

Job Information	Detail
Date	19 October 2023
Job ID	J002736
Job Name	ULSC Financial Sustainability Review & SRV Process
Client Name	Upper Lachlan Shire Council

SERVICE PROFILE

AEC consulted with Upper Lachlan Shire Council management to understand the council services. The purpose of this technical report is to provide Council's executive team with the response for further discussion and review.

Strategic Alignment and Resourcing

Management was to consider whether adequate resourcing is included in the supporting resourcing strategy; Asset Management Strategy (AMS), Long-Term Financial Plan (LTFP) and Workforce Plan (WFP) to deliver on the service requirements as outlined in the Delivery and Operational Plan (DPOP) and other plans and strategies.

Management were asked to list the relevant strategies and plans and outline concerns with resourcing the implementation of the strategies and plans.

Appendix A provides the list of 28 strategies and plans identified with supporting resourcing requirement to ensure successful delivery of the services.

Efficiency Initiatives Achieved

Management were asked to list any initiatives implemented over the past 10 years that have delivered efficiencies or productivity savings to Council. They were also requested to estimate either the increased revenue or decreased costs that were achieved for each initiative.

Appendix B provides the list of 36 efficiency initiatives achieved by the service managers in the past.

Efficiency and Productivity Improvement Opportunities

Within the same service profile, managers were also asked to list any initiatives that present an opportunity to improve efficiency or productivity. Whilst doing this, they were requested to provide an estimate of the potential increased revenue or reduction in costs.

Appendix C provides a full list of these 31 efficiency and productivity improvement opportunities as identified by Council management.

Strategic Risks

Management were asked to consider the current resources made available to the service and explain if the current investment in the service exposed Council to strategic risks. If so, then to state these risks and also describe the impact the threat is likely to have and provide any suggested mitigation actions to address the risk. They were advised that additional resources may be mitigation, but they were to also consider mitigation actions that do not require additional resources.

A strategic risk was defined by AEC as a threat (or missed opportunity) that has the potential to significantly impact on the continuity of the planned service delivery or a significant threat to the greater organisation (for example reputation, and financial sustainability) without any intervention.

Appendix D provides the list of 24 risk identified by the service managers.

APPENDIX A – STRATEGIES AND PLANS AND SUPPORTING RESOURCING

	Current Plans & Strategies	Impact on Resourcing to Implement Strategy/Plan	Responsible Directorate
1	Local Environment Plan (LEP)	Existing 2010 requires review - outsource to Strategic Planner	Environment & Planning
2	Development Control Plan (DCP)	Existing 2010 requires review - outsource to Strategic Planner	Environment & Planning
3	Section 7.11 Development Contributions Plan	Existing 2007 requires review - outsource to Strategic Planner	Environment & Planning
4	Housing Strategy	Draft existing requires total review - outsource to Strategic Planner	Environment & Planning
5	Disability Inclusion Action Plan (DIAP)	Will require staff to development and implement programs, which there is no dedicated resource	Environment & Planning
6	Heritage Study	Minimal impact, consultant services required	Environment & Planning
7	Plans of Management Community and Crown Land	Allocated to existing planning staff - significant impact	Environment & Planning
8	Landfill management plans	Waste strategy requires updating - outsource development, however require staff resource to manage and implement	Environment & Planning
9	IWCM	Able to implement on current staffing levels	Environment & Planning
10	Section 64 contributions plan	Existing requires review - outsource as no dedicated person	Environment & Planning
11	SE Regional Weeds Plan	5 year review input only (2027) suggest at this stage no impact on resources	Environment & Planning
12	CRJO - Drought Management Plan	Able to implement on current staffing levels	Environment & Planning
13	Liquid Trade Waste Policy	Require dedicated resource for inspections and follow up. Could potentially be outsourced.	Environment & Planning
14	IT Implementation Plan 2019	Plan requires review - additional resource required to review. Based on current commitments and required service delivery additional resource required.	Environment & Planning
15	Companion Animals Management Plan	Requires additional resources	Environment & Planning
16	Plant Replacement strategy	Financial constraints to allocating funds to annual plant replacement program & reconsideration of hiring of contractors plant – this requires service review analysis and involves large capital funding outlay	Infrastructure

