procedures should be updated to incorporate this recommendation.

(Recommendation 19)

#### *Access to information*

Council processes about 600 requests for access per annum. Council has a commendable “open access” policy for council information. The policy has broad application and is supported by a procedure that assists counter staff to locate all documents that are to be publicly available pursuant to Section 12(1) of the Local Government Act. However, there are two areas where council needs to improve its current practices.

Council currently charges retrieval fees. The DLG’s view is that there is no valid basis for council to charge a fee for retrieving most documents from its archives. This view is based on section 12(6) of the Act. Unless the document is not the current or immediately preceding version of a council document, it must be made available free of charge. Council should cease imposing retrieval fees. (Recommendation 20)

Second, the council currently processes around 25-30 FOI applications per annum. Given the breadth of council’s open file access policy, the review team recommends that council adopt pro-active procedures that alert potential FOI applicants of the availability of documents under to the open access policy. Council should refrain from processing FOI applications pending confirmation that the applicant wishes to proceed despite the open access policy. (Recommendation 21)

#### *Records management*

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

Council has an Electronic Document Records Management System (EDRMS) that staff generally appear to be aware of and use. Business rules have been developed for the system. Council has a well-established system for ensuring those items entered into the EDRMS and the CART systems are dealt with in a timely fashion. Outstanding matters are brought to the general manager's attention and raised at weekly meetings with line managers.

However, the system is seemingly not being used in the manner in which it was intended and not all council records are registered. For example, when a call is received on the noise hotline, the officer noting the call sends an email to the staff member responsible for following up on the matter. This staff member then responds with an email noting what action was taken. These emails constitute records that need to be kept in accordance with the State Records Act 1998.

The review team identified that two recent circulars from the department to the council had not been registered in the EDRMS. Nor had they apparently been referred to the general manager or public officer's attention. Non-compliance with the business rules for the EDRMS needs to be addressed. (Recommendation 22)

### *Delegations*

The power of delegation is an important tool that assists council officers to carry out the functions of council in an effective and timely manner. Delegations need to be made in accordance with sections 377-381 of the Local Government Act and continually reviewed to ensure they remain current. There is some evidence to suggest that council does not currently have an up-to-date register of delegations granted to council officers. However, it is noted that council is evidently working towards compiling such a register. This work should be finalised as a matter of urgency. Once this is done, it is suggested that the general manager formally withdraw all delegations and reissue them as necessary. (Recommendation 23)

### *Risk management and internal control*

A risk management plan provides council with a framework to proactively identify and manage generic and specific risks so that ethical behaviour and practice can be promoted. Council's focus on risk management appears to be focused primarily on

insurable risk. It has not carried out a fraud risk assessment or a risk assessment of council's procurement practices. It has identified the risk associated with a failure to properly and systematically capture corporate knowledge and has commissioned a knowledge management system.

The review team is concerned that council faces the potential breakdown in internal control due to the pace of change in recent times. During the last two years there is likely to have been significant changes to work processes and delegations. There has also been change in personnel undertaking key roles. It is also evident that council's knowledge management systems and intranet are still maturing.

The review noted that element of some key processes such as procurement have been centralised to achieve greater control and that there is a high level of direct reporting to the general manager on a weekly basis. However, the team remains concerned about the sustainability and reliability of such approaches, particularly where business rules are ill defined or not readily accessible to those who are required to comply with them.

It is recommended that the council:

- Expedite the completion and promulgation of a new delegations register/manual. (Recommendation 23)
- Undertake a comprehensive risk assessment with a view to ensuring that it is aware of potential risks to its operations. (Recommendation 24)
- Develop and implement an action plan to address any critical risks so identified. (Recommendation 25)
- Ensure all corporate policies and procedures are indexed and readily accessible via the corporate intranet. (Recommendation 26)
- Implement controls to ensure that the data entered into the knowledge management system is verified and approved by the relevant manager. (Recommendation 27)

It should be noted that council's response to the draft response advised that:

6. Recommendation 27 (and P33) - The Knowledge Management System does contain controls to ensure the data entered into the system is verified and approved by the relevant manager. There is a trigger in the system to escalate all new or modified entries to the Divisional Manager for authorization prior to appearing as an active entry. Each entry has an expiry date which escalates to the Division Head for review and republication if still relevant. The system records an audit trail of who entered or modified an entry and on what date and time. A Manager is responsible for the overall management of the KMS.

This is noted. However, given the importance of this system, council should ensure that the controls have been implemented, that audit trails are being reviewed and that a person independent of those responsible for the system's development critically assesses the effectiveness of the controls.

## **Governance Summary**

### ***What is working well***

- Council has adopted a new code of conduct to ensure that it complies with the minimum standards specified in the *Model Code of Conduct for Local Councils*
- General standard of pecuniary interest returns
- Gift register has been in place for some time
- Open Access policy in place
- Systems for ensuring correspondence and service requests are dealt with in a timely fashion.

### ***Challenges to improve***

- Internal reporting procedure needs significant revision
- Implementation of new code of conduct
- Use of gift register by certain categories of staff
- Conduct committee procedures be developed and agreed to in advance of complaint being referred
- Complaint handling – policy out of date/not being used
- Systems that facilitate measure and achievement of stated values eg quality
- Interaction between councillors and staff
- Code of meeting practice requires further revision/updating
- Update delegations

- Finalise and promulgate procurement policy/procedures
- Reduction in the number of FOI applications
- Systematic identification and management of risk
- Consistent documentation and application of business rules
- Compliance with business rules for registering/referring correspondence

## 6.2 Regulatory Functions

Council exercises regulatory functions in relation to a range of activities. The efficiency and probity of council's regulatory functions is important to the preserving public trust in council and its staff. The functions involve the use of significant public resources and council staff exercising statutory powers. 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*
- *Beach management*
- *Graffiti removal*
- *Enforcement practices*

The beginning of this section of the report focuses primarily on land use and development assessment issues. It then discusses council's approach to environmental management. It concludes with an examination of council's enforcement practices.

Significant attention has been given to council's development assessment processes and its environmental management practices. This reflects the particular importance of these matters to Manly. Council has made significant changes to its development assessment process in recent times and received awards for its environmental management practices. Given this, the review team gave due prominence to these matters.

### *Status of Local Environmental Plan*

Council's local environmental plan (LEP) was promulgated in 1988. The LEP is short and is structured to be supported, as appropriate, by more detailed provisions in development control plans (DCPs). There is clear evidence that the LEP has been regularly updated, having been the subject of 75 proposed or adopted amendments up to March 2005. Council is in the process of preparing a new area-wide LEP. Prudently, council is awaiting some direction from the State Government before proceeding. Council is also reviewing a number of its development control plans.

### *Integration of land use planning with other programs*

It is important that councils exercise their land use planning powers in an integrated way. Such an approach can help ensure that all relevant issues are taken into account. There is evidence that Manly Council is well advanced in this regard.

Council has a Corporate Planning and Strategy directorate that is separated from the section of council that assesses development applications. There is evidence that the current structure, insofar as it relates to strategic planning, is beneficial.

The review team noted the mature integration of social planning with land use planning. This is a key challenge for councils, and appears to be one that Manly Council is meeting well. The social planner is a key resource for the upcoming review of council's local environmental plan.

There is other evidence of council responding in an integrated manner, to issues that touch on both social and land use issues. Examples of this include the work council is undertaking to examine issues of affordable housing in the council area, and efforts to balance tourism activity in the Manly CBD with residential amenity issues.

The Manager, Planning and Strategy is included as a member of council's Development Assessment Unit. This again gives council an effective means of integrating strategic planning perspectives into the assessment of development applications, and helps ensure that issues arising from the application of council's planning controls can be readily identified and acted upon by strategic planners.

### *Land use strategy*

The review sought to determine whether council is using an overarching strategy document to drive the direction of its land use planning. Manly Council indicated, prior to the on-site visit, that it has an overarching strategy document for land use planning, but did not specify what it was. Some council staff indicated, during the onsite visit, that the overarching strategy document is council's Sustainability Strategy. The review team did not detect a high level of consensus on this matter among senior managers.

While the Sustainability Strategy, of itself, a comprehensive and valuable document, it does not appear to be being used as a key guiding document for council's overall land use activities. Perhaps this is an issue of communication? It certainly highlights a need for council to clarify the and agree on status of the Sustainability Strategy and a potential opportunity for council to use it as it overarching strategy document.

(Recommendation 28)

While the review team formed this view in relation to the Sustainability Strategy, the general manager's comments on the draft report suggests that the view may not be accurate. (see page 77)

It is suggested that the elected council consider whether the general manager's comments on this matter accord with their own understanding of how the Sustainability Strategy is used and whether it requires a briefing from officers on this matter. If there is a range of views expressed by councillors, it is important that council endeavour to reach a consensus as to how it is to be used in the future.

