



Productivity Journey and Improvement Plan

2024

As part of a submission to IPART

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INTRODUCTION

Northern Beaches Council ("Council") has been on an improvement journey since its inception in 2016 and remains committed to continuing saving initiatives as part of its whole of organisation improvement plan.

While Council has achieved and continues to strive for organisational efficiency, Council has recently identified a future funding gap that will place its financial sustainability at risk unless action is taken.

Council's organisational improvement plan seeks to focus on cost containment strategies, service reviews, process and productivity improvements and funding opportunities as well as instilling a culture of improvement within Council employees. These methods of improvement have been utilised by Council in the past and will continue to underpin opportunities for improvement into the future.

The overall objectives of Council's organisational productivity and improvement plan are:

- Long-term financial sustainability across the organisation.
- A top down collaborative and organisation wide approach to solutions.
- Cultural focus on improvements to ensure future decision making embeds 'sustainability' in all decisions.
- Ensure that the Office of Local Government's (OLG) Integrated, Planning and Reporting requirements are met with Council facilitating a prioritised program of ongoing service reviews aimed at continuous improvement and optimisation of its services.
- To seek productivity improvements as a means of cost containment and efficiency if processes and practices.
- Additional funding opportunities to ensure income patterns support the community's expenditure and asset needs.

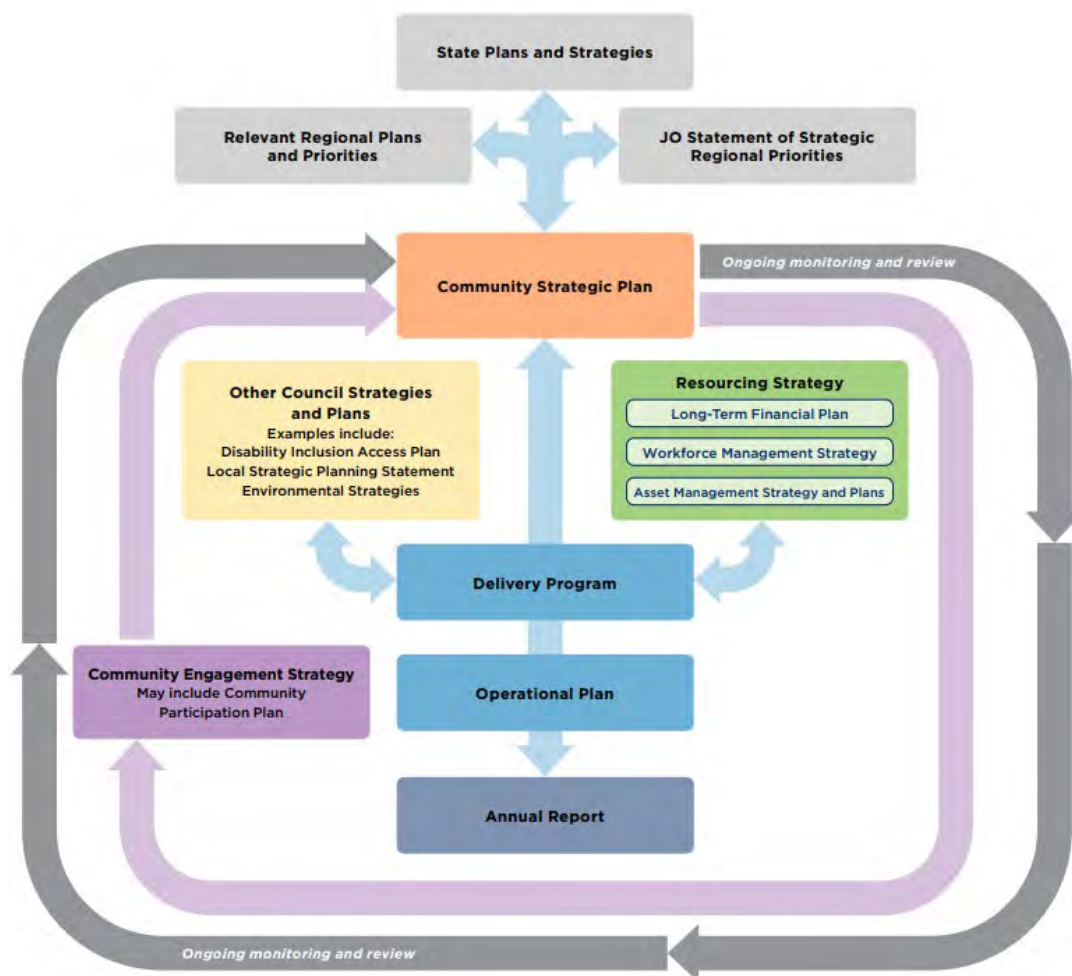
This report summarises the productivity journey that Council has undertaken to date as well as outlining the future improvement plans that Council will be facilitating moving forward.

BACKGROUND

Organisational sustainability and continuous improvement are made up of a number of components that need to function as one. Financial sustainability is not the only component to provide organisational sustainability. For an organisation to be sustainable, its strategic direction, service delivery, knowledge base, capacity and resources must integrate to guide sustainable practices and decision-making. The Office of Local Government's Integrated Planning and Reporting (IP&R) framework aims to provide a pathway to facilitate such organisational sustainability.

The IP&R framework recognises that council plans and policies should not exist in isolation and are connected on many levels. The IP&R framework allows NSW councils to draw their various plans together, to understand how they interact and inform each another, and to get the maximum benefit from their efforts by planning holistically for the future.

Figure 1. OLG Integrated Planning & Reporting Framework



To support and build upon the IP&R Framework principles of coordinated planning and benefit maximisation, Council has gone beyond the core elements of the Framework and has integrated other programs of continuous improvement with the organisation. Improvement initiatives include financial efficiency gains, continuous improvement programs, service review framework and associated programs and awareness and training of staff in continuous improvement to ensure cultural change. Through these extensive and integrated improvement initiatives across Council, our journey of improvement has and will continue to support the main elements of organisational sustainability, being:

- planned strategic direction and decision making
- efficient service delivery based on community needs
- appropriate asset maintenance and renewal
- integrated and strategic resource delivery
- alignment of policies, strategies, systems, and processes to support organisational efficiency.

The following overview of Council's productivity journey to date and future improvement plans will demonstrate Council's past and future approach to organisational sustainability and efficiency.

PRODUCTIVITY JOURNEY

Council has been on a productivity journey since its formation in May 2016 and remains committed to continuing with productivity and savings initiatives as part of its ongoing organisational improvement plan.

For the purpose of this Improvement Plan, productivity initiatives are categorised as follows:

- Amalgamation Initiatives - May 2016 to 30 June 2020
- Productivity Improvements (Post Amalgamation) – July 2020 to June 2024
- Forward Improvement Plan Initiatives - July 2024 Onwards

AMALGAMATION INITIATIVES – MAY 2016 TO 30 JUNE 2020

Amalgamation Initiatives – Savings and Re-Investments

As a result of the amalgamation of Warringah, Pittwater and Manly Councils in 2016, significant benefits were realised during the early stages of the Northern Beaches Council's development between May 2016 to June 2020.

An analysis in 2019/20, indicated that the newly formed Council more than doubled the NSW State Government's \$76.3 million estimated net present value (NPV) savings from amalgamation, with an estimated \$161.6 million (NPV) in savings over ten years.

As a snapshot of the above NPV estimate, in 2019/20, as a result of improved efficiencies and gains in productivity an annual recurrent benefit was estimated at \$29.5 million, with savings generated from the following:



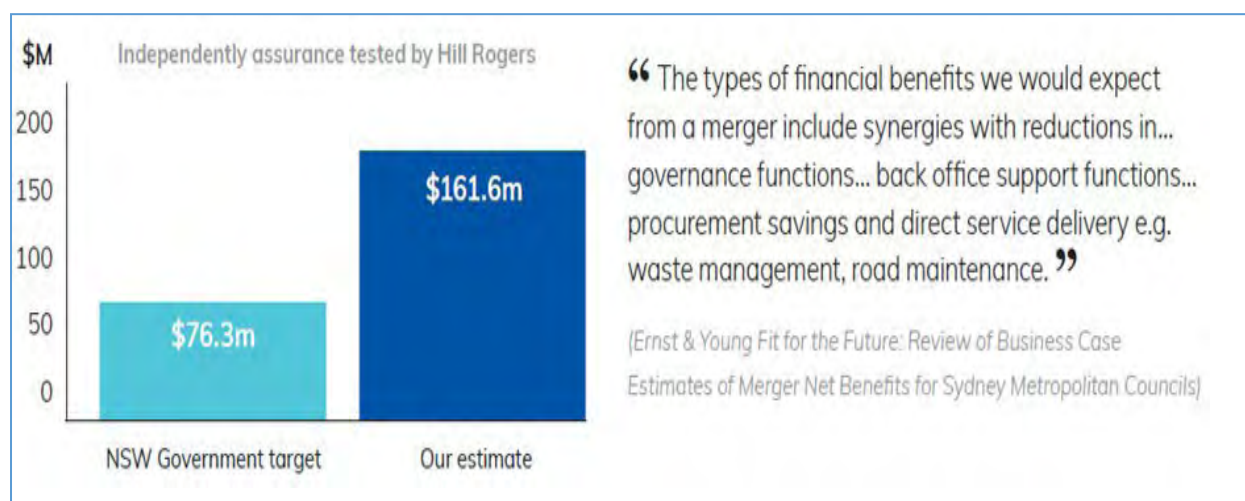
These savings allowed Council to invest back into the community through either the direct provision of additional services and infrastructure or in-directly through the re-investment/re-allocation in staff, reducing costs or changing service/infrastructure delivery based on community need.

These direct and indirect investments are outlined below:

- \$4.41 million in improved asset maintenance
- \$1.5 million in new footpaths programs
- \$1.03 million investment into a single Northern Beaches parking sticker
- \$0.65 million in proactive tree inspection and pruning programs

- \$1.24 million in increased public place cleaning
- \$0.18 million in increase cyber security of our networks
- \$2.94 million reduction in domestic waste charge delivering one of the lowest domestic waste charges in NSW
- \$2.77 million offsetting higher waste disposal costs and reinvesting in advance waste technology to reduce waste going to landfill
- \$1.84 million in the harmonisation of pre-amalgamated salary systems to ensure equitable rates of pay aligned to the market for employees
- \$1.49 million investment in enhancing Council's service delivery through an appropriate organisational structure that recognises the size and scale of the workforce, service complexity and infrastructure delivery requirements
- \$1.46 million reinvestment in services associated with restorations, road services, localised bus service, social support, event management and CCTV and public WI-FI
- \$9.99 million service uplift for the community enabled by reallocation of staff resources in the areas of:
 - Regional transport planning
 - Economic development and tourism
 - Local traffic planning
 - Place making
 - Village and town centre management
 - Customer call centre operations and expanded hours
 - Asset and open space planning.

To quality assure Council's assessment of amalgamation benefits, Hill Rogers Auditors were engaged to independently review Council's modelling and provide an assurance report on the savings. They concluded that Council's approach and modelling were reasonable and based on sound measurement principles in establishing our estimated NPV savings over 10 years.