	Current Plans & Strategies	Impact on Resourcing to Implement Strategy/Plan	Responsible Directorate
17	Road Maintenance Policy	Intervals set for renewal is too high – i.e. assets deteriorate much quicker. Financial constraints of low rates base to adequately fund annual road maintenance and asset renewal programs. Maintenance grading schedule unattainable due to lack of funding & resources (i.e. with grant funding)	Infrastructure
18	Disaster Recovery	Lack of staff resources to implement disaster recovery program - in-house as well as project management using external contractors is necessary (i.e. with grant funding)	Council wide
19	Business Continuity Plan (BCP)	Lack of staff resources to implement BCP and test Council BCP.	Council wide
20	Internal Audit & Risk Management Policy	CRJO joint shared service for Manager Internal Audit, use consultant service provider to do 2 internal audits of Council each year.	Finance & Administration
21	OLG Code of Accounting Practice & Financial Statements	Existing staff combined with consultant services required to complete audit financial reporting and condition reporting for infrastructure asset classes in Financial Statements	Finance & Administration
22	Procurement Policy	Existing staff combined with standardised contract and RFQ templates and use LGP and other procurement panels	Finance & Administration
23	Governance & Legislative Compliance Reporting	Existing staff, additional training required	Finance & Administration
24	Work Health & Safety Policy and Management System	Council staff work with Statecover Mutual and may require additional resources for specialised system components/ Return to Work	Finance & Administration
25	Staff Recruitment and Selection Policy	Council has utilised electronic systems to maximise recruitment processing and had contractor assist council staff	Finance & Administration
26	Regional Economic Development Plan (REDS)	Council work with other government agencies, government funding	CEO
27	Tablelands Destination Development Plan	Council work with Destination Southern NSW, Visit Canberra and RDA, government funding	CEO
28	Town Master Plans	Remain to be development – using consultant & council staff	CEO

APPENDIX B – EFFICIENCIES INITIATIVES ACHIEVED

	Efficiency or Productivity Initiative	Financial Years Implemented	Estimate of Increased Revenue or Reduced Costs	Responsible Directorate
1	See Fit for the Future Action Program document	2016-2021		Council wide
2	CRJO - Manager of Internal Audit & Risk position shared employment position between 4 Councils	2022/2023	If Upper Lachlan solely employed this position - \$80K annual saving	Finance & Administration
3	CRJO - collaboration of member councils shared services and economies of scale - Regional CRJO Community Strategic Plan (CSP) development shared project	2020 & 2023	Saving each election cycle over \$30K	Finance & Administration
4	Shared procurement contracts with CRJO and Central West JO – CSP, copyright licence, electricity, training platform	2016-2023	\$30K annual savings – joint procurement	Finance & Administration
5	CRJO Audit, Risk and Improvement shared joint committee of Upper Lachlan, Yass Valley & Goulburn Mulwaree Councils	2023	\$25K annual savings using shared committee	Finance & Administration
6	Intergovernmental collaboration cross border with ACT Government, i.e. reduce waste strategy	2016-2023		Council wide
7	Implemented Unified Telecommunications Network - towers with microwaves linking Gunning-Crookwell-Taralga towns - significant productivity improvements for Council staff in remote & satellite administration offices, replaced Telstra WAN link connection	2017-2018	\$50K annual saving	Finance & Administration
8	Unified Telecommunications Solution - telephone digital handsets	2016	One off \$20K saving	Finance & Administration

	Efficiency or Productivity Initiative	Financial Years Implemented	Estimate of Increased Revenue or Reduced Costs	Responsible Directorate
9	Strategic Internal Audit Plan & audits - Grant Thornton	2014-2020	Achieve process/procedure improvements	Finance & Administration
10	Crookwell water supply filtration and treatment plant construction project \$7 million	2018	\$50K annually savings from new plant technology	Environment & Planning
11	Introduction of LED street lighting partner with OEH NSW	2020	\$20K annual saving	Infrastructure
12	Solar panels installation on Crookwell water and sewer treatment plants	2022	\$30K annual saving	Environment & Planning
13	Implementing ElementTime electronic timesheets that require less manual entry and manual payroll processes	2023		Finance & Administration
14	Crookwell Caravan Park facility upgrade, CCTV installed, new electronic booking POS system and increased bookings, increased user fees and eliminate unpaid accommodation	2022-2023	\$20K annual increased profit	CEO
15	Improved procurement procedures and templates for Contracts, Tender and RFQ templates, use LGP panel and standardised purchasing panels established	2023	Estimate \$20K annually	Finance & Administration
16	New Council website - facilitated eServices payments for rates and water use accounts and Customer Request Management services interface for the public	2022	productivity improvements, added service to ratepayers for ease of doing business	Council wide
17	Use of GPS equipment of Council Plant - Garbage Trucks and Caterpillar Motor Graders	2020	productivity improvements at the worksite	Infrastructure