#### *Section 94 contributions plan*

Council has recently adopted a new section 94 contributions plan (11 April 2005), which it hopes will assist to both provide necessary new facilities and to give council a greater capacity to maintain and replace existing infrastructure. Council hopes to generate income of about \$125 million over the next 25 years from the new plan. The adoption of a new plan indicates that council is strategically considering its infrastructure needs and its financial capacity. This is commendable.

#### *Development assessment process – overview*

The development assessment area is, not unsurprisingly, a contentious area for Manly Council. The area has high land values, a generally wealthy and educated population and very little undeveloped land. Council processed 634 applications in 2003-2004, with a mean determination time of 92 days and a median determination time of 87.7 days (based on the department's Comparatives publication).

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Council has significantly overhauled its development assessment process in an effort to improve staff retention and to improve processing times. Trends for mean determination times are positive, but are higher than the average for council's group.

Council's median determination time has been stable. Council's legal costs in development matters has been increasing in recent years, and currently stands at 19% of total planning and development costs.

Council retains a development assessment unit staffed by senior officers, to provide a quality review of applications. From here, councillors have a right to call up matters to council meetings. The rate of call up, at 5%, is low.

Council's efforts to reform processing of applications have centred on separating the administrative issues from the assessment process. It has taken the following steps:

- Use of an audit and support unit to provide pre-lodgement advice, check and verify applications, carry out internal and external referrals, carry out notification and collate applications for assessment
- Nomination of a designated officer to deal with all counter enquiries about planning matters
- Introducing on-line DA tracking
- Developing a free CD containing relevant information for applicants on council requirements
- Introducing the "MyDA" email facility to enable applicants to email council requesting information on the progress of their application
- Introducing a contracted call centre to deal with enquiries about planning matters
- Declining to accept incomplete applications
- Allowing planners to select their own matters
- Restricting the telephone access of other staff to planning staff

Council has no vacancies for planners and claims it has a good recent record of staff retention. Council states that the backlog of applications has been reduced from over 200 to 90 in the past two years. However, community satisfaction of the development control area is at a low level, scoring 4.86 in council's 2004 customer satisfaction survey.

### *Evaluating changes to development assessment*

The council has invested much effort into the reform of the development assessment procedures and has achieved some positive results. However, it is important for council to ensure that the changes are achieving what council wants, and that there are no unintended and/or undesirable consequences.

For example, applicants and objectors now have very limited access to assessing officers. This may, on some accounts be a virtue, but there is clearly a risk that it will generate dissatisfaction and result in communication breakdowns.

Council's planners currently have no role in the assessment process until registration, notification and consultation is complete. Because of this, council planners may not see applications for the first time until after the statutory 40 day period has elapsed. This may be an impediment to council's ability to improve turnaround times. The current process puts significant weight on the audit and support function operating efficiently.

While acknowledging the intent of council's recent changes, it is timely that council review the process to ensure that it achieves the intended outcomes and maximises its opportunities to improve the quality of its service delivery in this key area. (Recommendation 29)

The review team suggest that council considers the following questions in the evaluation of its procedures:

- The impact of the changes to development assessment on turnaround times
- The impact of the changes on staff satisfaction
- The impact of the changes on customer satisfaction
- The impact of the changes on the level of planning related court costs (taking into account the outcomes being achieved in court proceedings)
- Options for further refining or modifying existing procedures
- Whether council should develop a system for fast tracking development assessment outside of the existing procedures

- The costs and benefits of council planning staff having no involvement in applications until notification and referral processes are complete.

#### *Pre-lodgement Service for Development Applications*

Council offers a pre-lodgement service for potential applicants. It makes the service available on a fee paid basis, charging about \$180 per dwelling. The service is a useful one for councils such as Manly. There is evidence of appropriate procedures to ensure that the risks are managed and that the advice is properly documented.

#### *Independent Hearing and Assessment Panel (IHAP)*

Council has created an IHAP to assist with the development control process. An IHAP allows councils to obtain an independent technical review of more significant and contentious development applications. The use of an IHAP can promote greater community confidence in council decisions on such matters. Surprisingly, in spite of being in place for some years, the IHAP has never been used.

Referrals to the IHAP must come from the elected council. Having invested time and effort to establish an IHAP and having regard to the contentious nature of many applications, the review team recommends that council review the criteria and process for referral to the IHAP. Several Sydney councils have established IHAPs; council should seek their advice on how they are using the panel.

(Recommendation 30)

#### *On-line tracking of development applications*

Council has a system of on-line tracking of development applications. This is a valuable innovation in a council area like Manly, where the level of Internet usage is high. However, there is some question over how assiduously council planning staff update the database (Authority) that the online system relies upon.

The availability of online tracking encourages transparency and accountability and can reduce the number of times interested persons contact council seeking information about the status of a matter. These benefits will only accrue if the data is kept current. It is vital that council staff respect the need to ensure that accurate and timely information is available on the DA tracking system. Council should introduce

business rules to ensure that all planning staff promptly update Authority. There should be a regular monitoring of this process to ensure data integrity.  
Recommendation 31

#### *Manager, Development Control*

The review team wishes to make brief mention of the physical conditions in which the Manager, Development Control works. The office is noisy and faces an area where there appears to be high levels of activity. The acoustics of the area are such that at times, during the review team member's meeting, it was virtually impossible to hear what was being said. Council's offices are undergoing significant renovation. We recommend that the council make changes to this office to improve the working conditions in this area.

#### *Quality assurance process for development applications*

Council has a documented process whereby it effectively refuses to accept applications that it assesses as deficient. The review team has concerns about the legality of this practice. In other words, if an application meets the requirements of the Environmental Planning and Assessment Act 1979 and the associated regulation, then it is a valid application and should be processed as such.

There is also risk of abuse of process, through councils exercising the power to refuse to accept applications. The review team recommends that council modify its procedures and in future accept all applications meeting the legal requirements set out in the legislation. (Recommendation 32)

If a valid application lacks required supporting documentation, council should use the "stop the clock" provisions, which are intended to ensure a council's turnaround times are not prejudiced because of deficiencies in applications.

#### *Natural resources management*

Council has a strong focus on natural resource management issues and has recently created a separate branch to managing this area. Council's 2004 Customer Satisfaction Survey rated this area the second highest of all areas, with the environmental services meeting or exceeding customer expectations in 85% of cases.

Council's focus on the environment is reflected in its vision, which mentions a desire for a clean, safe and unique environment. The council is also maintaining a sustainability strategy to guide its work in the environment (as broadly defined). A six member scientific advisory panel guides council in this area.

Council's efforts in this area have resulted in it attracting a number of awards over recent years for its commitment to sustainable development.

#### *Manly Environment Centre*

Council operates the Manly Environment Centre (MEC), a shopfront providing support to council and the community on environmental issues, through the provision of information and research. The centre has existed for over 15 years.

The MEC is working to generate greater accessibility by cataloguing its resources. The centre also runs programs, projects and events to support council's overarching strategies in the areas of sustainability and environmental management. It is a very tangible indication of council's commitment to the environment.

#### *Environmental Levy & State of the Environment Report*

Since 1997 council has administered a special environmental levy to fund remediation of sites in the council area. The levy was extended following a vote of support for its continuation at the 1999 council elections. An Environmental Levy Expenditure Review Committee oversees the program. The program, supplemented by interest income and grant funds, has extended to over 80 projects in the life of the levy. Council reports on the levy through bi-annual community reports and includes details of expenditure and projects in its annual draft management plan.

The council's levy expenditure program is well integrated into its sustainability strategy, where tables across the range of program areas detail whether the particular strategies are to be funded from environmental levy funds.

The review team found the information on council's website about the environmental levy program was out of date. The last community report linked on the website was from March 2004. A number of links on the web page for this particular program were also out of date. This should be addressed. (Recommendation 33)

The review team was not provided with any community levy report for the first half of this year, despite one being due by March-April 2005. It is important that council maintains ongoing community engagement on the program. If a report has not issued since September 2004, then council should prepare and issue one quickly. (Recommendation 34)

The State of the Environment Report (SOE report) is informative and comprehensive. However, it does not clearly indicate which activities are funded by environmental levy funds. This seems a missed opportunity to further enhance community understanding of and support for the environmental levy. It should be addressed in future SOE reports. Indeed, so central is the program to council's work in this area that the review team recommends that council develop a detailed report of activities under this program area for inclusion as a supplement to future SOE reports.