Amalgamation Initiatives – Service Uplift

In addition to direct savings and service improvements based on the re-investment of such savings, post amalgamation, Council also in general adopted the highest level of service of the three former Councils across the LGA to ensure that there was no reduction in services

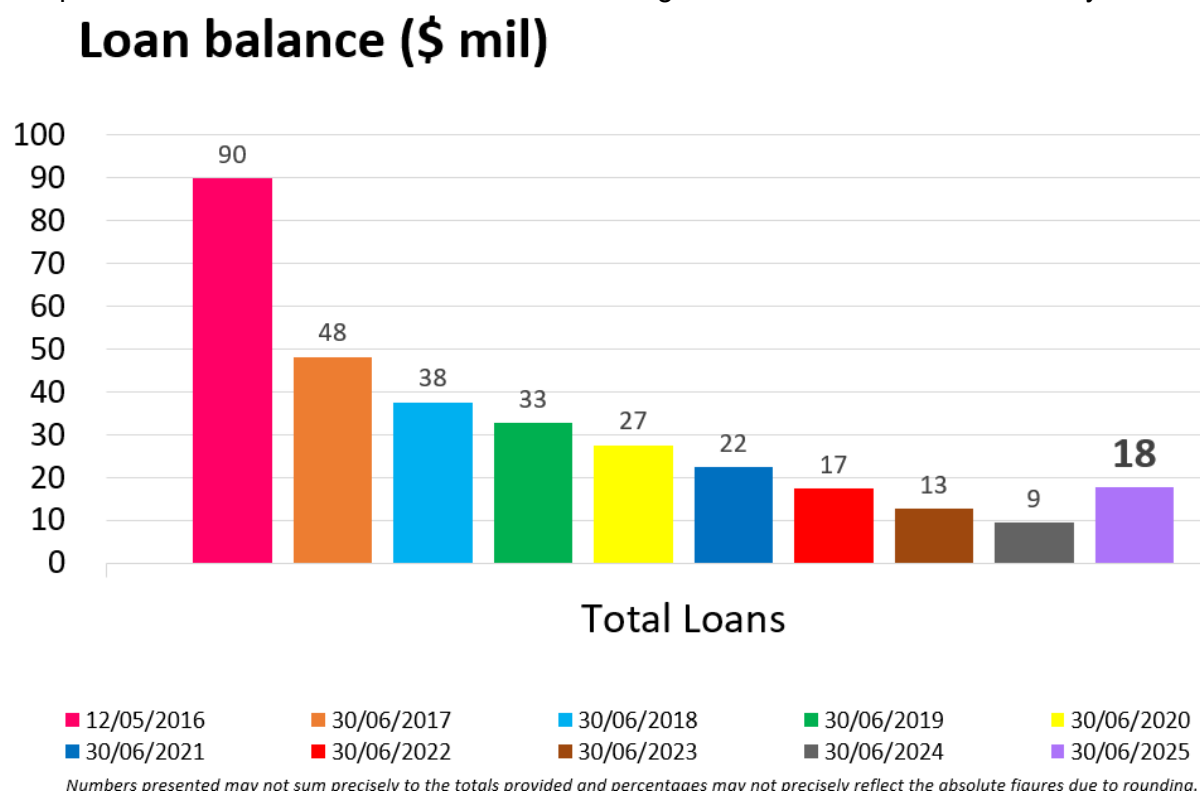
or service level for the community. Services such as internal urban design, creative space services, DA Pre-Lodgments, library borrowing programs and art programs are examples of where one former Council's level of service dictated that the new Council adopt a higher level of service to meet that threshold across the entire LGA.

Further to this adoption of the highest level of service, Council also began introducing new services to the community such as Public Place Coordinators (to activate town centres), Public Place Officers (to assist with the increased maintenance of public areas), Councillor support services, and Community Liaison Officers to expand on Council's already wide range of services to the community. For further details on the benefits of the amalgamation, see Council's Full Merger Report at Attachment B.

Amalgamation Initiatives – Debt Management

At amalgamation, the Northern Beaches Council inherited some \$90 million in outstanding loans. To ensure economies of scale were utilised, a path of debt and interest reduction was initiated to maximise Council's financial sustainability path. A reduction of some \$72 million in loans (to 2025/26) as outlined in Graph 1 below has been achieved representing a significant financial milestone.

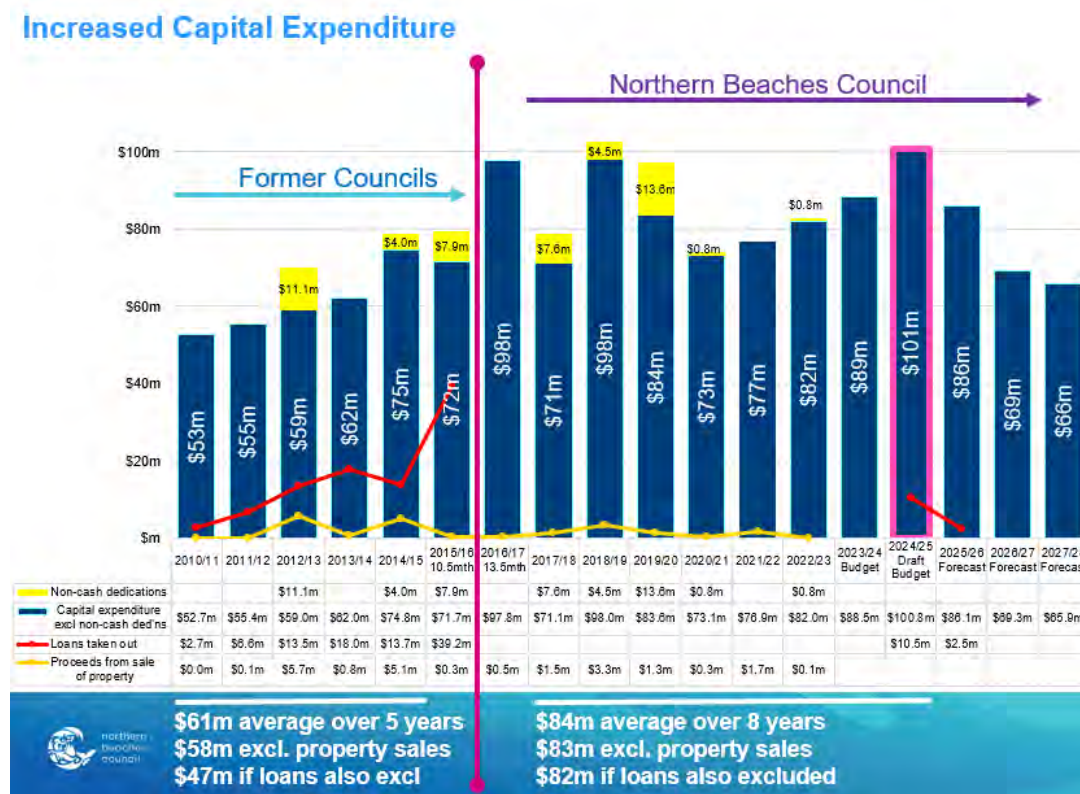
Graph 1 – Northern Beaches Council – Post Amalgamation Loan Balance Summary



Amalgamation Initiatives – Capital Investment

A significant improvement since amalgamation was the increased delivery of capital expenditure to the community of the northern beaches. An uplift of over \$20 million per annum on average in capital expenditure, as outlined in Graph 2 below, has been delivered since amalgamation in 2016. The economies of scale of a larger Northern Beaches Council have enabled the delivery of larger capital investment into its asset base than was possible for the previous Council's, especially the smaller entities of Manly and Pittwater.

Graph 2 – Northern Beaches Council – Post Amalgamation Capital Expenditure Summary



Amalgamation Initiatives – Final Resource Review

As a part of closing out the initial saving and re-investments associated with the amalgamation process, Council undertook a review of positions that were considered surplus to the organisation's efficient delivery of service and infrastructure to the community. This process saw an additional efficiency saving dividend of some \$2.75 million realised in 2019/20 with no impact to the quality and service levels of Council.

PRODUCTIVITY IMPROVEMENTS (POST AMALGAMATION) – JULY 2020 TO JUNE 2024

Productivity Improvements (Post Amalgamation) – Savings Initiatives

Post amalgamation, Council has continued to seek ongoing productivity improvements as a part of its normal operations. In the 2020/21 budget, Council achieved another \$2.75 million in budget savings through initiatives in the following areas:

- Street lighting cost reductions – via energy efficient LED globe replacements
- Reduced agency costs
- Reduced bank fees
- Reduced insurance costs
- Reduced fuel costs
- Savings in employee costs due to system efficiencies
- Fee initiatives with regard to children's services.

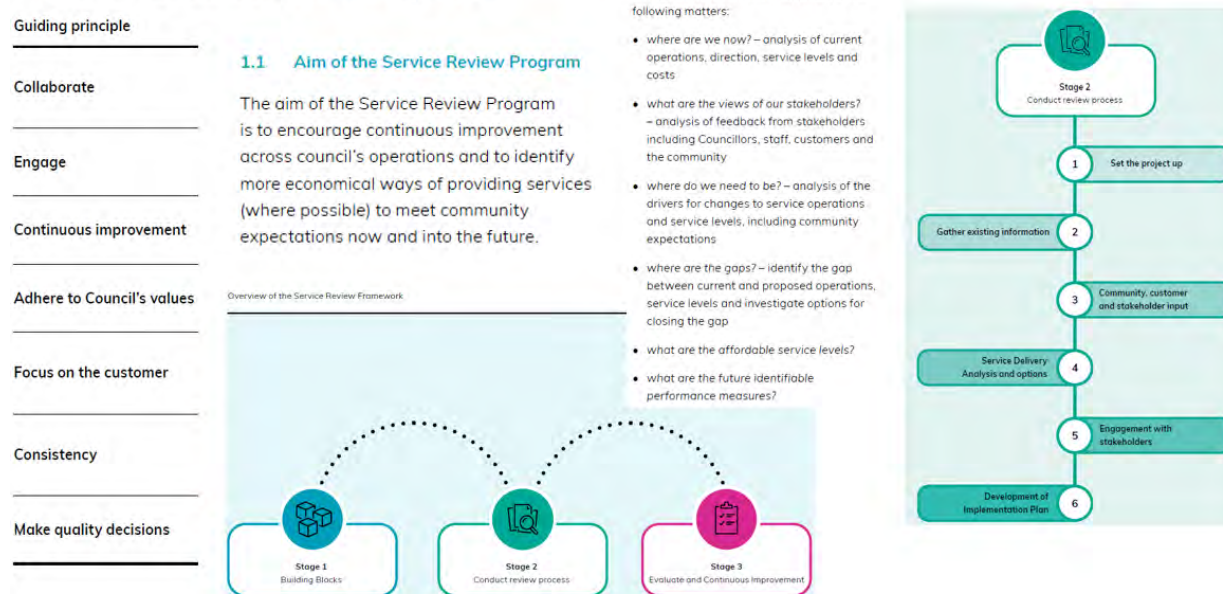
These savings were reinvested in priority services and infrastructure based on Council's ongoing budget process and Councillor and community requests.

Productivity Improvements (Post Amalgamation) – Service Review Framework and Ongoing Program of Reviews

In 2020 and updated in 2024, Council has developed and implemented a Service Review Framework (see Attachment A) and associated program of reviews to proactively promote and drive productivity and organisational sustainability.

Service Review Framework

Northern Beaches Council May 2024



The aim of the service review program is to encourage continuous improvement across council's operations and to identify more economical ways of providing services to meet community needs now and into the future. The program's underlying objectives are:

- Assess the service's performance including efficiency (how well it uses its inputs) and effectiveness (how well it achieves its outcomes) to deliver current service levels.
- Develop an awareness and understanding of community and customer needs and the relative importance of the service.
- Ensure understanding of the financial impact of the service on rate subsidisation.
- Review the balance between the rate of subsidisation of the service against relative importance.
- Strive to improve our services by comparing with other high performing organisations and/or undertaking industry research (where feasible).

To date, the Service Review Program has led to over 230 service improvement initiatives that are currently in various stages of implementation. Improvements are being implemented organisational wide and include initiatives such as structural improvements, optimising trade panels to ensure diversity in contractor management, process and productivity improvements, improved data capture and management, introduction of mobile field technology, improved resourcing, financial assessment of services to facilitate a cost neutral

outcome, introduction of new innovations, introduction of performance dashboards to better understand service delivery and improved training to name a few.

The above improvement programs and reviews are demonstrative that Council has embedded and continues to seek organisational improvements in order to promote financial sustainability and minimise the burden on rates where possible.

Productivity Improvements (Post Amalgamation) – Continuous Improvement Programs

Council continues to facilitate and drive a culture of continuous improvement through its long term program referred to as IGNITE – *Inspiring Great New Ideas Towards Excellence*.

These smaller organisational wide improvement initiatives are in addition to Council's large scale improvements being implemented as part of Council's IP&R inspired Service Review Program. The program communicated via Council's intranet is designed to:

- Reduce waste i.e. remove duplication and double handling, remove blockages to streamline the system/process
- Improve quality by improving consistency, providing clarity and reducing complexity
- Improve customer service - external or internal
- Reduce risk
- Save time (hours)
- Provides an environmental benefit.

The program is considered significantly important as it drives a culture of continuous improvement throughout the organisation and has been praised by Council's independent Audit, Risk and Improvement Committee (ARIC) due to its grass roots improvement process.

The multifaceted continuous improvement program is industry leading and incorporates the following initiatives:

- Continuous improvement training, which educates staff in the principles of business excellence and continuous improvement.
- Process mapping training, to ensure processes can be designed and managed efficiently.
- Business Excellence Assessment Tools and Templates, to enable a self-assessment of how your business systems, practices, and processes rate against business excellence methodologies to enable further development of improvement initiatives.
- Change Management training, to ensure change and innovation is managed efficiently within Council.
- Communities of practice (improvement focus), that brings together like minded staff and other Council's to share improvement journeys and initiatives, and
- Council's Improvement Register that logs Council's ongoing improvement initiatives.

Since the program's inception in 2020, Council has trained over 1,000 staff and registered over 700 improvement initiatives that have either saved funds, improved processes, saved staff time and reduced organisational risk.