	Efficiency or Productivity Initiative	Financial Years Implemented	Estimate of Increased Revenue or Reduced Costs	Responsible Directorate
18	Timber Bridge Replacement program has replaced 16 bridges for \$20 million expense with new concrete structures addressing weight load restrictions which hamstrung rural ratepayers in 2018-2020	2017-2023	\$100K reduced annual maintenance expenses	Infrastructure
19	Public Wi-Fi installed at Council libraries, offices & VIC	2019		Council wide
20	Sold Hume Street Gunning council residence for staff	2015	\$350K once off cash	Infrastructure
21	Electronic program for mandatory DA & building inspections	2023	Savings in time of estimated \$5K annually	Environment & Planning
22	Wateroutlook Program	2023	Costs \$1,650/month saving in data entry and coordination of data for annual returns, council reports, KPIs, inspection forms, works completed forms	Environment & Planning
23	Casual cleaners	2023/2024	\$30K annually	Environment & Planning
24	IT streamlining – hardware/software operating systems and IT Help Desk	2023	\$20K annually	Environment & Planning
25	Utilising Intra Maps	2023/2024	\$12K annually	Environment & Planning
26	Fees & Charges – Revenue Policy cost recovery and fees review	2023/2024		Council wide
27	Review of Parks and Gardens on-call work schedule	2022/23	\$10K annually	Environment & Planning
28	Savings on oval maintenance	2022/23	\$10K annually	Environment & Planning
29	Additional multipurpose roadside maintenance truck (Flocon) to plant fleet to improve pothole/patching efficiency	2022	Estimate \$100K annually	Infrastructure

	Efficiency or Productivity Initiative	Financial Years Implemented	Estimate of Increased Revenue or Reduced Costs	Responsible Directorate
30	Fleet management software implementation	2020	\$20K annually	Infrastructure
31	Implement Plant Assessor	2023	Unquantified \$ saving - WHS risk reduction	Infrastructure
32	Purchase additional water cart to reduce hiring cost	2019	\$30K annually	Infrastructure
33	Develop Council System Management Plan (CSMP)	2019		Infrastructure
34	Human Resources well-being survey for council employees and R U OK community sessions in towns	2023		Council wide
35	Lighting upgrades in all community buildings	2019		Infrastructure
36	Library subscription to Hoopla digital resource streaming service for members on their own device to utilise free of charge – movie/books/DVD content	2022	\$10K annually	Finance & Administration

APPENDIX C – EFFICIENCY AND PRODUCTIVITY IMPROVEMENT OPPORTUNITIES

	Efficiency or Productivity Initiative	Financial Years it can be Achieved	Estimate of Increased Revenue or Reduced Costs	Responsible Directorate
1	Review buildings, land, plant and equipment assets that may be sold, disposed of or may be repurposed	2024 onwards	One-off cash flow achieved – through rationalisation of unused or low use assets or decommission assets	Council wide
2	Develop new asset management plans (AMP) for each asset class and implement asset strategy	2024 onwards	Define service levels, identify future renewal and operational requirements. Non-optimal renewal and maintenance.	Infrastructure and Environment & Planning
3	Develop a program of service reviews for individual business units – one program per year	2024 onwards	Define benefit derived from each individual service - business case may be required	Council wide
4	Organisation Restructure after Council Election in September 2024	2025	Reduced staff costs for business units that require service level changes	Council wide
5	Consider option to no longer provide Australia Post service at Taralga Community Service Centre. Look at selling or leasing the business and/or sell the building asset	2025	Core staff required to be accommodated and reutilise in other parts of business, estimate - \$78K net cost saving annually	Finance & Administration
6	Update Section 7.11 Contributions Plan and prepare corresponding capex program	2025 onwards	Income from new Plan is yet to be estimated	Environment & Planning
7	Review opportunities for solar panels on council facilities	2024 onwards	see 2020 - 100% Renewables Sustainable Councils and Communities report (is subject to available grant funding)	Infrastructure and Environment & Planning
8	Outsource strategic development of plans	ongoing	Estimate \$20K - where specific strategic projects funded on as required basis	Environment & Planning