The SOE report, more generally, would benefit from a more structured outline of council's response strategies. These are detailed in a non-prioritised and text rich way that could be improved, to assist the community to digest the material presented. (Recommendation 35)

#### *Water cycle management*

Council has shown leadership in the area of total water cycle management. It has made significant efforts to address the quality of stormwater, to retain and reuse stormwater, grey water and groundwater and to reduce consumption. For example, council is installing a tank along The North Steyne, to capture and reuse stormwater for maintenance of lawns and trees. Council also installed waterless urinals in its beachfront facilities.

#### *Waste management*

Council has worked to reduce waste generation through the provision of just one 55-litre waste bin collection. There has been no growth in waste going to landfill and significant growth in the volume of recyclables being collected (with a current diversion rate of 55% of total waste from households to recycling). There has also been a big fall in waste from public places. This has resulted in a significant extension to the useable life of council's landfill site.

Council is showing leadership by embarking on a zero waste strategy. It is striving to ensure that its major annual outdoor event, the Manly Food and Wine Festival, achieves a 100% recycling rate through collection and reuse of crockery, use of biodegradable cutlery and collection of organic waste (food scraps).

#### *Enforcement overview*

Council operates enforcement activities through its ranger services and through its Regulatory Services Unit. Council also has a separate group of parking enforcement officers. Rangers and Environmental Health Officers are responsible for environmental concerns, enforcement issues and public health matters. Council states its enforcement activities are a mix of proactive and reactive duties. Council's rangers work to lists of current building sites, which assists them to proactively monitor these enforcement hot spots. Council also has a program of public health premises inspections.

#### *Noise in the Manly CBD*

Noise concerns has arisen from the greater residential use in the Manly CBD and the on-going popularity of its licensed premises, especially at night during the warmer months of the year. Council is responding to the concerns on a number of levels.

Council has a "CBD Noise Hotline". The public can use the hotline to report noise complaints. It has initiated an accord with licensed premises to limit movement of drinkers between licensed premises late at night. It has also established the Manly After Midnight task force to further develop responses to the issue. Council also refers specific concerns to the Liquor Administration Board where there are grounds to believe there is non-compliance licensing requirements; council states this has proven very effective.

Council does not appear to record complaints made to the Noise hotline on the CARTS or in EDRMS systems. Nor are associated emails (those referring the matter internally and those reporting on the action taken) recorded in the EDRMS. These emails would appear to be records of the business of council. There are statutory requirements that apply to the keeping of such records. If they are not being

recorded in the EDRMS, there is a real risk of non-compliance. (Recommendation 36)

Council should also be mindful of the well-recognised benefits of having meaningful data on noise complaints and the success or otherwise of different enforcement responses. Council will not be able to determine the seriousness or persistence of a noise issue or the effectiveness of different strategies if does not capture all relevant data in a systematic and consistent way.

#### *Enforcement and Prosecution Policy and Procedures*

While it is apparent that council uses a range of strategies to respond to non-compliance, council has no formal enforcement and prosecutions policy. The enforcement and prosecution discretion is one of a council's most significant powers. It is good practice that councils and other agencies with such powers set out in a considered way a policy to be used to ensure rational and consistent decisions are taken. Alleged inconsistencies in responses are a major source of complaints about councils.

The NSW Ombudsman has developed a set of guidelines to assist councils to develop an enforcement policy. Council should develop a policy using these guidelines. (Recommendation 37)

The review team was told that council has procedures for guiding its enforcement activities, but was not provided with a copy of these despite a number of requests for a copy. The importance of these procedures was highlighted by what appears to be different approaches to keeping field notes on enforcement and compliance matters adopted by different environmental health officers, rangers and parking officers.

Council must ensure that all officers in this area are keeping records that are sufficient to account for their activities, meet any relevant evidential requirements and otherwise constitute adequate records of council business. (Recommendation 38)

#### *Inspections program*

Councils are required to undertake regular inspections of certain types of premises and facilities. These include food outlets, hairdressing salons and checks for legionella. The review team understands that council faces resourcing issues in the

area of enforcement that may prevent the council from completing its annual inspections program under its public health responsibilities. Council needs to ensure that it completes this program and should take action to ensure that it can do so annually. (Recommendation 39)

*Use of education strategies as an alternative to enforcement*

Council has a number of well-developed education strategies to deal with specific enforcement concerns. Its “Bricks and Water Resource Kit” is designed to educate people working on building sites about risks of stormwater pollution. This was developed using environmental levy funding.

Council has also worked with the NSW Government Stormwater Trust to develop its *SEA Change* initiative, to more broadly educate the business community about stormwater pollution issues and to identify and target stormwater pollution hotspots. Again, council has produced a useful information resource to assist with education as a first level response to possible non-compliance.

*Beach Services*

The provision of beach services is clearly a major council activity in an area such as Manly. A member of the review team met with council’s Beach Services Coordinator during the onsite visit to gain an understanding of this aspect of council’s operations. The Beach Services Coordinator identified a number of current and emerging issues impacting on his area of responsibility.

The Beach Services Coordinator is one of council’s longest serving employees. He clearly has an intimate knowledge of the beach and water safety issues. He provided input to the department in the development of the recently issued Water Safety Practice Note.

There have been no drownings on council’s beaches in recent years. This is highly commendable given the high number of visitors and the number of one-time/first time visitors.

Council employs its own lifeguards (a permanent team supplemented by seasonal staff in the summer). Some councils have outsourced this work to contractors. It was

not clear whether senior management or the elected council has considered using a contractor to provide this service. The review team has no view on which option is preferable but it would be prudent for council to periodically examine the merits of both approaches. The Beach Services Coordinator was able to present a number of arguments as to why the in-house option is preferable. Given his experience, his views should be given due weight in any review.

Council has increased its minimum staffing levels on the beach to ensure that it complies with the staffing requirement in the Water Safety Practice Note. This is commendable. It shows that council has appropriately identified the priority that must be given to such issues and is responsive to new guidelines.

The Beach Services Coordinator indicated that recruiting and retaining appropriately qualified staff was an current and increasing challenge. Council has, in the past, established a reciprocal staffing arrangement with a council in England. This is commendable. Unfortunately, the English council has contracted out its service in recent times and the arrangement is no longer in place. This is likely to be an on-going issue for council and should be considered in the development of a long-term workforce plan. Refer to section 6.5 of this report for further commentary and recommendations on workforce planning and recruitment and selection.

The beach services staff are faced with a difficult environment to enforce, given the open nature of a beach, the difficulty of identifying individuals who aren't carrying ID, the inability to confiscate surfboards not being used in the correct area and new restrictions on smoking. As such, the beach staff have to correctly balance water safety issues/supervision and enforcement work. The Beach Services Coordinator described a good level of teamwork between his staff and other enforcement staff (rangers). This is commendable.

The Beach Services Coordinator stated that he does not use a formal approach to identify the risks inherent in delivering his program. However, the general manager subsequently advised the review team that the council does have a "Beach Management operations manual" which is updated annually and includes guidelines

on hazard reporting procedures in relation to day-to-day operation of beach management.

The Beach Services Coordinator advised the review team that the “Lifeguards Association” has recently developed a risk assessment instrument. Council should give consideration incorporating its use in its existing procedures. Alternatively, it would be useful as an audit tool to check the operational effectiveness of council’s existing processes. (Recommendation 40)

*Complaints about matters outside of council’s jurisdiction*

Council’s website redirects enquiries about sites under the control of a private accredited certifier to the Building Professionals Board and related Department of Infrastructure, Planning and Natural Resources websites. This enables members of the public with concerns that are outside of council’s enforcement jurisdiction to quickly access relevant information. The council’s noise hotline service also provides appropriate referral information.

## **Regulatory Functions Summary**

### ***What is working well***

- Land use planning powers being used in an integrated way.
- Manager, Planning and Strategy is included as a member of council's Development Assessment Unit.
- Council has recently adopted a new section 94 contributions plan.
- Trends for mean determination times for DA are positive.
- Council retains a development assessment unit staffed by senior officers, to provide a quality review of applications.
- Rate of councillors calling up DA matters to council meetings, at 5%, is very low.
- Council offers an affordable pre-lodgement Service for Development Applications
- Provision of free CD with information on DA process to prospective applicants.
- Council has received awards for environmental management practices.
- Storm water diversion/Water Cycle management.
- Focus on education/achieving outcome before proceeding to enforcement.
- Multifaceted approach to dealing with noise complaints in the CBD.
- No drowning at beach since 1995.
- Has complied with water safety practice note (increased staffing to min 2 at all times).