Productivity Improvements (Post Amalgamation) - Workforce Management and Organisational Re-Design

Within any organisation, to ensure a sustainable level of efficiency is achieved, a balance between the strategic focus (management) and service delivery (workforce) must be optimised, including employee layers and direct reports and overall organisational design.

According to the Australian Public Service Commission (APSC) - *Optimal Management Structures Guidance 2023*, the optimal number of organisational layers should be between 5 and 7 depending on the type of work being conducted, the context and organisational model. Optimising the number of layers in an organisation should:

- provide the most effective way to make decisions and manage accountability
- enable decisions to be made at the lowest appropriate level
- place decision making authority with the functions or individuals closest to the issues to minimise unwieldy clearance processes
- avoid unnecessary reporting lines to reduce hierarchy complexity, while improving communication and efficiency.

Further to this, the APSC suggests that the number of direct reports to managers should range from 0 to approximately 15+ depending again on the type and complexity of work undertaken. This range is outlined in Table 1 below.

Table 1 - Number of Direct Reports by Work Type

Category A Taskforce and specialist	Category B Specialist policy	Category C Policy and program development Program delivery	Category D High level service delivery Case management	Category E High volume service delivery Regular and less complex tasks
Benchmark number of direct reports: 0-3	Benchmark number of direct reports: 3-7	Benchmark number of direct reports: 5-9	Benchmark number of direct reports: 6-9	Benchmark number of direct reports: 8-15+
<p>High level of influence in area of specialisation, including senior specialist roles.</p> <p>Work is ambiguous, highly complex and decisions have significant risk, including reputational risk.</p> <p>Can be accountable for directing or coordinating the efforts of employees outside the direct reporting structure.</p> <p>Taskforces operate with considerable autonomy to quickly address complex and pressing needs.</p> <p>Substantial representation and new/complex stakeholder engagement.</p> <p>There may be high degrees of ministerial engagement and/or external scrutiny such as audit and parliamentary processes.</p>	<p>High level subject matter expertise.</p> <p>Decisions have significant risk, including reputational risk.</p> <p>High level of judgement and discretion.</p> <p>High degree of representation and stakeholder engagement.</p> <p>There may be moderate degrees of ministerial engagement and/or external scrutiny such as audit and parliamentary processes.</p>	<p>Distinct area of expertise with a level of specialisation.</p> <p>Broad policy advice across multiple areas within the same sphere of influence.</p> <p>Requirement to shape policy and develop methodologies.</p> <p>Responsible for promulgation of policy and revisions.</p> <p>High level of innovation.</p> <p>Design and delivery of complex programs.</p> <p>There may be some ministerial engagement and/or external scrutiny such as audit and parliamentary processes.</p>	<p>Tailored approaches to delivery of outcomes.</p> <p>High to medium complexity.</p> <p>Low number of routine application (one offs).</p> <p>Broad range of work and interactions.</p> <p>Fluid priorities and objectives.</p> <p>Regular stakeholder engagement, largely within established networks.</p>	<p>High volume of routine and repetitive tasks.</p> <p>Tasks easily grouped.</p> <p>Boundaries and frameworks for business processes and decision making are clearly defined and well tested.</p> <p>Processes are simple and replicated across multiple situations.</p> <p>Work is determined with minimal interaction required.</p> <p>High level of technology supports work processing.</p>

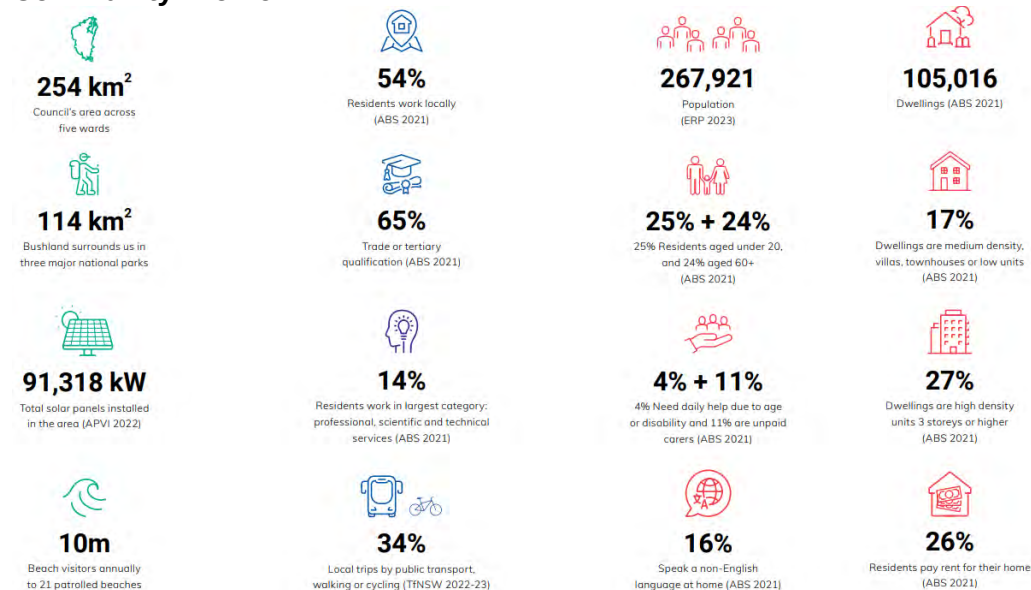
Source: Australian Public Service Commission - *Optimal Management Structures Guidance* 2023 - October 2023.

The balance of management to staff ratio will never be a one size fits all scenario especially within the industry of Local Government and it's 128 Councils due to the industry's diverse and complex nature. Each Local Government Area (LGA) has very different community, environmental, social and economic demands to meet all of which will determine the mix of management to staff layering and reporting.

The Northern Beaches Council consists of 6 workforce layers ranging from the CEO to field and operational staff. In addition, based on an estimated weighted average (incl. casual and estimated mix of indoor and outdoor staff), Council's number of direct reports would range from approximately 5 to 6, placing the workforce span of control consistent within the Australian Public Service Commission's recommended range of Category B through D (range 3 to 9) in Table 1 above. Categories B through D best reflect Council's diverse service delivery model.

Further consolidating Council's consistent approach to workforce management is the level of complexity that the Northern Beaches Council must manage in its delivery of service. The Northern Beaches Council is the 4th largest in NSW and one of the most complex councils (LGA) to manage. This complexity is demonstrated below by a snapshot of its environmental, social, economic and community profiles:

Community Profile



Environmental Profile



Social Profile



24

Ocean beaches



>790

Environmental health food inspections annually



6

Gallery, art and performance venues



36

Community centres



122

Sportsfields



219

Playgrounds



>2,200

Volunteers



20,190

Meals on Wheels services annually



2

Aquatic centres



>101,000

Visits to gallery, art and performance venues annually



6

Libraries



9

Long day care/ preschool sites

Economic Profile



\$21.10b

(GRP) Size of local economy (NIEIR 2023)



32,905

Local businesses (ABS 2023)



116,671

Local jobs (NIEIR 2023)



\$1.06b

Roads and transport infrastructure managed



54%

Residents also work in the area (ABS)



>7,800

Subscribers to Beaches Biz News emails



>470

Leases and licences over Council properties managed annually



845km

of local roads



37

Public wharves managed by Council – harbour and Pittwater



115

Public Wi-Fi access points supported



>7,200

Pay and display parking spaces managed



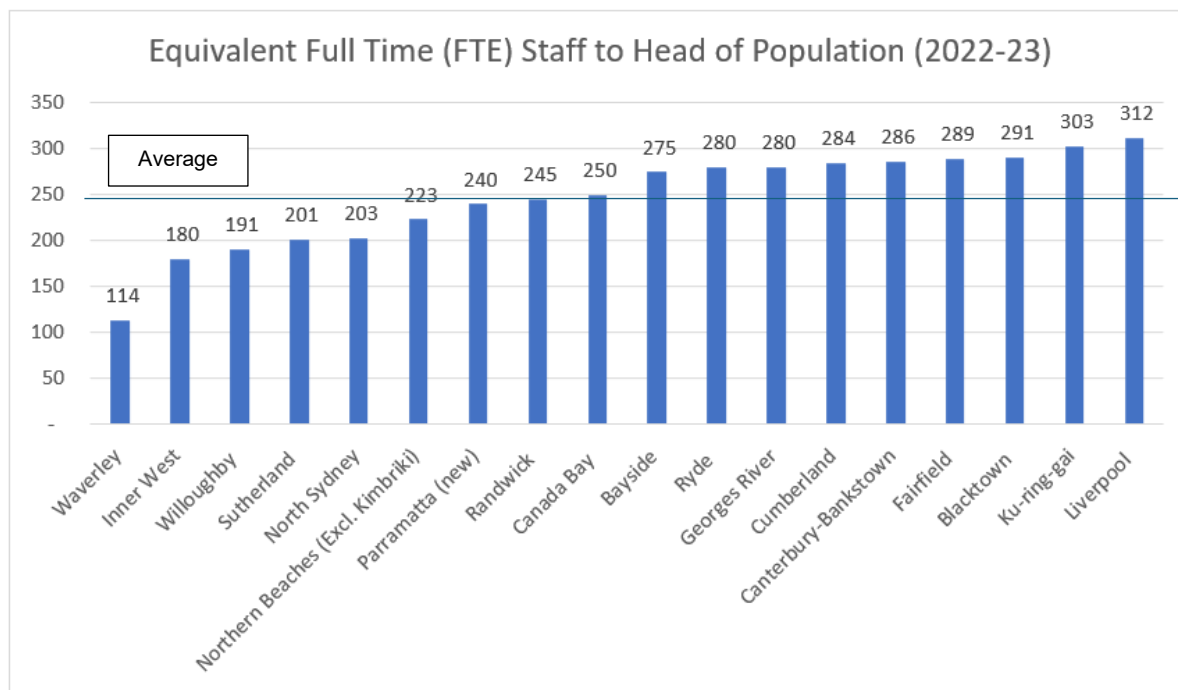
>83,000

public amenity cleaning services annually

Even with such complexity, size and depth of Council's required service delivery, the Northern Beaches Council has been able to meet or perform better than industry benchmarks (both sector wide and its own OLG Group Category) in its workforce ratios, once again demonstrating Council's dedication to organisational efficiency and organisational sustainability.

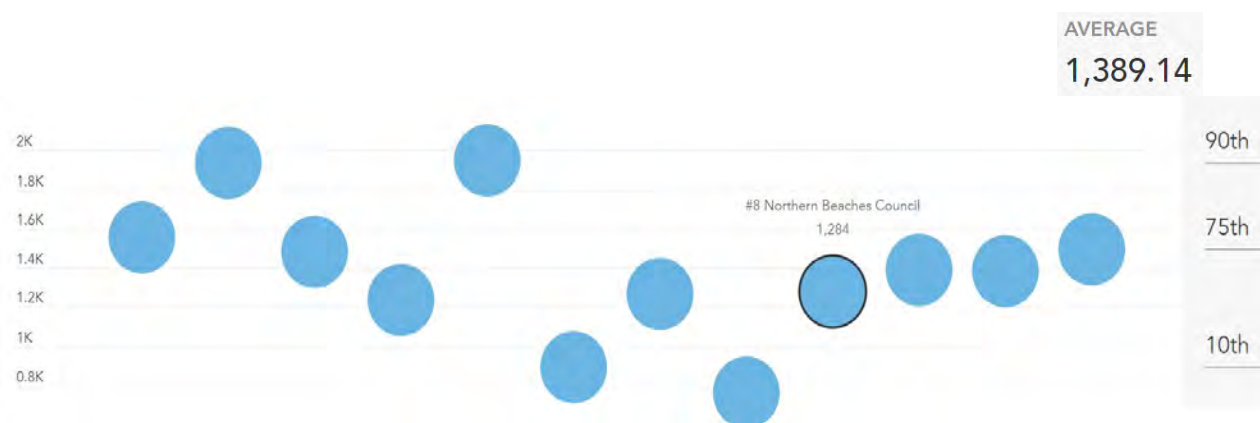
Council's full time equivalent (FTE) staff per head of population remains near average with the OLG's - NSW Medium to Large Metro Council Group, as demonstrated in Graph 3 below, as well as being better than average with the LGNSW - NSW Large Metro Council Group in the number of approved positions (FTE) within Council's establishment, as demonstrated in Graph 4 below.

Graph 3 - Equivalent Full Time (FTE) Staff to Head of Population – 2022/23



Source: Office of Local Government (OLG) Time Series Data 2022-23 (18 medium to large metro councils) – FTE excluding Kimbriki for NBC and budgeted vacant and seasonal positions.