	Efficiency or Productivity Initiative	Financial Years it can be Achieved	Estimate of Increased Revenue or Reduced Costs	Responsible Directorate
9	Complete electronic inspection development	2024/2025	\$10K annually	Environment & Planning
10	Dedicated DA pre assessment process	2024	\$2K	Environment & Planning
11	Automate Section 10.7 certificate process	2025/2026	\$10K annually saved in staff time	Environment & Planning
12	Implement Power BI Civica Authority budget and final management reporting tool	2024	Saving made through each Directorate being responsible for own expenditure	Finance & Administration
13	Fees and charges upgrade i.e. septic disposal, water and sewer plans	2023/2024	Receive actual revenue for works completed	Environment & Planning
14	Further investigate purchase of Frontlift garbage truck and bins	2024/2025	Reduction in costs using Cleanaway, offering frontlift services locally, saving in costs and potential revenue for additional services	Environment & Planning
15	Effluent reuse system Taralga STP	2024/2025	Water saving \$45K annually, has initial outlay of \$30K to install	Environment & Planning
16	Water monitoring at Parks and Sportsgrounds	2024	Reduction in water usage, 10-15% annually for water bills	Environment & Planning
17	Stocktake and monitoring of Water and Sewer critical spares	2024	Audit of material, minimum stock levels decided, monthly stocktakes - saving in emergency reactive purchasing and freight	Environment & Planning
18	Investigate biosolids removal	2025	Removal of biosolids from Taralga STP through mechanical system - initial outlay required with saving \$40K annually	Environment & Planning
19	Investigate sludge removal at Water Treatment Plants at Gunning & Crookwell	2025	Removal of sludge from drying beds with mechanical system with outlay costs required with saving \$20-30K each plant annually	Environment & Planning

	Efficiency or Productivity Initiative	Financial Years it can be Achieved	Estimate of Increased Revenue or Reduced Costs	Responsible Directorate
20	Staff training / on-boarding upgrades and induction system	2024-2026	\$20K annually	Council wide
21	Use Civica Authority to full extent (i.e. CRM, plant, CVR and purchasing modules)	2024 onwards	Productivity of staff	Council wide
22	Investigate operational efficiencies for sports fields seasonal maintenance – turf and water	2024 - 2027	\$30K annually	Environment & Planning
23	Digitise records / forms	2024/2025	\$15K annually in staff time / materials (statistics)	Environment & Planning
24	Emulsion tank installation	2024/2025	\$10K annually	Infrastructure
25	Bigger bins for pre-mix	2024/2025	\$20K annually	Infrastructure
26	Investigate installation of fuel management systems	2024/2025	\$20K annually	Infrastructure
27	Investigate implementation of energy master plan	2025	Dependent upon grant funding	Infrastructure
28	Set up Panel contracts for - sealing; minor works; plant hire; building maintenance and trades; Quarry	2024	\$50K annually	Infrastructure
29	EOI to consider selling former Westpac Bank & Bank House building which is being underutilised in main street of Crookwell	2024	Possible sale of building for one-off cash flow and savings on annual maintenance works	Council wide
30	Investigate Garbage Disposal Contract transferring waste, no double handling and no landfill	2024/2025		Environment & Planning
31	Investigate comingled waste (recycle)	2024/2025		Environment & Planning

APPENDIX D – STRATEGIC RISKS

	Identified Risk (threat or missed opportunity)	Impact of the Threat	Mitigation action/s	Responsible Directorate
1	Development construction and operational running expenses for the MAAC Crookwell swimming pool complex	Preliminary estimates only for annual operating expenses, unsecured capex funding to do heated pool component and VIC centre building fit out	Consider if heated pool is unaffordable and loan borrowing debt service capacity required for capex	Environment & Planning
2	Dependent on government grants (low own source operating revenue)	Risk of grants being reduced in future years	Lobby of other levels of government for greater share of Financial Assistance Grants for those councils with greater need and limited income streams	Council wide
3	Waste Centres x 6 locations and remediation/capping/closing rubbish tips & EPA requirements	Currently high operating costs and unquantified remediation work costs/scope	Consider change in service level	Environment & Planning
4	Gravel Pits various sites remediation/capping/closing & EPA requirements	Unquantified remediation work costs/scope	Consider reduction in sites	Infrastructure
5	Servicing of large road network	Insufficient funds to get life cycle down to the required intervention period	Review Road Hierarchy & alter service standard. Changed funding model from other levels of government	Infrastructure
6	Low \$ unrestricted cash & internal restricted reserve funds to fund budget programs and any over expenditure	No funds available to take advantage of investment opportunities and no cash to meet short term low liquidity to fund matching grants and fund natural disaster works upfront	SRV, productivity and accumulated savings by reduction in operating expenses	Council wide