### ***Challenges to improve***

- Lack of consensus of status and role of sustainability strategy.
- Legal costs in development matters has been increasing in recent years, and currently stands at 19% of total planning and development costs.
- Community satisfaction of the development control area is at a low level, scoring 4.86 in council's 2004 customer satisfaction survey.
- Online tracking of DA – sustainability of system, currency of data
- Limited access to officers assessing DAs.
- Lacks consistent approach to enforcement and an apparent policy or procedure framework.

- Enforcement officers should keep of consistent records of their activities.
- Need to ensure full program of annual inspections is completed.
- Noise calls not logged into CARTS // related emails not stored in the EDRMS.
- Risk management of beach area ad hoc.

### **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*
- *Information Technology Infrastructure*

#### **Overview of financial position**

##### *Operating Results and Trends*

Council made an operating surplus of \$1.2M before capital items in 2003/04. This is in contrast to deficits for the previous 4 years. Council achieved surpluses after capital items for 4 out of the past 5 years. Council attributed the surplus to a one-off property sale.

Council needs to be mindful that the operating deficits may be an indicator that the council is not be generating sufficient revenue to provide for on-going asset maintenance and replacement. It could also be an indicator that council needs to closely review the current scope and level of activities, to ensure that they can be funded without eroding council's asset base.

It is positive to note that council has sought and received approval for a special variation so that it can increase its Manly Town Centre rate, in order to fund infrastructure improvements.

As noted previously, council has also recently adopted a new Section 94 plan that should, over time, result in significantly higher revenues from developer contributions. The plan allows council the opportunity to recover of costs of existing infrastructure. Care needs to be taken to ensure that these funds are either reserved

for new/replacement infrastructure/community facilities and/or used to reduce borrowings.

### *Accountability*

There is scope for council to increase the accountability of its managers by ensuring that it provides them with clear, written advice as to the cost centres and budgets they are responsible for. (Recommendation 41)

In addition council should ensure that the responsible manager approves purchases/costs charged to their cost centre and/or reviews them on a regular basis. (Recommendation 42)

### *Budgeted v. actual results*

Council achieved a surplus before capital items in 2003/04 of \$1.2M compared to a budgeted surplus of \$389k. Its surplus after capital items for the same period was \$2.6M compared to budgeted surplus of \$1.6M. There were also significant variances between the budgeted and actual results for the previous two financial years. There is clear scope to enhance the accuracy of the budgetary process. (Recommendation 43)

Council has commented that council's budget estimates are forecast based on know data and "best estimates" and that it takes the approach of not locking up large amounts one cost centre, for an event that may or may not eventuate. The full text of the comments is included in Section 7 of this report.

The review team has noted the general manager's comments. However, we should point out that the review was based on council's results for 2003/2004. Council's actual result for 2004/2005 shows an increased variance (in excess of \$1.7 million). Given this, the review team suggest that there is scope for council to reduce the variance between budgeted results and actual results.

The variances for the past two years have been surpluses. Improved budgeting may allow council to consider, when developing its draft management plan, to undertake

more activities, increase funding for certain activities and/or consider varying certain fees and charges.

Councils need to accurately estimate the amount it will require for salary increases. They need to take in account general award increases granted by the Industrial Commission and staff entitlements to salary “progression” as a consequence of skills acquisition and/or performance.

Manly Council has budgeted for 4% increase in salary expenditure. The review team is concerned that there does not to appear to be an adequate empirical basis for the level of the anticipated increase. This needs to be considered when reviewing the accuracy of the budgetary process.

In commenting on the draft response, the council advised, “a comprehensive review of all salary wages positions is undertaken and that generally budgets provide for award increases (3.5% for 2003/04) calculated from the applicable date plus a margin (0.5%) for any wage or salary progression”. It is suggested that council review the adequacy of this approach having regard to the comments later in the report in relation to employee remuneration and specifically recommendations 73, 74 and 75.

The review noted that council has revised its general ledger since the new general manager was appointed. It was explained that the previous chart of accounts did not readily facilitate accurate reporting of expenditure on a program basis. If this was the case, the revision was clearly needed and is to be commended.

Council managers do not appear to be receiving or have access to monthly reports on the expenditure against budgets they are responsible for. If this is the case, this is a significant flaw if it is intended that those managers be accountable for the budget in question. This should be investigated and addressed as a high priority. (Recommendation 44) The council has advised that this issue has been addressed.

#### *Liquidity and cash position*

Council's unrestricted cash ratio (UCR) for the 2003/04 was 1.90. For 2002/03 and 2001/02 it was 1.88 & 3.09 respectively. The UCR measures the adequacy of available cash and the ability to satisfy obligations in the short term. A good UCR is greater than 2. A ratio of 1.5 to 2 could be of concern if other indicators are not adequate.

#### *Collection of rates, annual charges and other debts*

Council's Rates & Annual Charges Outstanding Percentage (RACO%) in 2003/04 was 4.17%. The RACO% is used to assess the impact of uncollected rates and charges on liquidity and the efficiency of debt recovery. A benchmark for city and coastal councils is less than 5%.

Council was apparently owed around \$80K by a neighbouring council/s, a debt related to costs incurred in the promotion of smoke free beaches. This should be investigated. Particular attention should be given to the manner in which the agreement with the neighbouring councils was structured and whether the structure of the agreement has or will reduce the likelihood of council recovering the amount. It should be noted that subsequent to the review that the council has advised that the amount outstanding is approximately \$29,000 and that the agreement between the parties was documented in the SHOROC meeting minutes.

#### *Debt servicing costs*

The Debt Service Ratio (DSR) in 2003/04 was 2.86%. This indicator assesses the degree to which revenues from ordinary activities are committed to the repayment of debt.

#### *Infrastructure Maintenance*

Council's infrastructure assets are in good condition as per the information provided.

The written down value (WDV) of council's assets for 2003/04 period are as follows:

- Roads, Bridges & Footpaths 74%
- Stormwater Drainage 63%.

The department considers that WDV below 50% may be cause for concern. Council's estimate costs to bring its assets to satisfactory condition were \$8.022M in 2003/04.

#### *Auditor's Comments*

The review examined the comments made by council's auditors. They wrote to council stating "... we are of the opinion that Available Working Capital as at 30 June 2004 was adequate." and "Council's overall financial position, when taking into account the above financial indicators, is, in our opinion, sound."

#### *Compliance with the Accounting Code & Annual Report*

Council's annual report is fully compliant with both the Accounting Code and the Local Government Act, in terms of required disclosures. Council has always submitted its financial statements to the department in a timely manner.

#### *Special variations*

Council applied for a special variation (SV) in 1997/98 and was granted 10.35% for environmental management activities. Council applied for and received approval for a 2.3% special variation (above the rate pegging amount) for 2005-2006 for improvements to the town centre.

#### *Business activities*

Council has declared 5 business activities namely domestic waste management, commercial waste, parking station, swim centre and children's services. All of them made losses in 2003/04. The parking station & children's services have made substantial losses regularly. Council's comment in relation to this observation (see Section 7) suggests that some of these activities return a profit if some of the notional costs are not taken into account. However, it is important that council does consider notional costs when evaluating the performance and pricing of these activities.

#### *Councillor involvement in budgetary/financial planning*

It is vital that councillors understand the process by which council's activities are funded. It follows that all councillors should be involved in the development of council's budget. A lack of a comprehensive understanding of the funding/budgetary process is likely to manifest itself in a number of ways. Councillors without a

comprehensive understanding may propose/advocate activities during the year that cannot be responsibly funded. A lack of knowledge and background information will impede a councillor's ability to accurately inform and consult with their constituency. Importantly, a good understanding will make it easier for the elected council to critically review information provided to it by council officers.

The general manager advised that councillors are encouraged to make submissions on the proposed Budget, and that a workshop on the management plan/budget was held early in the year. However, it is the review team's view that councillors receive limited opportunity to review the draft budget prior to the draft management plan being put on exhibition.

Council officers should ask the councillors whether they would like more opportunity to understand and review the budget and give councillors more opportunity to get involved at an earlier stage in the process. (Recommendation 45)

Although council officers were able to describe council's financial strategy (balanced budgets and use of debt for infrastructure) the elected council has not formally endorse this approach. It is recommended that council be provided with a report on its current financial position and recommendations on the various long-term financial strategies open to council. (Recommendation 46)

It is important that councillors are provided with regular information on council's finances, in a form that is accessible and has regard to the different backgrounds of individual councillors. It is recommended that council trial the use of the LGMA *Financial Health Check* as an enhancement to its quarterly reporting process. (Recommendation 47)

#### *Assets Management and Infrastructure Maintenance*

The review did not verify the degree that council has recorded and assessed the condition of its assets base. Anecdotal evidence from council officers indicates that council has undertaken condition assessments on its major assets. As indicated earlier, council is required to report annual on the condition of its infrastructure.