Graph 4 - Establishment FTE Approved Positions (Very Large Urban Councils)

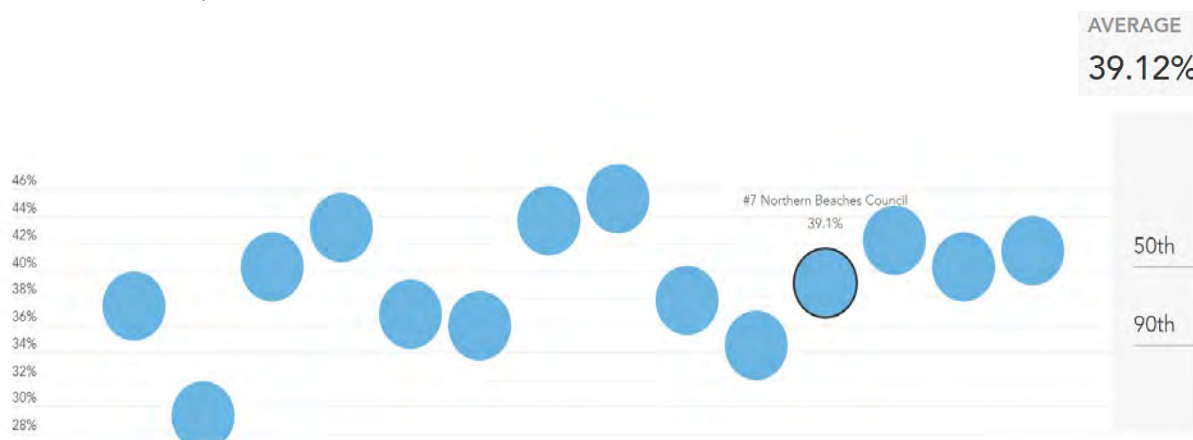


Source: Local Government Management Solution (LGNSW) 2022-23 (12 large metro councils - 2 no data supplied)

Another measure of workforce efficiency is the overall operating expenditure associated with workforce as a percentage of total operating expenditure, which is often considered a meaningful industry benchmark in term of workforce cost management. Council has

continued to maintain a percentage of 39.1% (2022/23) which is in line with the industry average of 39.12% (2022/23) for very large urban councils, as outlined in Graph 5 below.

Graph 5 - Staff Labour Cost % against Total Operating Expenditure (TOE) (Very Large Urban Councils)



Source: Local Government Management Solution (LGNSW) 2022-23 (14 very large urban councils)

Finally, in addition to organisational layering and cost, Council constantly reviews its organisational design to ensure efficiency at a service and infrastructure delivery level.

As outlined in Council's Workforce Management Strategy 2022 -2026,

"Our organisation structure is aligned to the community's goals and strategies within the Community Strategic Plan. As the largest workforce on the Northern Beaches the structure is designed to support the community's vision for the Northern Beaches. Council continues to invest in our employees, reshaping our workforce to meet the changing needs of the community and ensuring our workforce practices are comparable to the local government market. In support of this, Council also conducts annual remuneration benchmarking and metrics comparison against NSW councils to help inform decisions and the direction of our workforce."

Workforce Management Strategy 2022 - 2026

Positioning our workforce with the capacity and capability to deliver the community's vision.



It is because of this proactive approach to workforce management; Council has been able to meet the changing needs of its community as well as facilitate an ongoing assessment of staff resourcing and workforce expenditure.

Council continually reviews and improves its organisational design to ensure it is cost effective, has an optimal structure to deliver efficient community services and infrastructure at the same time responding to natural attrition, innovation, and process improvements. As demonstrated in Table 2 below, Council has been able to reduce its overall establishment FTE positions since amalgamation in 2016, from a level of 1,315 FTE in 2016 to 1,287 (FTE) in 2024/2025. This net decrease of 28 positions or 2% is attributable to reductions in Council's back office operations due to efficiency gains (through innovation and improved processes and practices) and an increase in a number of community facing services. This

reduction is even more so significant recognising the fact that Council in its first 3 years of operation was bound legislatively to “no forced redundancies” as a protection for amalgamated staff. Accordingly, this overall reduction is a significant achievement and the change in workforce focus is a positive outcome for the community and has also been achieved even in the face of continued cost shift, a significant increase in infrastructure delivery and an increase in community demand for services.

Table 2 - Establishment FTE Approved Positions (Northern Beaches Council 2016 – 2025)

Full-time equivalent positions (FTE) - by service	2016	2024/25	Increase / Decrease	
			#	%
Environment and Sustainability Services	83	84	1	2%
Waste and Cleansing Services	88	82	-5	-6%
Strategic Land Use Planning	32	34	3	8%
Development Assessment	60	48	-12	-21%
Environmental Compliance	103	100	-3	-3%
Parks and Recreation Services	141	146	5	4%
Children's Services	118	123	5	4%
Community, Arts and Culture Service	49	58	9	20%
Library Services	79	80	0	0%
Transport, Traffic and Active Travel	126	127	1	1%
Economic Development, Events and Engagement Services	40	52	12	31%
Property and Facilities Services	98	95	-3	-3%
Governance & Risk Services	40	23	-17	-42%
Customer Service	41	40	-1	-2%
Corporate Support Services	218	194	-24	-11%
Total	1,315	1,287	-28	-2%

Notes: Excludes temporary core operating system replacement project team (15 FTE).

Figures have been rounded to the nearest whole number.

Northern Beaches Council FTE Data 2016 to 2025, excludes Kimbriki, Council's Core Operating Replacement Project and budgeted vacant and seasonal positions.

Productivity Improvements (Post Amalgamation) - Employee Engagement

Often the measure of productivity and innovation will correlate to the wellbeing and level of engagement of a workforce.

The achievement of the above productivity improvements as outlined above would not be possible without a committed, innovative, and engaged workforce. Council is the largest employer on the Northern Beaches, delivering through its people over 60 diverse services from multiple sites and field locations. It has in excess of 80% of its workforce living and working in our Local Government Area.

To demonstrate organisation workforce efficiency and wellbeing, Council's recent employee engagement results are as follows:

2019 – Employee Engagement Snapshot

The 2019 engagement survey facilitated by an external party communicated a 76% engagement score representing a significant level of job satisfaction and commitment for an organisation that was only three years of age at that point in time.

The survey achieved an outstanding response rate of 85% excluding casuals.

An overview of staff responses are as follows:

- 76% said work gives them a feeling of accomplishment
- 88% like the kind of work that they do
- 74% are proud to tell people they work for Council
- 74% feel they have an opportunity to make a difference here
- 75% would recommend Council as a good place to work
- 78% would like to still be working at Council in the next two years

2022 – Employee Engagement Snapshot

In 2022, 72% (excluding casuals) took the opportunity to have a say in Council's Employee Engagement Survey with Council receiving a Change Champion Award by the independent assessor based on Council's results.

Council's overall engagement score rose to 78% indicating that employees felt even more engaged than the last survey in 2019.

2024 – Employee Engagement Snapshot

In 2024, Council's overall employee engagement score rose to 82%, up 4% from 2022. In addition, employees told management that they have experienced an improvement in how they feel at work (wellbeing), progress and success in delivering services and that they feel that as a collective Council is living the values.

Based on these results, Council won two independent provider engagement awards including the prestigious Best Workplace Award, and for the second time the Change Champion Award.

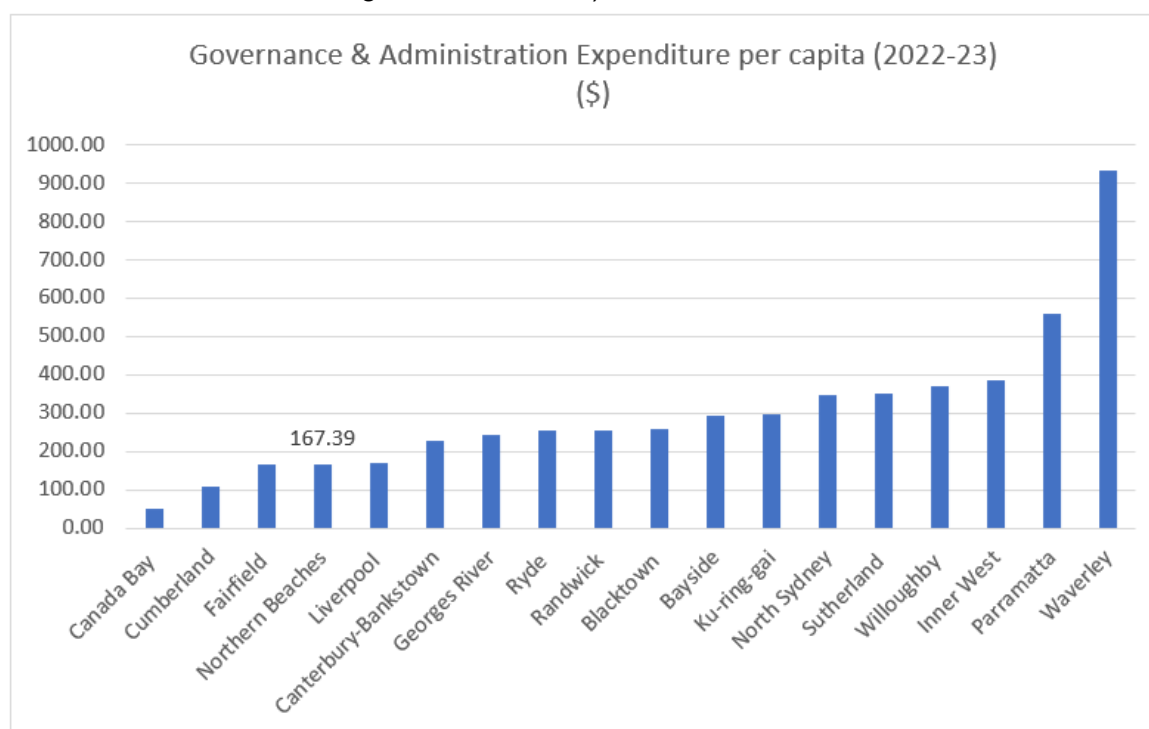
Fundamentally, as demonstrated above the Northern Beaches Council workforce is cost effective, committed and engaged thus creating a foundation for efficient delivery of service.

Productivity Improvements (Post Amalgamation) - Governance and Administration Expenditure Containment

The cost of the governance and administration per capita reflects the level of expenditure required to manage the Council per resident in the community. The lower the cost of governance and administrative indicates an efficiency in the administration of a council. The lower the costs associated with Council's administration allows greater level of funding that can be subsequently directed towards community facing services.

As outlined in Graph 6 below, in 2022/23 the Northern Beaches Council was one of the lowest Councils in the OLG's Medium to Large Metro Council Group with respect to expenditure on governance and administrative expenditure.

Graph 6 - Governance & Administration Expenditure per Resident 2022-23 (OLG Group 3 Councils - 18 medium to large metro councils)



Source: Office of Local Government (OLG) Time Series Data 2022-23 (18 medium to large metro councils)

Productivity Improvements - (Post Amalgamation) Other Cost Containment Initiatives

In recent years Council has analysed practices and the utilisation of materials and services to optimise their use and cost containment. Council has proactively improved and saved in the following areas:

- *Electricity cost containments strategies:* Council has completed the following initiatives:
 - undertaken energy efficient upgrades including lighting, HVAC upgrades and sports field lighting upgrades estimated to save over \$460,000 each year
 - Energy efficiency projects including the installation of over 480 kW of solar panels on Council buildings that has saved approximately \$80,000 each year
 - Entering into a new electricity contract for 100% renewables which has saved \$2.52 million since its inception in 2021.
- *Workers Compensation Self Insurance Management Practices:* Since amalgamation, Council has managed workers compensation under its own self insurance license. The immediate effect of this at the time of amalgamation was a premium savings of approximately \$1 million dollars. Council has maintained this license and management practice since amalgamation, saving on average approximately \$1.5 million dollars a year in premium costs as determined by an independent methodology review by ENSURE in 2021. ENSURE expressed, that *"After the comprehensive review of all premium options and resourcing models currently available to NBC it is our recommendation to continue with your current workers compensation arrangements – that is, maintain your Self-Insured program as well as continuing with the internal Injury Management Team structure."* NBC NSW Workers Compensation – Alternate Premium Methodology Review – 23rd March 2021.