	Identified Risk (threat or missed opportunity)	Impact of the Threat	Mitigation action/s	Responsible Directorate
7	Inadequate stormwater infrastructure which has no funding source available to address flooding areas within the shire towns	Reputation and flooding impacts to residents	Required a funding source the stormwater levy of \$25 per Assessment is inadequate to address this purpose	Infrastructure
8	Cost shifting from other levels of government	Over 5% of operating costs impact annually (or \$2 million annually)	Stop cost shift - ESL, pension rates concession, library and noxious weeds, development application portal	Council wide
9	Crookwell Waste Centre	Large expense in remediating the site and meeting EPA licence requirements	Closing, remediation and capping of the centre	Environment & Planning
10	Condition of Water mains Crookwell, Gunning and some in Taralga (asbestos pipes)	Frequency of breaks and disruption to service	replacement of mains program	Environment & Planning
11	IT Disaster Recovery Plan inadequate	Limited directions	Develop plan as priority action	Environment & Planning
12	Development approvals (>40 days)	Customer service level, reputation damage, litigation and public image	Resources / structure of Department	Environment & Planning
13	Outdated strategic documents	Cost to rectify essential services	Review and update documents	Environment & Planning
14	Inadequate financial capacity to allocate sufficient budget for optimum plant replacement in accordance with industry best practice	Delays the inevitable increase in replacement cost as well as increase maintenance requirements. Also increases risk of plant breakdowns which may result in additional cost of hiring plant and effect of other plant not utilised.	Require suitable funding to budget annually to replace plant at optimum industry best practice time	Infrastructure

	Identified Risk (threat or missed opportunity)	Impact of the Threat	Mitigation action/s	Responsible Directorate
15	Inadequate budget for adopted service levels	Cannot achieve service levels. Reputational risk. Premature asset deterioration.	Insufficient rate base to allocate sufficient funds without a SRV	Infrastructure
16	Staff turnover and competitive labour market (exasperated by Covid effect)	Low morale. Impact on culture. Additional training required. Inefficiencies.	More internal training and upskilling, use of Apprenticeships. Culture and Development pathway. Provide career progression options. Workplace of choice.	Council wide
17	Finding adequate staff and skilled staff shortage	Inefficiencies. Excessive over time and burnout. Additional supervision required. Require more expensive contract outsourcing.	Develop recruitment plan	Council wide
18	Buildings not meeting service levels	Cannot use portions of buildings. Premature deterioration. WHS risk.	Building AMP and adequate resourcing in staff and funds.	Infrastructure
19	Current stormwater levy only sufficient for upgrade of kerb and gutter and not adequate for overall stormwater upgrades	Cannot address stormwater upgrades	Increase rates and/or wait for grant funding	Infrastructure
20	Lack of Asset Management Plans for Roads, Plant, Bridges, Stormwater, Footpaths and Cycleways and other infrastructure asset classes	Unknown future renewal and operational requirements. Non-optimal renewal and maintenance. Risk of once-off funding shocks	Develop AMP	Infrastructure
21	Both works depots are very old and will require replacement in future	Future once-off capital investment with no capacity to fund	Forward planning and AMP (dependent on grant and borrowings)	Infrastructure

	Identified Risk (threat or missed opportunity)	Impact of the Threat	Mitigation action/s	Responsible Directorate
22	Council buildings including council administration offices are very old and will require replacement in future	Future once-off capital investment with no capacity to fund	Forward planning and AMP (dependent on grant and borrowings)	Council wide
23	Fuel tanks and fuel systems at both depots are old and is a risk of failure	Plant and works may be adversely impacted	Investigate options	Infrastructure
24	Strategies creation and plans review are overdue for review lack of resources for Cyber security plans/IT policies and review not completed	Data security and data breaches, personal information risks	Utilise Cyber NSW and other digital security resources to tighten council systems penetration	Council wide