It is open for individual councils to determine what they consider is a “satisfactory” standard for their assets. There is also potential for council’s to make changes to what they consider “satisfactory” from year to year. It was beyond the scope of the review to comment on the accuracy of council’s condition assessments and the associated costings. Nor has the review assessed the consistency of council’s approach from year to year. Notwithstanding this, it is clearly important for council and the community to be mindful of accuracy and consistency, when preparing and considering the reports on the condition of assets.

Council needs a system to ensure that it has an empirical basis for determining what funding will be required to maintain, replace and enhance assets when needed. Council does not appear to have a total asset management system (TAMS). Such a system would assist it in this key area. A comprehensive database should also assist council in the strategic use of its assets. It is recommended that council work towards a comprehensive Asset Management Plan.

Council should prepare such a Asset Management Plan to ensure that it is in a position to consult its community regarding any additional funding required. Such a plan could also assist the council gaining any required approval to increase rates and charges, if this proves necessary. (Recommendation 48)

The review noted that responsibility for the management of council’s assets is shared by different departments/staff. However, there appears to be information sharing and teamwork amongst those involved. This should position council well for a successful implementation of a TAMS and thereby allow it to total maximise the potential benefits.

Council has made progress in consolidating records on leases and licences involving council assets. Currently this information is recorded using an Excel spreadsheet. Evidently there are plans to integrate this data with the property database and the GIS. This is a worthwhile step towards a TAMS.

Currently, responsibilities for control of the leases and licences are shared across a number of positions. Given this, there is a need for controls to protect integrity of

leases and licences database. A policy/procedure document would also help ensure a consistent approach. Council should also consider consolidating responsibility in a single functional area. (Recommendation 49)

It is open to individual councils to decide how they will provide services to their communities. For example, councils have a strategic choice as to whether to provide services directly or via contractors.

Manly Council uses day labour to provide a range of services including infrastructure maintenance, domestic and trade waste collection, street cleaning and beach supervision. There are management overheads involved in providing these services directly and capital costs. There are also costs and risks associated with contracting out services. Council should ensure that it periodically assesses the merits of its strategic choice in this area.

As the custodian and trustee of public assets, the elected council must ensure that the council is delivering its services in the most efficient way. It is not clear whether council has considered this issue in recent times. If it has not, it should do so. Recommendation 50

#### *Information Technology Infrastructure*

There is evidence of very significant investments in new information technology infrastructure over the last two years. The systems being introduced target areas where we would expect to see systems in place. While the review team make no comment on the merits of the technical solutions chosen by council, council staff in very positive terms about the changes. One (non-IT) specialist staff member described the situation he found when he started with council 4 years ago stating the IT was “*archaic ...nothing PC based... a lot of time wasted*”. He said that the changes had been a great improvement.

The investments in information technology appear to be largely driven by the general manager. While the review team makes no comment on the general manager’s ability to correctly identify what is required, the relevant functional manager should be asked to provide a report on the work undertaken to date, including his or her recommendations for consolidating and maximising the return from the investments

that have been made. This should be used to develop a clear strategy/plan for going forward. (Recommendation 51)

It is very difficult for the council and the community to assess whether the investments in information technology are worthwhile and achieving what they are supposed to/what was intended with such a plan being in place. There is also a real risk that investments may be incorrectly targeted and/or of new systems failing due to a pace and timing of their introduction.

## **Asset & Financial Management Summary**

### **What is working well**

- Council's financial position is satisfactory
- General ledger has been reorganised to facilitate improved reporting against programs
- Updated Section 94 plan
- Rapid introduction of new IT infrastructure and systems
- Consolidation of leases and licences

### **Challenges to improve**

- Accuracy of budgets
- Councillor involvement in budgetary process
- Clearly defined ownership/accountability for cost centre budgets
- Use of financial health check to inform council of financial position
- Development of an assets management plan
- Ensuring in-house service position delivers the best value to the community over time
- Lack of a documented IT plan
- Managing the pace of new system implementation
- Ensuring new systems are fully documented and compliance with business rules is monitored in order to ensure data integrity.

## 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 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*
- *How council deals with requests/inquiries from members of the public*
- *Access to information*
- *Social and community functions of council*
- *Cultural planning*
- *Ethnic affairs obligations*
- *Reporting to the community and keeping the State government informed about its activities*

### *Precinct committee system*

Manly council has a mature system of precinct committees to facilitate communication with the community. The system was established in 1990. An officer of council, the Manager Community Relations and Public Affairs, oversees it. The incumbent is relatively new to the position and reported to the review team that the precinct committee system had suffered due to a period where there was a high turnover in the position supporting the committees.

There are twelve committees, although one is presently inactive. Council supports the committees by:

- Providing budget allocations of \$500 per annum towards costs in running the committee

- Facilitating visits from councillors (annually) and from the general manager (twice per a year)
- Providing information for inclusion on committee agendas and in committee newsletters
- Providing council staff to make presentations on relevant information
- Seeking precinct based input into council's annual capital works program
- Providing council's executive with a monthly executive brief items report updating them on precinct meetings
- Coordinating, through the Manager Community Relations and Public Affairs, provision of responses to matters raised at precinct committee meetings.
- Seeking specific comment from committees on major development matters, traffic issues, rezoning and landscaping proposals.
- Providing a precinct committee forum guide to assist in the orderly running of committee meetings.

The review team attended a precinct committee and verified that council actively consults with them. Attendees were provided with a chance to lodge service requests using a carbonised "CARTS" book. The committee also spent time discussing a current traffic plan for the precinct area.

We found that, while there are some delays, council is endeavouring to respond to issues raised at precinct committees in a timely way. There is evidence of a renewed commitment to the system. There is also evidence of ongoing use of the system to involve the community (by, for example including precincts in consultations in preparation of the social plan).

Councils that use precinct committees as primary reference groups face the ongoing challenge of ensuring the committees are representative. One response to this is to use them as an element in an overarching consultation strategy.

The review team recommends that council carry out an annual survey to assist to identify issues in the operation of the committees and to monitor their overall effectiveness. (Recommendation 52)

Further, given the maturity of the program, and changing approaches to community consultation, council should consider evaluating the future role of precincts in council's overall consultation strategies. (Recommendation 53)

#### *Communication protocol and practices*

Council has a communications protocol and a community consultations protocol, both of which appear to be out of date. There is evidence these documents have not kept pace with council practices. Positions named in the documents have changed and practices have evolved. The relevant documents should be updated as a matter of priority. (Recommendation 54)

Besides its precinct committees, the council uses its committees, as well as working parties and advisory committees for bigger single issues. Council has a regular spot in Saturday's Manly Daily, which includes a mayoral column. Council also uses its website to communicate important information to the community. Council also issues a detailed annual community report and a detailed report on its draft annual management plan. This represents a significant ongoing commitment to community communication and consultation.

The Mayor and other councillors appear to be readily available to members of the community. The Mayor has an office in the Manly CBD location away from council main office and visits other shopping centre one a month. The Deputy Mayor has retail business in Seaforth and stated he sees constituents on a daily basis about council matters.

Council's code of meeting practice contains provisions for community involvement in meetings. It has a public forum for issues not on agendas and provides opportunity for the public to speak on agenda items provided prior notice given. This opportunity is well publicised in annual report newsletter to residents but not so clearly publicised on website. It is recommended that content from newsletter be reflected on council's "council meeting" web page. (Recommendation 55)

### *Website*

Council has a fresh website that is in tune with the desire of the community (as reflected in the customer satisfaction survey) to do business with council online. Council provides a range of contemporary services online including the capacity to make service requests, pay rates and monitor development applications. Council's library catalogue is available on line.

However, there is also significant evidence of outdated information on the website (noted elsewhere). Council should explore methods of using the website as a portal to access documents from council's own 'back of house' system. This would mean updating and maintaining current versions is automatic. Once internal versions are updated, the web version is thereby updated. (Recommendation 56)

Council has advised that it has called for expressions of interest for the supply of a contract management system for council's website and that the system was due to be in place prior to the end of 2005.

### *Community surveys*

Councils require regular and detailed information on community attitudes towards their services and performance. Community surveys carried out on a regular basis are a valuable tool to assess community views and to take appropriate action to both correct deficiencies and to build on areas of strength. Council conducted a community satisfaction survey in 2004. The results of the survey were reported to council.

These results form the basis of key performance indicators for the future, assuming that council will conduct further surveys and use the same reporting system. The review team has not found, however, evidence that there were clear actions or strategies arising from the results of the community satisfaction survey. In some respects, this reflects the quite broad nature of the matters examined in the survey. The review team would expect that a process like this would generate conclusions and recommendations for improvement. (Recommendation 57)

### *How council deals with requests/inquiries from members of the public*

Council has well-established systems for recording and recording action on requests and inquiries from members of the public. The general manager received weekly

reports on *overdue* matters registered in the council's EDRMS and in its CARTS system, which it used to record service requests.