- *Waste management strategies to reduce landfill:* In order to facilitate and maintain strategies to reduce waste going directly to landfill Council has in place a four (4) bin source separation system that separates collection of garden organics, paper/cardboard and containers that provides the optimal process to recycle and reuse household waste. Further to this separation system, Council has in place comprehensive and leading waste reduction programs, including reuse and recycle drop off events, supporting charity collections, and offering re-usable food and drink containers. The above waste reduction practices have led to high landfill diversion rates of household waste from landfill that has seen the rates increase from 49% in 2019 to 65% in 2022. These practices have extended the useful life of Council's waste facility and in turn kept long term costs as associated with domestic waste management contained.
- *Re-financing of Council loans:* Where possible, Council continues to review its loan portfolio to ensure that opportunities that may have presented themselves due to changes in market conditions have not been missed. In 2020, a refinancing analysis was undertaken of Council's loans that had a higher interest rate attached to them however no net financial advantages were able to be achieved by refinancing council's loan portfolio due to break costs. This process was again repeated in 2024 with a \$95,000 (over loan life) savings achieved in the re-financing of council's loans.

FORWARD IMPROVEMENT PLAN INITIATIVES – JULY 2024 ONWARDS

As a part of Council's forward improvement plan the following cost containment strategies and efficiency initiatives will be undertaken over the next 3 years and beyond:

- **Service Delivery to the Community – Optimisation through Service Review.**

Council is committed to the ongoing review of its services in an effort to efficiently meet the needs of its community as identified in the Community Strategic Plan. As a part of this commitment a review of the following services is to occur in 2024/25:

- Traffic and Transport
- Marketing And Communications
- Open Space Maintenance
- Community engagement

Further service reviews will be determined as a part of Council's Delivery and Operational Plan process and will be conducted year on year.

- **Workforce Management**

Council will continue to focus on workforce efficiency in the same manner that it has to date. Council will review and where feasible improve its organisational design to ensure it is cost effective, has an optimal structure to deliver efficient community services and infrastructure in line with the Community Strategic Plan. It is anticipated that through natural employee attrition, innovation, and process improvements (in addition to services listed in Service Delivery Optimisation), the full time equivalent (FTE) workforce may be reduced over 3 years at an estimated savings of \$1.7 million dollars (based on an average employee cost of \$100,000).

- **Service and Associated Cost Rationalisation Plan**

Council will continue to focus on the rationalisation of discretionary services with a view

to adjust the level of some services to meet both the Community Strategic Plan priorities and organisational financial sustainability. It is anticipated that an estimated \$2.1 million dollars could be saved on annual basis within 3 years (subject to Council consideration) with some moderate level of service reductions, through Council's ongoing process of service reviews and organisational wide productivity opportunities.

- **Property Rationalisation Plan**

Council will continue to focus on the optimisation of the community's property portfolio including the appropriate divestment of poorly utilised land parcels. It is estimated that \$10 million could be realised over the next 1-5 years through the sale of Council property and land holdings. Property rationalisation will be based on a review noting:

- Council's property portfolio is highly valued by the community with only a small percentage of parcels currently seen as not providing community value.
- Council is restricted in its capacity to dispose of land, with the vast majority of Council's property portfolio categorised as community land and therefore is not able to be sold.
- The optimisation of Council's property portfolio also looks at re-purposing for a community use in the analysis of "highest and best" use.
- Taking all of the above into account, there remains opportunity to deliver a financial outcome from consolidating uses and divesting or developing some parcels.

It is important to acknowledge that proceeds from the sale of property is one off, is often complex and contentious, has long lead times and subject to significant considerations to proceed to sale (re-zoning, assessment of community need, consultation process etc.). Realised funds, while unable to resolve Council's immediate financial concerns, would support rate income into the future with re-investment into the renewal and delivery of new community facilities and assets.

- **Fleet Optimisation Plan**

Council provides a fleet of vehicles (cars, utes etc.) to facilitate the delivery of services and capital works to the community of the Northern Beaches. Council will continue to focus on the rationalisation of its vehicle fleet undertaking a net cost containment plan though staff contribution increases, a reduction in council pool cars, purchasing rationalisation to lower cost vehicles and FBT savings. It is estimated that the above strategies will facilitate net operational savings/income of over \$580,000 by year 3, with a small capital savings of approximately \$43,000 also realised.

- **Workers Compensation Self Insurance Continuation**

Council will continue to manage workers compensation under its own self-insurance license to maintain the estimated annual savings of \$1.5 million dollars in premiums. (It should be noted that this recurring savings is currently embedded within Council current and future budgets)

- **Energy Efficiency Plan**

Council will continue to focus on its energy efficiency and solar opportunities including the facilitation of:

- an additional 370kW of solar on Council facilities (including solar at Cromer Depot and Dee Why Civic Centre) expected to save around \$55,000 p.a. on energy bills.

- energy efficiency works such as HVAC and sports field lighting upgrades with estimated cost savings over \$100,000 p.a.
- an energy efficient heat pump upgrade at Manly Andrew 'Boy' Charlton Aquatic Centre which is expected to save \$550,000 in energy bills and over 1,600 tonnes in greenhouse gas emissions each year. (Note: an investment of approximately \$2.5 million (grant funds) will be required in the heat pump upgrade at Manly Andrew 'Boy' Charlton Aquatic Centre to achieve estimated annual savings.)
- additional transition from gas/electrification projects, including energy efficient electric hot water systems, gas cooking and heating upgrades, expected to save over.

\$50,000 p.a. in energy costs and 180 tonnes in greenhouse gas emissions each year.

It is estimated that the above energy efficiency opportunities will provide \$755,000 in savings by year 3.

Note: Planned solar projects are expected to deliver slightly less return in terms of \$/kW savings than completed projects. This is due in part to significantly lower electricity prices for our large sites since commencement of our PPA in 2021 together with project specifics such as larger systems that can accommodate potential future battery installation or EV charging.

• **Innovation and Information & Technology Investment**

Council will continue to focus on its information technology platform to ensure the efficient provision of an enterprise resource platform (ERP) and associated infrastructure and software application systems. Over a three year period commencing in 2024/25, Council is investing in its ERP to ensure it has a modern and efficient technology platform. This platform will enable Council to operate in a protected cloud base environment ensuring optimisation of its organisations process and practices.

• **Community Satisfaction and Council's Customer Service Focus**

Council prides itself in the delivery of its services and strives to ensure our community is satisfied.

A recent Community Satisfaction Survey in 2024 by an independent provider indicated that despite the external stressors (e.g., flooding and economic recession) in recent years, residents' satisfaction with Council and their perceived quality of life have remained steady.

- 98% rated their quality of life as 'good' to 'excellent',
- 86% are at least somewhat satisfied with the performance of Council, and
- 78% of residents are at least somewhat satisfied with the performance of staff in dealing with the enquiries.

At a further granular level, Council continues to survey its customers who lodge a customer request with Council to gain their feedback. The survey seeks information on a number of customer service categories including, *felt valued as a customer, kept up to date through the process, ability of staff to complete request, time for request to be completed, satisfied with outcome of request and service experience met expectations*, to better understand their customer experience.

In 2023/24, from 21,159 surveyed customers, Council's Month on Month comparative satisfaction scores averaged from 3.82 to a peak in June 2024 of 4.17 (out of 5), indicating that our delivery of service in the main is satisfying the needs of the community.

It is the information gained from such surveys that allows Council to tailor our services and infrastructure delivery to meet the needs and satisfaction levels of our community.

- **Additional Funding Streams**

While Council will continue to promote effective budget principles and focus internally for productivity and cost containment initiatives it is recognised that these initiatives alone will not be enough to ensure financial sustainability of the Council now and into the future.

The Northern Beaches Council, like all NSW Councils, face the financial dilemma of ageing infrastructure, rising costs, limited ability to raise revenue and high community expectations. This imbalance in part can be addressed through Council's ability to raise from time to time a special variation in rates.

Accordingly, it is proposed that from the financial year 2025/26 (for 3 years), Council will seek a variation to its ordinary and business rate base to seek additional revenue to facilitate ongoing financial sustainability, allocation of funds to natural disaster management and to address Councils ageing infrastructure demands.

SUMMARY

Post amalgamation and ongoing to date, Council has consistently demonstrated that it has continued to produce a high level of productivity improvements and cost containment initiatives that has provided the community of the northern beaches with a cost efficient and effective Council. This position was recognised, in 2022 with Council being awarded the AR Bluett Memorial Award by Local Government NSW that recognises the most progressive metropolitan and rural council out of 128 across NSW.

The Northern Beaches Council continues to look towards ongoing financial sustainability and strives to maintain the most cost effective practices, processes, and workforce it can in its delivery of service to the community.

While Council will continue to promote effective budget principles and focus internally for productivity and cost containment initiatives it is recognised that these initiatives alone will not be enough to ensure financial sustainability of the Council now and into the future.

ATTACHMENTS

- Attachment A - Service Review Framework 2024
- Attachment B - Northern Beaches Council Merger Performance Report – 28 July 2020 Council Report



Attachment A

Service Review Framework

Northern Beaches Council May 2024



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Introduction

Northern Beaches Council is the largest provider of services for the Northern Beaches community. Across 16 key service areas, Council is committed to delivering high quality services that meet the needs of our community now and into the future.

Council is under pressure to deliver services within an increasingly challenging environment. Council has progressively taken on greater responsibilities for delivering services in response to both growing community expectations and the devolution of functions from other levels of government. To ensure ongoing financial sustainability, Council is committed to strategically and continuously reviewing and improving its services to consider what we do, how we do it and how we manage associated costs. Council also seeks to be innovative in its service delivery in an ever-increasing global and digital economy.

To encourage continuous improvement across operations and support councils to remain sustainable, the Office of Local Government has now included within its Integrated Planning and Reporting - Guidelines for Local Government in NSW (September 2021) a requirement for councils to undertake a review of their services. These Guidelines mandate that all NSW councils undertake a program of service reviews and specifically that:

1. To encourage continuous improvement across the council's operations, the Delivery Program must identify areas of service that the council will review during its term, and how the council will engage with the community and other stakeholders to determine service level expectations and appropriate measures (Essential Element 4.3).
2. With respect to service reviews identified in the Delivery Program, the Operational Plan must specify each review to be undertaken in that year (Essential Element 4.17).
3. The Annual Report must include information about how the council has progressed on the delivery of the service reviews it has committed to undertake in that year, the results of those reviews and any changes made to levels of service in the areas under review (Essential Element 5.3).

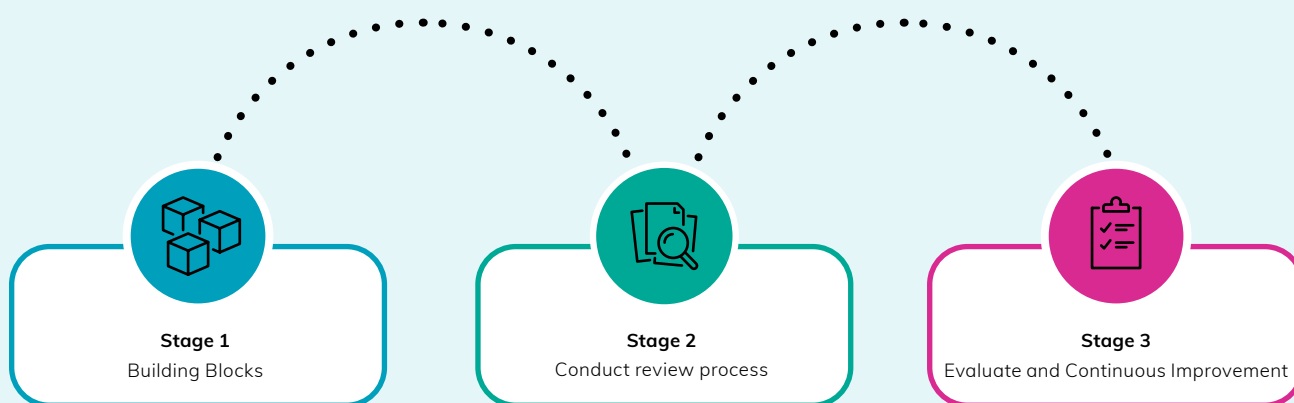
Council's ongoing Service Review Program will involve comprehensive reviews of its services and associated functions and forms part of the ongoing continuous improvement program. The reviews are led by the Strategy and Performance Business Unit and undertaken in accordance with the Integrated Planning and Reporting Guidelines (IP&R).

To support the implementation of the Service Review Program, Northern Beaches Council has developed the Service Review Framework to ensure clear and concise objectives are established for the program and that a consistent process of review is understood and followed by all stakeholders.

The Northern Beaches Service Review Framework is based on the resource, "Service Delivery Review: A How to Manual for Local Government", which was developed by the Australian Centre of Excellence for Local Government (ACELG) and the University of Technology, Sydney's Centre for Local Government (UTS: CLG). This Framework outlines a process for undertaking reviews and Northern Beaches Council has embraced this methodology and incorporated these foundations into our process.