Overdue matters are also raised at weekly management meetings. Members of the public are given a CARTS number if they request it. CARTS books are available at precinct committee meetings.

As noted elsewhere, these systems are not always used to record requests e.g. DA related enquiries and calls to the CBD Noise Line are not recorded in CARTS. Council should ensure all service requests are recorded in the CARTS system as far as practicable. (Recommendation 58)

### *Complaint handling*

An effective complaint handling system is an essential part of the provision of quality council services. It is one method of measuring customer satisfaction and a good system can provide a useful source of information and feedback for improving the council's service.

Council has a complaint handling process but it does not appear to be current and/or widely used. The most significant problem with the current document is its structure. For example, while it has a definition section, this section lacks clarity and does not contain all the required definitions. Definitions for terms such as "general complaint" and "service request" are not included in the definition section but are found elsewhere in the document.

There are parts of the document which are nonsensical (see pages 5,10 and 11 for examples) The inclusion of section on protected disclosures is not necessary given focus of the document is on handling of complaints from persons external to council. The flow chart in the document refers to a scenario where complaint is unresolved and no action is taken. The process for taking oral complaints is buried in the document and could lead to the view that complaints must be made in writing. Finally, the process lacks provision for the escalation of complaints to a body external to council. The policy is hard to find on the council's website

The complaints procedures do have some positive elements including time frames for dealing with complaints, provision for acknowledgement of complaints, referral of copies of complaints to senior management, provision for escalation if not resolved within time frames, a complaints register, provision for management reporting, staff training, requirement for follow up action/commitment to improvement and the need for customer awareness of the policy. However, the review team was concerned that the process does not appear to be used.

Council should take the opportunity to update its complaint handling procedures. Once this occurs, the staff and the community should be informed as to their availability and follow up action should be taken to ensure they are used. (Recommendation 59)

#### *Overview of Human Services and Facilities Division*

Council has a high level of commitment to its human services and facilities division. This division looks after community services, cultural and information services and facilities. It is also responsible for major events management.

The most recent Comparatives publication underlines council's strong commitment to this area, with its level of annual expenditure for 2003-2004 at \$77.29 per annum per person, well above the group average. Council's customer satisfaction survey allocated to the community services area the highest rating of all council areas. The services provided appear to be valued by the community.

Council has a regional art gallery and museum, and sponsors significant community events such as the Food and Wine Festival. Staff mentioned a recent initiative designed to support broader community outcomes, known as "Meet Your Street". This involves council facilitating events whereby people living in a street can come together and meet socially. For council, there are clear benefits in building stronger community ties in terms of community safety, community consultation and in relation to development assessment outcomes.

#### *Services for young people*

Council has a strong reputation for providing a range of services for young people. Council's Youth Council is a long established means of establishing a method for

communication with and consultation with young people. The council has included the head of its youth council on other groups dealing with issues affecting young people, such as the Manly After Midnight Taskforce and the Community Safety Committee. This is a strong signal that council is prepared to involve young people on issues where their interests could easily be ignored. Council also provides a counselling service for adolescents and families and operates a youth centre. Council's commitment to youth week is significant. Council was recently awarded a prize at the Local Government Cultural Awards for its "24/7" film competition where young people were given 24 hours to prepare a seven minute film.

### *Social plan*

Council has a comprehensive social plan completed in 2004 and covering the period 2004 – 2009. The plan is broadly in compliance with the Department's guidelines and is a well presented and structured plan. The plan emerges from a comprehensive needs analyses across the range of target groups.

The social plan has been translated into a comprehensive action plan being implemented under the oversight of council's social planner. There is a degree of integration of the social plan with other key council plans, such as council's sustainability strategy. Most pleasing, as noted earlier, is the manner in which social plan strategies integrate with council land use and council service provision functions. Council also has a social plan implementation committee to oversight delivery of the plan.

### *An ageing population*

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

Between 2004 and 2022 the population of Manly is projected to increase in size from 39318 to around 43515 (10.7%). These figures on one level indicate that the challenges inherent in serving an ageing population is much less daunting in Manly than in many other NSW local government areas. But on another level, the increase represents a nearly 50% growth in residents aged 65 or older. (Population Ageing in New South Wales and its Local Government Areas, Dr. Natalie Jackson, Director,

Demographic Analytical Services Unit, University of Tasmania). As such, it is an issue that the council will need to continue monitoring.

The impact on the demand on services, facilities and infrastructure will be significant and will impact on virtually all aspects of council's operations. The Local Government and Shires Associations have produced *Planning the Local Government Response to Ageing and Place*. The department encourages councils to use this paper in its planning process. Council appears to have a level of awareness of ageing issues.

Council's social plan, while including a number of strategies for older people, does not address the needs of this group in particular depth. For example, where there is recognition of the need for adaptable housing and housing suitable for older people, this is not an issue that is identified in the social plan as impacting on older people.

It is vital that council has integrated strategies across its various function areas to address this challenge. Given council's ageing population will increase at a significant rate, council needs to consider ways to raise the awareness of this issue across all sections of council. Building upon strategies in its Social Plan and using the Ageing and Place Framework developed by the Associations, council should review and, if necessary, develop further long term strategies to meet current and future needs of older people. (Recommendation 60)

### *Volunteering*

Council has about 200 volunteers working on meals on wheels, and involves members of the community on a voluntary basis in a range of other activities including bush regeneration. But the review team notes that council does not identify any specific programs to attract and maintain what is a potentially very valuable means of assisting council to deliver services. Council's demographics suggest that the area has many potential volunteers, particularly with the growth of the 'healthy aged', that is retired older people who are well, active and capable. The review team recommends that council examine establishing a specific strategy of attracting greater numbers of volunteers to assist in the provision of council services. (Recommendation 61)

## **Community & Consultation Summary**

### ***What is working well***

- Commitment to precinct committees
- Assess to councillors
- Community survey provides useful data
- Annual community newsletter
- Website is ambitious in its scope
- CARTS (system for recording/tracking service requests) in place
- Social plan has been translated into a comprehensive action plan
- Commitment to youth and cultural services
- “Meet Your Street” program

### ***Challenges to improve***

- Rationalising the number of consultative bodies
- Need to evaluate the on-going role and effectiveness of precinct committees
- Maintaining up-to-date website content
- CARTS not being used to track all service requests
- Strategies to meet current and future needs of older people
- Communication protocol and practices needs updating

## 6.5 Workforce Relations

All employers have legislative responsibilities in relation to their staff. The *Local Government Act* and the *Local Government (State) Award* impose additional requirements on councils. Importantly, a council's charter requires it to conduct itself as a responsible employer.

The review focused on a number of council's human resources systems and associated strategies, policies, procedures and reporting. Sufficient evidence was obtained to allow us to provide a commentary on the following matters:

- *Workforce planning*
- *Human Resources Information System (HRIS)*
- *Recruitment and selection processes*
- *Employee remuneration*
- *Equal employment opportunity*
- *Performance Management*
- *Training*
- *Occupational health and safety*

### *Workforce planning*

All councils are, to varying degrees, required to respond to workforce issues such as:

- Shortage of workers, especially those with specialised skills, such as town planners;
- An ageing workforce;
- Changes in workload for certain sections as council's and government priorities change;
- Retention of experienced staff;
- Remuneration/market pressures for higher wages;
- Societal demands for a better work/life balance.

The importance of having clear human resources strategies is underlined by the requirement in the *Local Government Act* (section 403(2)) for human resource activities to be included council's management plan.

It was apparent that council's senior managers are aware of a range of issues impacting on their workforce. However, council needs to be mindful of the need to regularly revisit its workforce relations strategies, to ensure that it identifies and can respond to new and ongoing issues. It is recommended that council document its strategies in a long-term workforce plan. The plan should address the staffing needs of each section of council and/or each occupational grouping. (Recommendation 62)

A risk assessment should be undertaken, to ensure that council is able to respond effectively to the planned and unplanned loss of key personnel i.e. those whose work could not be performed by another employee and whose absence would have a significant impact on council's ability to implement its management plan and/or statutory functions. (Recommendation 63)

Council reported a significant drop in employee turnover but no statistics to support this claim were sighted by the review team. Statistics on employee turnover should be tracked over time and analysed to identify trends and possible causal factors. (Recommendation 64)

Council has recently appointment of an Organisational Development Officer. This is a new position. While the establishment of this position is a clear acknowledgement of importance of staff to council's performance, there do not appear to be clear objectives for the role or an understanding, on the part of key personnel, of how it will impact on other roles. Clearly this needs to be addressed. (Recommendation 65)

The apparent lack of a documented business case to justify the appointment of the Organisational Development Officer suggest that there is potential for council to approach such matters (the creation of new roles/the filling of vacant positions) with greater discipline. A comprehensive business case should be prepared for all new positions. (Recommendation 66)

#### *Human Resources Information Systems (HRIS)*

Council does not appear to have an integrated human resources information system (HRIS). Council needs to be able to access to accurate and relevant data about its workforce and human resources activities. This data is necessary to identify issues

that need to be addressed and to provide the means for assessing whether council's human resources strategies are working in the way intended. For such systems to be efficient and sustainable, data capture should be an inherent part of the way work is performed.