The framework can be applied to reviews of services at all levels including whole of service or specific service functions. The scalability of this framework will enable individual service reviews to be conducted at the required level to fit their unique circumstances whilst ensuring Council's overarching Service Review Program can be achieved.

Figure 1
Overview of the Service Review Framework



Stage 1: Establish the building blocks

In accordance with the ACELG & UTS: CLG Framework, Northern Beaches Council has established the building blocks to support a comprehensive Service Review Program. This includes:

- articulating the aim of the service review program
- developing clear objectives to measure success
- establishing guiding principles that will govern our approach and behaviours
- confirming clear roles and responsibilities to ensure clarity and accountability.

1.1 Aim of the Service Review Program

The aim of the Service Review Program is to encourage continuous improvement across council's operations and to identify more economical ways of providing services (where possible) to meet community expectations now and into the future.

1.2 Objectives

The Service Review Program objectives are:

- Assess the service's performance including efficiency (how well it uses its inputs) and effectiveness (how well it achieves its outcomes) to deliver current service levels.
- Develop an awareness and understanding of community and customer needs and the relative importance of the service.
- Ensure understanding of the financial impact of the service on rate subsidisation.
- Review the balance between the rate of subsidisation of the service against relative importance.
- Strive to improve our services by comparing with other high performing organisations and/or undertaking industry research (where feasible).

1.3 Guiding principles

The following principles have been established to guide the process and behaviours for conducting service reviews.

Guiding principle	We will
Collaborate	Leverage diverse knowledge and thinking by collaborating extensively to identify opportunities to improve Council's financial, environmental, social and economic sustainability.
Engage	Engage widely and value the experience and ideas of service delivery teams and their customers to ensure input is considered and incorporated.
Continuous improvement	Build a culture of continuous improvement, excellence, and innovation, empowering staff to continue this journey post the review.
Adhere to Council's values	Honour our values of service, teamwork, trust, respect, integrity and leadership when conducting service reviews.
Focus on the customer	Consider improvement recommendations from a variety of perspectives with the principal aim of improving the overall customer experience with the service.
Consistency	Ensure alignment with Council strategies and plans e.g., Asset Management Strategy and Plans, Change Management Framework and Community Engagement Policy and Strategy.
Make quality decisions	Make effective use of facts, data, and knowledge to guide decision making.

1.4 Prioritisation of the Service Review Program

The Service Review Program involves the analysis of individual services and the development and implementation of action plans. Council is committed to regularly reviewing its services based on a prioritised program.

The prioritised program of reviews is established to ensure resources are allocated effectively to achieve the overall objectives of the program and will consider:

- community and customer feedback
- councillor priorities
- organisational priorities, available resources and competing projects.
- environmental pressures (political, economic, sociological, technological, legal and environmental)
- Strategic Internal Audit Plan
- workforce changes (structure reviews).

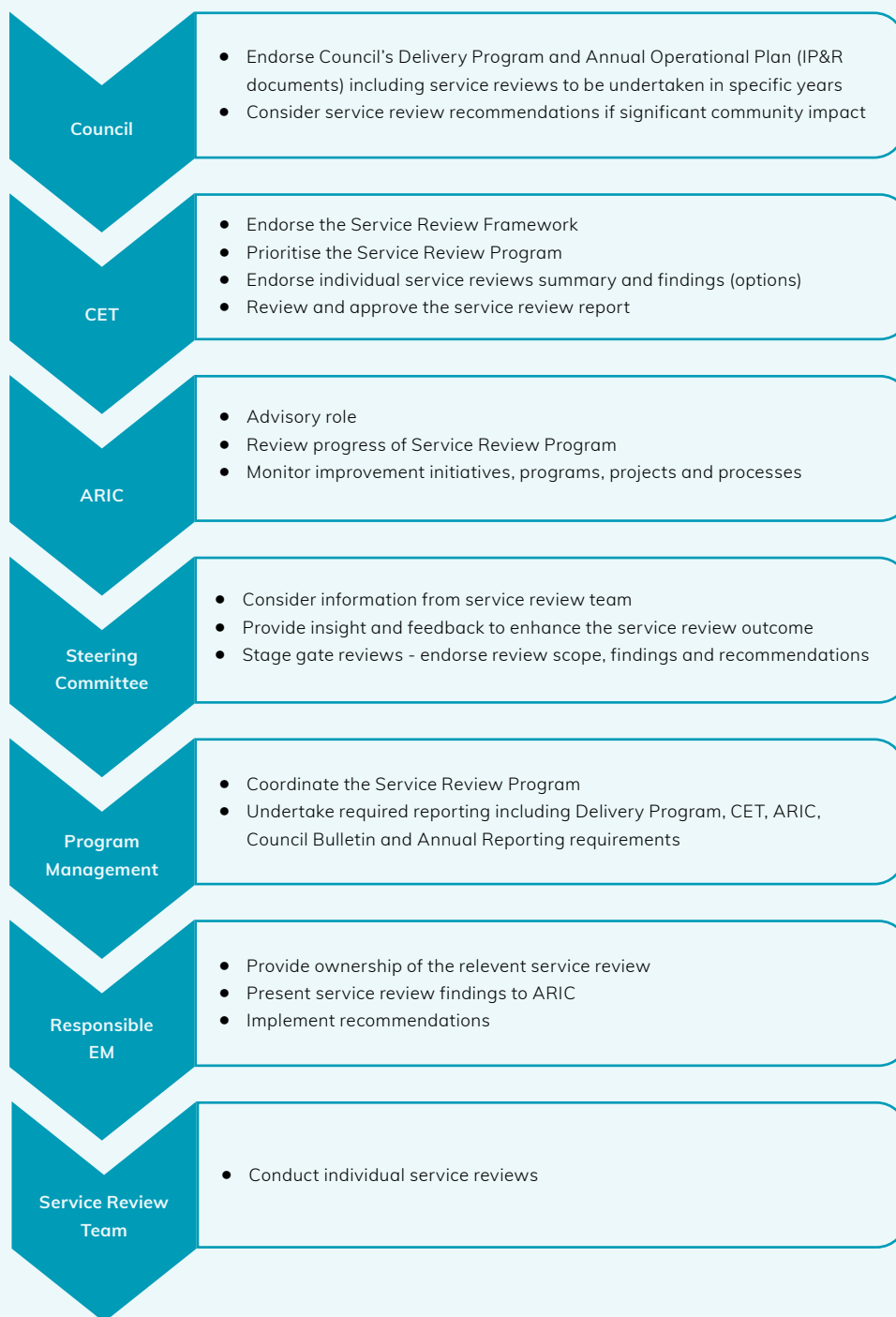
As part of Council's planning cycle, the Service Review Program and schedule will be reviewed and set to reflect current service delivery priorities and be identified in the Operational and Delivery Plans. The exact scope and scale of each review will be determined during the project set up stage.

1.5 Roles and responsibilities

Program governance

Service reviews will use the following governance structure, as outlined in Figure 2 to ensure a level of independence and critical thinking is applied when reviewing Council services.

Figure 2
Roles and responsibilities



Detailed Roles and responsibilities

Council

Council will be notified of the program of service reviews through their inclusion in Council's Delivery Program and Annual Operational Plans, as per Integrated, Planning & Reporting Guidelines. In addition to the programming of reviews, Councillors will be:

- notified when a service review has commenced
- invited to contribute their input into each service review
- invited to attend ARIC meetings where service review recommendations are presented
- notified of the outcomes and recommendations of service reviews.

Chief Executive Team (CET)

CET will have complete oversight of the Service Review Program and process, including Service Review Framework endorsement. Individual Directors are accountable for the review activities within their Directorate. CET will endorse all service review assessments and recommended options prior to Audit, Risk and Improvement Committee or presentation to Council (when required).

Audit Risk and Improvement Committee (ARIC)

ARIC will play an advisory role and will be provided progress reports throughout the program. ARIC will critically evaluate service reviews and associated recommendations to ensure due consideration has been applied to all aspects of a service.

Steering Committee

The Service Review Steering Committee (made up of cross organisational representation) will ensure the review process has been transparent and has followed the adopted process. Stage gates will be undertaken at the end of the project set up stage to endorse scope of the review and at the end of stakeholder engagement stage to endorse the review findings and recommendations. The Director of the service being reviewed will be included on the Steering Committee.

Program management

The Executive Manager, Strategy and Performance will coordinate the Service Review Program across the organisation with the assistance of the Manager, Organisational Performance. Their role will be to:

- co-ordinate the most appropriate services to be reviewed and update IP&R documents
- advise Executive Managers on process
- provide quality assurance of the individual reviews
- monitor and report on progress to Council, CET and ARIC via the most appropriate mediums.

Responsible Executive Manager

The Executive Manager of the service will have oversight and reporting responsibilities of the individual service review. The Executive Manager will also be responsible for the allocation of resources within their Business Unit to support the collection of data.

Service Review Team

The Service Review Team will engage with stakeholders, gather information, undertake benchmarking, analyse options and prepare recommendations. The review team may comprise:

- project lead (Performance Team)
- service manager or managers
- subject matter experts – (Finance, Human Resources, Customer experience)
- project support

Stage 2: Conduct the Review

2.1 Service review methodology

The focus of individual service reviews will be on the consideration and assessment of the following matters:

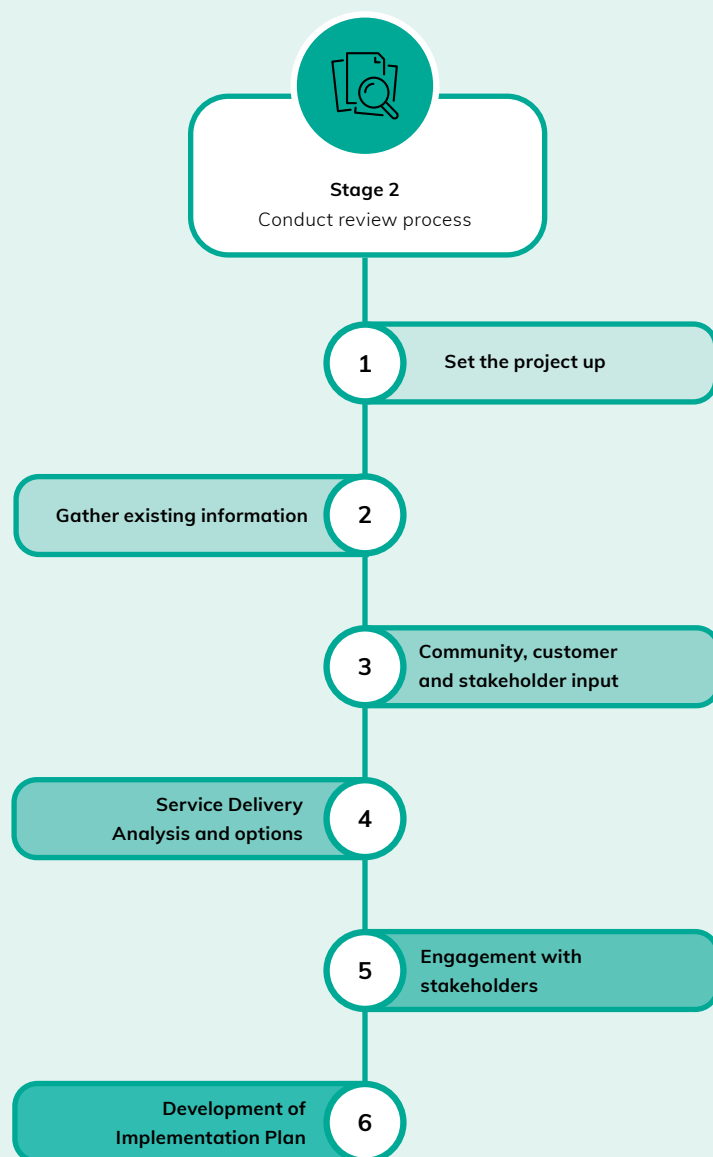
- *where are we now?* – analysis of current operations, direction, service levels and costs
- *what are the views of our stakeholders?* – analysis of feedback from stakeholders including Councillors, staff, customers and the community
- *where do we need to be?* – analysis of the drivers for changes to service operations and service levels, including community expectations
- *where are the gaps?* – identify the gap between current and proposed operations, service levels and investigate options for closing the gap
- *what are the affordable service levels?*
- *what are the future identifiable performance measures?*

2.2 Service review process

The process activities that will be undertaken to complete a service review are grouped into steps.

Figure 3

Overview of the service review process



The activities and outputs for each of the six steps of the review process are outlined in Table 1 below.