In modern workplaces, line management is primarily responsible for most workforce relations activities at an operational level. For this to be effective, the activities in question (recruitment, training, grievance handling, oh&s etc) should be measured by key performance indicators and targets for performance should be set and communicated. Line managers should have ready access to reports on those KPIs. Such an approach will facilitate accountability.

It is recommended that council consider the adequacy of its current HRIS and investigate the cost and benefit of using Authority or another system/s to capture data and report on its human resources strategies. Recommendation 67

#### *Recruitment and selection processes*

Council's recruitment and selection policy, procedures and forms were examined and were generally sound. Time did not permit the selection and auditing of a selection of recruitment files, to assess whether the policy was being complied with.

One file, selected by the council's human resources manager, was reviewed. The process documented on the file appeared to have been conducted in accordance with the published policy.

The process for setting the pay rate for the successful applicant was transparent. However, the salary range for the position was not set until after the interviews. It would have been preferable, from a probity perspective, for council to research the market prior to advertising and for council to be explicit with interested person as to an indicative salary for the position.

One test of an organisation's workforce planning and recruitment and selection processes is the length of time taken to fill a vacancy. There appear to have been /be long delays in filling a number of positions including the Executive Manager,

Planning, the social planner and a Environmental Health Officer position. Time to fill a vacancy should be a KPI that is tracked and reported upon. (Recommendation 68)

The general manager should receive and review a monthly report on all current vacancies showing the date the position became vacant, reason for vacancy, whether the vacancy is funded in the current budget, the status of any recruitment action and the target date for filling the vacancy. Changes from the previous month should be highlighted and commented upon. There may be merit in providing a similar report to senior managers detailing the vacancies in their area of responsibility. (Recommendation 69)

It is noted that the general manager does received a monthly report on vacancies; its content should be reviewed in light of the review team's suggestions. The clear intent of recommendation 69 is that council adopt a more pro-active approach to the management of vacancies and the recruitment process.

The council described some of the innovative approaches is using to attracting and retaining staff. One of these was the targeting of central coast as possible pool of labour, advertising in that market and assisting staff in dealing with transport issues (car pooling/consideration of providing a bus). Another was the payment of a bonus to staff that refer a successful applicant for a role. The council is to be commended for exploring such approaches. As with initiatives, it is important that council documents it strategies and evaluates whether they are achieving what was intended.

### *Training*

The Local Government Award (clause 23) requires each council to develop a training plan and budget. The Award prescribes what is required to be taken into account when preparing the plan. The Award requires that the plan be designed in conjunction with the council's consultative committee. Council's training plan does not appear to comply with the requirements of the Award. Council should ensure that it prepares a training plan and budget that complies with the Award. (Recommendation 70)

Councils have other obligations in regard to staff training. Council staff in specialised roles are often required to maintain certain qualifications /complete refresher training in order to be allowed to carry out their work. Ensuring staff are appropriately trained is a key requirement in any oh&s system. Councils need to ensure staff have the required qualifications/training. Manly Council relies on line managers/supervisors to ensure that this occurs. This is a high-risk approach in the absence of clear business rules that communicate what is required. Council needs to review and upgrade its approach to maintaining training records and the process by which staff requiring training are identified. (Recommendation 71)

Council appears to collate training needs identified in performance reviews. However not all staff have been the subject of a review.

#### *Performance management*

Council has a system of annual performance reviews. It would appear that reviews are not being done on some staff and that reviews are not always done in the specified time frames. The Local Government Award requires that all employees shall have on-going feedback about performance. The Award states that the:

*” performance development process can be simplified to three stages;  
(1) joint development on objectives and performance standards;  
(2) progress reviews; and  
(3) a formal performance review which is followed by decisions and outcomes.”*

Council’s system for tracking and following up on reviews appears to rely on a single employee maintaining an excel worksheet and initiating follow up action when required. Clearly council needs an efficient system for identifying when staff are due for a review and for recording that a review has been completed.

Council’s reporting processes should be revised to ensure that non-compliance with council’s performance appraisal system is brought to senior management’s attention in timely manner. (Recommendation 72)

### *Occupational health and safety (OH&S)*

The review did not involve a comprehensive audit of council's occupational health and safety practices. The review team noted that council has been successful in reducing its workers compensation costs in recent years. The review team's concerns about the adequacy of council's training system and its implications for OH&S have been dealt with elsewhere.

### *Employee remuneration*

The Local Government (State) Award 2004 requires that council have a salary system that determines how employees are paid and requires that an "employee shall be paid the salary system rate of pay that recognises the skills the employee is required to apply on the job". Council's proposed salary system appears complex with its 32 grades, each with 5 salary points (2.5% between each point).

It is important to note that the council has been required to have a salary system for many years and it still does not appear to have one that has been fully implemented. It is recommended that council conduct an internal review to determine whether its salary system complies with current Award requirements and take action to expedite the implementation of a compliant system. (Recommendation 73)

Council should be aware that there may be unexpected costs involved in implementing a new salary system and that there may be an exposure that requires council to pay arrears to staff who are found to have been underpaid and/or denied salary progression they would otherwise be entitled to. It would be prudent for the council to seek advice from the LGSA or another appropriate qualified body as to the extent of its potential liability. (Recommendation 74)

It is apparent that council has to compete for staff with the private sector, other councils and other government agencies. The impact of this competition is likely to be more significant where skills are in short supply. Given this, there will be occasions where council has to offer an above award salary to attract and/or retain employees.

Currently council appears to deal with such situations in an ad hoc fashion. Council should consider seeking advice from a remuneration specialist if the situation is one

that arises frequently, either in relation to a particular occupation or more generally. Such a specialist should be in a position to provide council with relevant market data on which to base its decision. Alternatively, as a minimum, the reasons for any salary determination should be documented and supported by relevant evidence to justify the salary offered. (Recommendation 75)

### *Equal employment opportunity*

The review team noted that the council's proposed EEO plan for the current year is the same as for the previous year. This suggests that the plan is not based on a contemporaneous analysis of relevant issues. Council's annual report contains no detail of what was done in regards to EEO, other than a very general statement that council did what they said they were going to do.

Section 345 of the Local Government Act outlines what the council's EEO plan is to include. Council should review this section and ensure that next year's plan reflects the requirements of the Act. Of particular significance are the requirements related to collection and recording of appropriate information (see related commentary in this report on the need for a HRIS) and the setting of goals and targets (see comments throughout this report regarding the importance of determining KPIs, setting targets and monitoring/analysing performance). Recommendation 76

## **Workforce Relations Summary**

### ***What is working well:***

- Senior managers are aware of a range of issues impacting on their workforce
- *Workers Compensation costs falling*
- Council appears to collate training needs identified in performance reviews

### ***Challenges to improve***

- Lack of documented workforce plans
- Succession planning
- HRIS – lack of systematic gathering and use of data on council's workforce
- Training Records kept in ad hoc fashion
- Performance Assessment/management

- Need to adopt and implementation of a salary system that complies with the Local Government (State) Award
- Need to adopt a coherent and consistent approach to determining salaries and dealing with market pressures
- Revise EEO plan and reporting to reflect requirements of LG Act.

## 7. COUNCIL'S RESPONSE

Council's general manager was invited to comment on the draft report prior to finalisation. A copy of the response is reproduced hereunder:



**Manly Council**

Reference: 061005 HTW:MR  
Enquiries: Mary Rawlings

Mr G Payne  
Director General  
Department of Local Government  
5 O'Keefe Avenue  
Nowra NSW 2541

**DRAFT**

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Dear Mr Payne,

Thank you for your letter regarding Manly Council's participation in the Local Government Reform Program. As you are aware, I am extremely supportive of this program, which I believe will be of great assistance to Councils.

I should like to take this opportunity to thank the review team for the time and effort they spent on the process. It was, as they recognized in their report, made more difficult for them by the fact that they encountered a Council in transition. Manly Council is in the process not only of restructuring in terms of departmental staffing and responsibilities, but has also embarked on an ambitious program to update its systems and to increase its use of technology. In addition the physical working environment is undergoing a raft of changes, as Council endeavours to improve staff working conditions and to fulfill modern Occupational Health & Safety requirements within an old building structure.

Generally speaking I feel that the draft report you have forwarded for comment will be an extremely useful tool for Manly, and I am anxious to proceed with the next step in the process, which is the formulation of the action plans. I have therefore, in most instances, restricted comments on the draft to those points where actual errors of fact have occurred. Obviously in a process which is necessarily limited to a small number of people, and has a limited time line, there will be occasions where the information provided is incomplete or erroneous, purely due to the respondent being unaware of all the facts. This is of course why a draft copy is sent out, and I am grateful for the opportunity to rectify, in the enclosed comments, these misapprehensions.

Thank you again for providing Manly Council with the opportunity to participate in this process.

Yours sincerely

Henry Wong  
General Manager

Enc.

Date: .....

The text of this final report has been revised in light of a number of detailed comments that accompanied council's response to the draft report and a subsequent meeting with council's general manager. The detailed comments made by council are reproduced hereunder. Note that the page numbers refer to the draft report.

1. The final paragraph of the Summary includes the phrase '*without exposing the organization to excessive levels of risk*'. It is clear from the substance of the report that the risk referred to is compliance and process risk and it would be preferable to express this in the summary.
2. Recommendation 8 (and P24) - The Corporate Induction program, which all new staff members undertake, identifies the Code of Conduct and it is available to staff on the intranet. For those staff who do not have access to the intranet, a copy resides in each section of Council. To facilitate compliance several staff training sessions are provided annually and regular updates are given at both management and staff meetings within each division.
3. Recommendation 11 (and P26) – The importance of registering gifts in Council's gift register is part of staff training in Code of Conduct. 'Forward Link' staff newsletter raises the importance of registering at intervals during the year and particularly nearing the Christmas period.
4. Recommendation 13 (and P27) – Council has sought legal advice on this matter and is awaiting a response from its solicitors.
5. Page 17 – Perhaps it could be noted that a further staff survey was conducted this year, the results of which showed a positive trending response in virtually all areas. Thus providing evidence that there has been an overall improvement over the two year period between surveys.
6. Recommendation 27 (and P33) - The Knowledge Management System does contain controls to ensure the data entered into the system is verified and approved by the relevant manager. There is a trigger in the system to escalate all new or modified entries to the Divisional Manager for authorization prior to appearing as an active entry. Each entry has an expiry date which escalates to the Division Head for review and republication if still relevant. The system records an audit trail of who entered or modified an entry and on what date and time. A Manager is responsible for the overall management of the KMS.
7. Recommendation 28 (Page 37) Enclosed is a diagram which illustrates the overarching nature of Sustainability Strategy and its linkages to more detailed and specific Plans of Management. The recommendations within these Plans of Management (which frequently have a 10 year or more implementation timeframe) are rolled into the Three Year Management Plan by a review process from our various specialist committees. Generally speaking the implementation of the Plans of Management, including prioritization and performance is monitored by a Council Committee in terms of timelines and budget.

8. Page 37 Section 94 contributions plan. The report quotes the figure '\$25 million'. This should be \$125 million.
10. Page 52 – '*Manly Council budgeted for a 4% increase in salary expenditure (over and above the general award increase). There does not appear to be any empirical basis for the level of anticipated increase*'. This is incorrect. A comprehensive review of all salary and wages positions and rates of pay is undertaken. Generally budgets provide for award increases (2003/04=3.5%) calculated from the applicable date plus a margin (0.5%) for any wage or salary progression as a result of attainment of skills or progression, which rounds to the 4% basis. Divisional managers are provided with this information for each of their departments for checking prior to the budget adoption and can make individual submissions or amend the recommended vote based on other factors or changed circumstances.
11. Page 53 – Council has issued invoices to neighbouring Councils regarding costs in the Smoke Free Program. The outstanding amount is approx \$29K. While there was no formal written agreement, the agreement between the parties was documented in the minutes of meetings of the Shoroc Councils.
12. Recommendation 43 (and page 52) Variances between actual and budgeted costs. Council's Budget estimates are forecast based on known data and 'best estimates'. However Council takes the approach of not locking up large amounts in one particular cost centre, for an event which may or may not eventuate, at the expense of other activities. An example being legal costs in relation to development applications, where the final amount is dependent upon the number of applications, their type and contentious nature. Such costs are monitored during the year and reported on a quarterly basis. It should be remembered that actual results are being compared with forecasts made some 14/15 months earlier. Any variances between actual results and budget are fully explained in Note 16.
13. Recommendation 44 (and page 53) Provision of monthly financial reports to managers. There was a brief period after the previous management accountant left Council and the replacement was appointed (March 2005), where Council did not have the resources to send reports to or to follow up with Managers. However the present management accountant reviewed and rewrote the BIS reports to make them more 'reader friendly' and they are sent to the managers at the end of each month. In addition managers have all been trained how to look up their cost accounts in Authority so should not be relying on monthly reports to monitor their costs.
14. Page 54 – Business activities. The Business Activity Statement includes actual as well as notional costs and the costs of running individual activity need to be fully analysed to determine if the actual loss is substantiated. The following cost centres do return a profit to Council based on actual budgetary results (including taking into account nominal rents) – domestic waste management, commercial waste and parking stations.

15. Recommendation 45 (and page 54) Councillor involvement in the budget process. Councillors are encouraged to make submissions to the Budget, and a workshop on the Management Plan/Budget was held early in the year prior to Council considering the draft budget. The Precinct Committees are also invited to make submissions.
16. Recommendation 47 (and page 55) LGMA Financial Check. Finance department did complete a Financial Health Check analysis following completion of the Annual Financial Statements last financial year, and will carry out the same analysis this year and report to Council. This is designed as an annual report. Councillors are interested in seeing a quarterly report on movements in Council's Restricted Funds (Reserves) and this report is included as part of the quarterly budget review report to Council.
17. Recommendation 56 (and page 62) It needs to be noted that Council has already called for Expressions of interest for a content Management system for Councils website. It is anticipated that a new system will be implemented before the end of the year.
18. Recommendation 58 (and page 63) Councils standard procedure is for all Customer Action Requests reported to Council by telephone are to be recorded in the CARS system for action.
19. Recommendation 60 (and page 66) On reading page 66 it is evident that this recommendation refers to housing, this is not evident when reading the recommendation itself. Manly Council expends much time and effort planning for its aged population. This is evident in specific consultations undertaken for this group and actions highlighted in the Manly Social Plan together with the various services and facilities provided by Council. These include the recent renovation and enlargement of the Manly Seniors centre, the new meals on wheels kitchen, and the increase in services for the aged eg shopping programs and services. Issues of affordable housing are currently being planned on a regional basis via the draft report entitled Manly Warringah Regional Housing Strategy. In this strategy needs for affordable housing are determined by consideration of income factors which incorporate aged pensioners.
20. Recommendation 69 (and page 71) A monthly report is forwarded to the General Manager on all current vacancies.

## 8. SUMMARY

Promoting Better Practice reviews, by their nature, provide an insight into a council at a particular point in time. They invariably identify things a council is doing well and areas for improvement. This has been the case with this review.

Manly Council is an organisation in transition. This is not unexpected given that council's previous general manager was incumbent in the role for a long period and the new general manager has been with council for a relatively short period.

Any evaluation of a council's current situation must have regard to where it has come from, particularly since the new general manager was appointed. The council itself is better placed than the review team to assess this dimension of council's performance.

Many of the recommendations in this report focus on the importance of planning. The significance of this cannot be understated.

Council needs to revisit and reaffirm its vision for the area and develop a long-term strategic plan that supports that vision. This is not to suggest that councillors and senior staff do not have strategic focus but rather it is indicative that they have not, in recent times, reached and documented a consensus over what needs to be done.

Once this strategic plan is in place, other planning processes, such as the rolling three-year management plan and the budget, should be easier. They will be able to be guided by an agreed overall direction for council. The high standard of council's Social Plan and its Sustainability Strategy suggests that there is already internal capacity within council that could be drawn upon to improve the quality of the other documents.

At a project/program level, there is clearly scope for council to make greater use of project management techniques and for it to identify targets and key performance indicators so that performance can be evaluated.

Council should review the report carefully, give consideration to the recommendations and where these are accepted, develop an action plan to ensure they are implemented in a timely fashion.

The review team wishes to thank council and in particular, the General Manager and the Manager, Corporate Governance for their assistance in the review process.

Dominic Riordan  
Manager, Investigations and Review Branch

Richard Murphy  
Senior Investigations Officer