Table 1

Service review process steps, activities and outputs

Steps	Activities	Outputs
1. Set the project up	Define the scope of the review including the service functions and current resources (financial and people)	Draft service overview
	Identify specific review goals, deliverables, tasks, and timeframes. Consider existing performance measures and indicators, if benchmarking is appropriate, level of stakeholder engagement	Agreed scope and project plan
	Identify internal resources and subject matter experts to support the review	Service Review Team (resources) allocated
	Present the Define stage gate to the Steering Committee	Steering Committee input incorporated into project plan
2. Gather existing information	Develop the data collection plan with data collection requirements including: <ul style="list-style-type: none"> • overview of the service, its service functions, activities, and outputs • legislative requirements • current resourcing • current method of service delivery. 	Finalised service overview.
	Collect current state of the service financial information including: <ul style="list-style-type: none"> • inputs (e.g. employee costs, material & contracts, other expenses) • financial contributions (e.g. fees and charges, grants) • rate subsidisation amount calculation. 	Current rate subsidisation calculation and financial inputs.
	Collect current service performance information: <ul style="list-style-type: none"> • key performance indicators (KPIs) • current levels of service and service utilisation • financial performance (including trends). 	Service performance data, results and trends.

Steps	Activities	Outputs
3. Community, customer and stakeholder input	Collect community satisfaction information.	Survey/feedback results and trends.
	Collect customer satisfaction information.	Survey/feedback results and trends.
	Conduct internal stakeholder engagement (e.g. interviews and surveys) with stakeholders.	Internal stakeholder feedback results and existing service agreements.
	Conduct service provider engagement with service delivery team(s) (e.g. SWOT assessments or team workshops).	Service providers feedback including local challenges and opportunities for improvement.
	Benchmark and undertake industry research to compare service provided (where possible).	Service comparisons and identification of best practices, trends, and innovations.
4. Service Delivery Analysis and options	Conduct detailed analysis of information gathered to identify and assess service gaps and performance issues/risks to determine how the service can be improved.	Prepare draft service review report (based on standardised format)
	Review: <ul style="list-style-type: none"> • structure • alternative methods of service delivery • adjustment to service levels 	
	Develop and test recommendations with various stakeholders. Note: The above is to be categorised in accordance with Table 2.	Service recommendations: <ol style="list-style-type: none"> 1. Opportunities for improvement and associated benefits (efficiency of internal operations) 2. Future service delivery options (alternative models of service delivery and/or adjustments to service levels that require funding)
5. Engagement with stakeholders	Present draft report findings to service owner (EM and Director) and incorporate feedback.	Service owner review of report findings and recommendations.
	Disagreement on material findings and recommendations following EM and Director review to be escalated to CET.	
	Analyse stage gate presented to Steering Committee.	Steering Committee review and endorsement of report findings and recommendations.
	Prioritise recommendations in consultation with Business Unit for implementation (ease of implementation and impact matrix).	This is to be undertaken in accordance with Table 3: Ease and Impact Matrix.
	Final report reviewed and endorsed by CET and ARIC	Final reported reviewed. See Appendix B for report structure
6. Development of Implementation Plan	Conduct handover to Business:	Recommendations implemented as per implementation plan and progress updates reported to ARIC and Council. Community updated via the Delivery Program progress reports.
	1. Develop detailed implementation and change management plan.	
	2. Create actions and monitor progress in reporting system.	

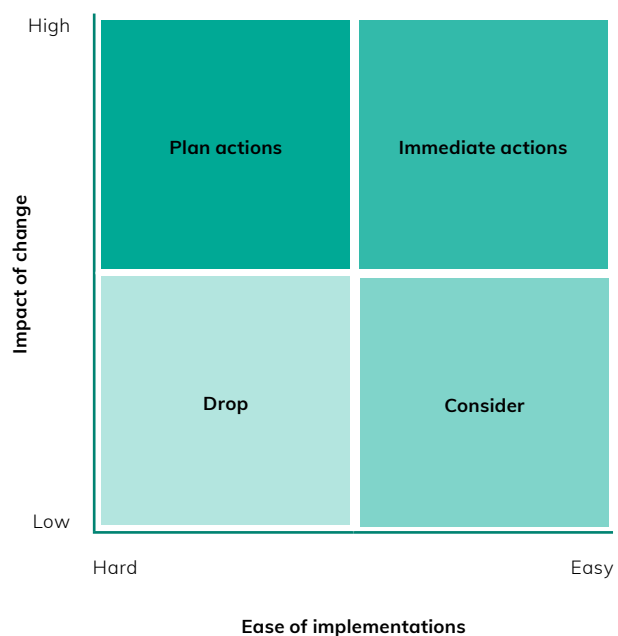
The service review improvement opportunities and future service delivery options will be classified using the following five categories. These five categories of improvement are shown in Table 2 below.

Table 2
Improvement Categories

Code	Type	Definition
A	Efficiency	Recommendation that results in improvement to process, outcomes and/or operations with no financial impact.
B	Saving	Recommendation that results in a financial saving but do not affect outcomes or service levels. Savings that can be banked or reinvested by Council into other services.
C	Increase	Recommendation that increases outputs and/or service levels and may require financial investment (additional rate subsidy)
D	Reduction	Recommendation that decreases outputs and/or service levels that results in financial savings that can be banked or reinvested by Council into other services.
E	Alternative funding	Recommendation that increases alternative funding to the service (e.g. fees and charges and result in reduction of rate subsidy).

Table 3

Ease and Impact Matrix



- **Immediate actions:** to be completed within 6 to 12 months of the review.
- **Plan actions:** to be scheduled in accordance with Council's priorities (subject to Project Management Governance Structure if requiring project management and resourcing).
- **Consider:** to be implemented at the Business Unit's discretion depending on resources.
- **Drop:** Will not be included within the recommendations.

Stage 3: Evaluate and drive continuous improvement

3.1 Monitoring and reporting

An executive summary of each review and the outcomes will be forwarded (internally) to Council following the review of each service by the ARIC.

The ongoing monitoring of the implementation plan will occur through Councils corporate reporting system on a quarterly basis. It is the ongoing responsibility of the Executive Manager of the service to provide the required quarterly updates until such time that all improvement recommendations have been completed. The ongoing program of recommendation implementation will be reported to CET and ARIC on a six-monthly basis.

As per the requirements under the Integrated, Planning & Reporting Guidelines, Council will report on how it has progressed on the delivery of the service reviews it has committed to within the annual report including the results of those reviews and any changes made to levels of service in the areas under review.

3.2 Continuous improvement

The Service Review Program forms an important part of Council's ongoing continuous improvement program. As such, Council is committed to reviewing each of its services on an ongoing basis to identify improvements based on the program aims and objectives. A key part of the program includes the monitoring and reporting of each of the service implementation plans identified as part of the review. The review will also look at opportunities to empower staff to identify and implement continuous improvement opportunities outside the review cycle. In addition, the review process and framework will continue to be assessed, to identify any opportunities in to further enhance the program.

The Service Review Program will undertake cyclic reviews, with each service being reviewed on an ongoing basis, to ensure we continually drive future improvements. The time and nature of the repeated reviews will be determined, in part by the outcome of the initial review, as well as considering relative importance of the service, and changing external or internal priorities.

The Service Review Program will ultimately result in the expansion of Council's continuous improvement culture with all employees being empowered to be part of the journey and contribute to the delivery of services to our community.



Appendix A: Service Areas and Service list

Key Service Areas	Services	Business Units
Strategic Land Use Planning	Strategic and Place Planning	Strategic and Place Planning
Development Assessment	Development Assessment	Development Assessment
Community, Art & Culture	Arts and Culture incl Public Art	Community Arts and Culture
	Glen Street Theatre	
	Community Centre Bookings Management	
	Community Development and Social Planning Services	
Environmental Compliance	Rangers	Environmental Compliance
	Building Control	
	Environmental Health	
Children Services	Children Services	Children Services
Economic Development, Events and Engagement	Events	Community Engagement and Communications
	Tourism and Visitors Information	
	Communications	
	Community Engagement	
Customer Service	Customer Service	Customer Service
Governance and Assurance Services	Elected Representatives and Mayor Support	Office of the CEO
	Risk and Insurance	Governance and Risk
	Governance	
Library	Library	Library
Transport, Traffic and Active Travel	Road and Transport Infrastructure	Transport and Civil Infrastructure
	Parking Operations	
	Hop, Skip and Jump Bus	
	Traffic and Transport Management	
	Street Lighting	
	After hours	
	Plant, Fleet and Stores	

Key Service Areas	Services	Business Units
Parks and Recreation	Open Space Operations	Parks and Recreation
	Open Space Asset Planning	
	Open Space Recreational Planning	
	Tree Management	
	Open Space Bookings	
	Beach Services	
	Recreational Services	Recreation Business
Property and Facilities	Holiday Accommodation	Property
	Public Conveniences	
	Facilities Management and Building Asset planning	
	Property and Commercial Management	
	Cemeteries	
Waste and Cleansing	Public Place Cleaning	Waste and Cleansing
	Public Litter Bins	
	Waste Management	
	Waste Education	
Environment and Sustainability	Natural Environment Management	Environment and Climate Change
	Stormwater Works and Maintenance	
	Environmental Education and Community Sustainability	
	Natural Hazards, Resilience and Emergency Management	
	Development Engineering and Certification	

Key Service Areas	Services	Business Units
Corporate Support Services	Capital Projects Delivery and Work Program Management	Capital Projects
	Information and Digital Technology	Information and Digital Technology
	Legal	Legal
	Work Health and Safety	Human Resources
	Workers Compensation	
	Human Resources	
	Finance Transactional Accounting	Finance
	Procurement	
	Finance Business Support	Financial Planning and Services
	Corporate Strategy	Strategy and Performance
	Corporate Performance	
	Internal Audit	Internal Audit & Complaints Resolution
	Complaints Resolution	

*Kimbriki Resource Recovery is a separate legal entity with its own board however it is recognised as a Key Service Area in Councils Delivery Program as they are a major shareholder.

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Revision History

Revision	Date:	Change:	TRIM Ref
1	9/6/2020	Service Review Framework endorsed by Council on 23 June 2020.	2020/337808
2	22/5/2024	Framework reviewed and amended to reflect changes to the Service Review objectives, guiding principles, and process stages.	2024/258789

ITEM 8.2	NORTHERN BEACHES COUNCIL MERGER PERFORMANCE REPORT
REPORTING MANAGER	CHIEF EXECUTIVE OFFICER
TRIM FILE REF	2020/404056
ATTACHMENTS	1 ⇒ Awards and Recognition (Included In Attachments Booklet) 2 ⇒ Independent Auditor's Report - Report on General Purpose Financial Statements (Included In Attachments Booklet) 3 ⇒ Improvements Register (Included In Attachments Booklet)

SUMMARY

PURPOSE

This report provides a summary of the Northern Beaches Council performance in addressing the New South Wales government's aims for Council mergers since Council's formation in May 2016.

EXECUTIVE SUMMARY

The proposed end of term for the current Northern Beaches Council was September 2020. The Minister for Local Government announced the extension of the current term of Council to 4 September 2021, due to the COVID 19 pandemic.

The amalgamation of Councils across NSW was a key policy of the Liberal/National government. Northern Beaches Council was established in May 2016 as an outcome of this policy. Given that we are at the end of term for the original proposed Northern Beaches Council, it is important to reflect on the performance of the Northern Beaches Council in the context of the state government's merger platform.

The objective of the NSW Coalition Government of the day was to:

"Create strategic and 'Fit for the Future' councils – Councils that are financially sustainable; efficient; with the capacity to effectively manage infrastructure and deliver services; the scale, resources and 'strategic capacity' to govern effectively and partner with the State; and has the capacity to reduce red tape and bureaucracy for business and of a scale and structure that is broadly in line with the Panel's recommendations". (*Source: Review of criteria for fit for the future IPART - Policy objective of local government reform - September 2014*).

The following paper contains information that addresses the criteria of the government's policy objective of local government reform. The information in this report is largely extracted from reports previously provided to the Councillors and to the Audit Risk & Improvement Committee. It is provided to equip Councillors to represent the performance of the Council to the community that we are all here to serve, and to report to the government on the success of their policy of Council mergers.

In just four years (some 1,460 days) the Northern Beaches Council has successfully amalgamated and established a strong financial base. In pursuit of its Corporate Strategy it is establishing itself as a leader for its community and a leader in the local government sector. Most recently it has demonstrated a high level of agility and responsiveness in supporting our community in the face of flood, storm events, bushfire and a global pandemic.

Northern Beaches Council is today an efficient, connected and leading organisation with significant strategic capacity in working with the state government. Since the merger in May 2016, Northern Beaches Council has delivered and achieved the following:

- Over \$1.3 billion in services to our community through our operational budget.
- Over \$370 million in new and renewal works through the Capital Works program.
- Completed asset planning and management of all asset classes for the next 10 year, with \$4.97 billion in community assets under Council's care and management control as at 30 June 2019.
- Is on track to more than double the State Government's \$76.3 million estimated savings from amalgamation, with a projected \$161.6 million (net present value) over ten years. Hill Rogers Auditors were engaged to independently review Council's modelling and provide an assurance report on the savings and concluded that Council's approach and modelling were reasonable and based on sound measurement principles in establishing our estimated NPV savings over 10 years. In 2019/20 the annual recurrent merger saving being reinvested back into the community, is estimated at \$29.5 million
- A reduction of some \$63 million in loans (to 2019/20) representing a significant financial achievement. At amalgamation the Northern Beaches Council inherited some \$90 million in outstanding loans and a path of debt reduction was initiated.
- An average increase in rates and annual charges of 1.67% per annum. The Reserve Bank of Australia (RBA), inflation for the four year period from March 2016 to March 2020 was 7.8%. The IPART rate-peg increases for the four years since amalgamation have totalled 8.3%. In comparison, the increase in rates and annual charges levied by Northern Beaches Council over this same time period has been 6.68%, or on average 1.67% per annum.
- A manager to employee (span of control measure) ratio better than the industry median. Span of control measures the total number of staff per manager (defined as supervisors and above). The results show that Northern Beaches Council span of control is 3.8 'other' staff per manager. This is better than the NSW and Industry median of 3.3, where they had fewer 'other' staff per manager.
- Generally adopted the highest level of service of the three former Councils across the LGA to ensure that there was no reduction in services or service level for the community.
- Introduced new services such as Place Coordinators (activation of town centres), Public Place Officers (increased maintenance of public areas), Councillor support services, and Community Liaison Officers.
- Completed 70,000 customer requests in the last year and attended 243 community meetings from December 2018 to date.
- Implemented a Business Excellence Strategy to ignite the discussion on continuous improvement within Council, receiving recognition as a leader in the industry for its program of organisational improvement as expressed on a number of occasions by the Chair of the Audit Risk and Improvement Committee (ARIC).
- A well planned and implemented response to the shocks and stresses that have challenged our community through the bushfires, storm events and COVID pandemic. This is primarily due to a number of factors:
 - The size and scale of Northern Beaches Council resulting from the Coalition government's policy of merging Council's to create capacity to deal with these events
 - A high performing organisation that has its governance, systems and workforce in place to deal with these events, while maintaining our service levels to the

community

- A skilled, innovative and engaged workforce
- Leadership of the Council.
- A highly engaged workforce. Council undertook an Employee Engagement Survey in 2019 which achieved an outstanding response rate of 85% demonstrating an engaged workforce, delivering to our community.

In the 20/21 financial year the Northern Beaches Council will expend over \$370 million in over 60 diverse services involving hundreds of activities delivered in a 24/7 environment to our community through the operational budget. Additionally, the capital works program will deliver \$104.6 million worth of new and renewal works.

At the time of amalgamation Council had no way of predicting that in 2020 it would have established a revenue base capable of absorbing a costly pandemic and delivering \$374 million in capital works projects over a four year period.

In the second half of 2020, the organisation is undertaking a program of strategic service reviews. This report provides a baseline to consider the outcomes of those reviews and inform the current and the future Council to make strategic decisions to support the resilience and capacity of our Council and community. These decisions by the Council will have an impact on the financial position of the organisation.

As a result of amalgamation, and the scale and capacity it has brought Northern Beaches Council, our understanding of the current condition of our infrastructure assets has improved, as has our modelling of required infrastructure investment in the future. Additionally, the community's expectations are increasing, in relation to the standard and quality of infrastructure currently being delivered, and to be delivered in the future. This represents an emerging challenge for our organisation.

The Mayor and Councillors have played an important function in leading the Council and ensuring that the concerns of the community are addressed and that the community is connected to the newly merged Council. The telling of the success of the Northern Beaches Council merger story should be promoted and celebrated.

The Northern Beaches Council today is an exemplar of the benefits identified by the Review Panel for an amalgamated Council. The New South Wales government should be acknowledged and commended for their leadership in progressing the Local Government Reform policy. The beneficiaries of this leadership and the outcomes are the Northern Beaches community with increased services and significant infrastructure upgrades and maintenance, with the capacity to support during the shocks and stresses now and into the future.

RECOMMENDATION OF CHIEF EXECUTIVE OFFICER

That Council:

1. Acknowledge the report.
2. Write to the Premier of New South Wales Gladys Berejiklian and the Minister for Local Government Shelley Hancock, acknowledging the success of the government's local government reform policy and outlining the benefits to the Northern Beaches Community.
3. Write to the former Premier Mike Baird and the Minister for Regional Transport and Roads Paul Toole (previous Minister for Local Government), thanking them for their leadership in delivering the local government reform policy and outlining the benefits to the Northern Beaches community.

4. Write to local members outlining the benefits of the local government reform policy to the Northern Beaches community.
-

REPORT

BACKGROUND

In 2013, an Independent Local Government Review Panel made a number of recommendations to reform the local government system in NSW finding that there was an unsustainably high number of councils in NSW, and that many were financially unsustainable.

The objective of the NSW Coalition Government of the day was to:

“Create strategic and ‘Fit for the Future’ Councils – Councils that are financially sustainable; efficient; with the capacity to effectively manage infrastructure and deliver services; the scale, resources and ‘strategic capacity’ to govern effectively and partner with the State; and has the capacity to reduce red tape and bureaucracy for business and of a scale and structure that is broadly in line with the Panel’s recommendations”.
(Source: Review of criteria for fit for the future IPART - Policy objective of local government reform - September 2014).

The amalgamation of Councils across New South Wales was a key policy of the coalition government. Northern Beaches Council was established in May 2016 as an outcome of this policy. Given that we are at the end of term for the original proposed Northern Beaches Council, it is important to reflect on the performance of the Northern Beaches Council in the context of the New South Wales government’s merger platform.

The following paper contains information that addresses the government’s policy objective for local government reform. The information in this report is largely extracted from reports previously provided to the Councillors and to the Audit Risk & Improvement Committee. It is provided to equip Councillors to represent the performance of the Council to the community that we are all here to serve, and to report to the government on the success of their policy of Council mergers.

It also provides a baseline for considering the recommendations to be included in the strategic service review report to be presented to Council in December 2020.

AMALGAMATION OUTCOMES

Strategic Capacity

Today Council is recognised as a strong government partner with a strategic outlook, confidently representing and progressing matters of local and regional significance.

The following key examples are demonstrations of an effective Council:

- Secured over \$36.1 million in Stronger Communities Fund grant funding
- Commencement of B-Line bus network and six commuter parking stations providing around 900 car spaces
- Working with NSW Government to deliver the Frenchs Forest Hospital Precinct and Ingleside Land Release
- Allocated \$1.2 million for development of youth spaces and youth activities at PCYC, Dee Why
- \$10.3 million Connecting All Through Play program features a regional network of inclusive accessible playgrounds
- Construction of \$21 million coast walk and art trail from Manly to Palm Beach
- Harmonised fees and charges across Northern Beaches

- Implementation of the new State Government's Local Planning Panel
- Development and adoption of the Affordable House Policy
- First Northern Beaches Disability Inclusion Action Plan (DIAP) - adopted June 2017
- Management of Alcohol Free Zones and Alcohol Prohibited Areas - more unified approach across the LGA
- Development and adoption of a Compliance and Enforcement Policy to apply a single approach to enforcement across the Northern Beaches
- Consolidation of Traffic Committees - to provide a holistic approach to traffic concerns
- Move Northern Beaches Transport Strategy adopted in November 2018
- New waste collection service - harmonising waste and recycling collection services and delivering improved safety, environmental and financial benefits through standardised, integrated domestic waste collection services contract commenced 1 July 2019.

Service Provision

Residents and businesses communicate an efficient, convenient and satisfying experience when using council services, information and infrastructure.

- 90% customer satisfaction rating
- Single Northern Beaches Parking Sticker
- Introduction of web streaming and agenda display for council meetings
- Consolidated Pre-Lodgement Service - harmonising and improving service through consolidated booking system, fees, practices, expert input/attendance and consistent written advice whilst maintaining the option of meetings in three locations
- Single form for DAs, Modification and Review Applications - one checklist and combined lodgement requirements
- Implementation of one assessment report tool (ASSESS) - creating consistent reporting, planning conditions, and document templates as well as electronic stamping of consent plans
- Meals on Wheels - expanded service included community lunches
- Hop, Skip and Jump (HSJ) Bus Service - expanded routes to Manly Vale in January 2018
- Additional arts programs - expanding the Makers Markets across the LGA
- Scores on Doors - rolled out across the LGA which provides the community with access to food safety information
- Out of Hours Work Permits - process to assess and grant approval for construction work outside of standard and approved hours
- Harmonisation of fees and charges - single schedule of fees and charges adopted
- Established one contact number for families to call and register for any of the six long day care centres, two pre-schools, five vacation care and 56 family day care centres
- Centralisation of Compliant Child Care Management Systems (CCMS) - using a single CCMS system for managing child care fees and waiting list
- Spatial Information - combined Council Planning Certifications into one system, single

point, consistent approach and customer experience

- New integrated website delivered streamlining 125+ service lines into an intuitive and user friendly model for the community to use online
- Integration of Community Engagement System and Website (Your Say)
- Launch of a new quarterly newsletter Beaches Biz News - the newsletter is distributed to over 2,500 local businesses
- Customer Service Centres - aligned operating hours with ability to do all Council business at any of our four customer centres
- Single Call Centre - providing continuity in responses and information to customers
- New Customer Online Portal - established a new customer online portal (OneCRM) which has seen an increase of customers contacting us online
- Expanded Call Centre Hours - for residents of former Warringah and Manly. These residents have an additional 5.5 hours per week direct phone contact with Council staff
- Expansion of Library Borrowing Program customers can borrow and return items from any of the six branch libraries as well as the Avalon Community Library
- Single library card - providing access to the whole service and collection
- New Library Management System - all services and collections accessible from one system online or in branch, saving \$200k over five years
- Consolidation of library programs providing more events at no extra cost
- Creation of a public place team - the team proactively fix minor issues and 'make safe' any larger issues until staff can attend and complete repairs
- Development of a Northern Beaches walking plan
- Park and Recreation Bookings: event bookings are now in one system and fees harmonised.

Community Relationships

Investment in the community has been demonstrated in the following ways:

- Awarded \$1 million in grants to the community
- Community Liaison Coordinator role initiated to assist advocacy for local community groups
- Engaged 2,000 diverse community members to develop the first Community Strategic Plan for Northern Beaches Council
- Established six strategic reference groups
- Community satisfaction survey of residents on the Northern Beaches shows they feel that they have a 'good' to 'excellent' quality of life and feel proud and connected to the area
- Developed a unique brand reflecting the Northern Beaches lifestyle
- Adopted a Community Engagement policy and matrix
- Club Grants - supported the formation of one Club Grants committee
- Establishment of a Suicide Prevention Working Group - with Police and key service providers, to identify strategies and actions to reduce suicide

- Development and adoption of a Compliance and Enforcement Policy to apply a single approach to enforcement across the Northern Beaches
- Development of an Asbestos Management Policy and Guidelines for the Northern Beaches community, staff and workers within the local government area
- Integration of Community Engagement System and Website (Your Say)
- New Community Engagement Framework and Policy - developed, engaged and adopted (Feb 2017)
- First Events Strategy 2018-2023 developed and adopted
- New Place Making Framework developed and implemented
- Launch of a new quarterly newsletter Beaches Biz News: the newsletter is distributed to over 2,500 local businesses.

Sound Organisational Health

Our culture directly contributes to the Council's success and to the delivery of positive customer centred behaviours, Council has:

- Established a corporate vision and values with more than 500 staff participating in its creation
- Finalised a Workforce Management Plan to develop our people
- Implemented a 10 year Long Term Financial Plan
- Initiated a Leadership Development program for Executive Leadership Team
- Consolidated staff accommodation to build teams and create efficiencies
- Delivered performance conversation training for all people leaders
- Achieved White Ribbon accreditation to strengthen a culture of respect and gender equality at all levels of the organisation
- Developed of one set of consistent, current and compliant HR policies across Council including HR Delegations (most recently revised in 2020)
- Developed and implemented a three year people plan to drive a culture of high performance and engagement, enabling leaders to deliver and building a capable fit for purpose workforce
- Deployed new WHS IT Systems.

Performance

The Council delivers on the needs of the community. Demonstrated examples include:

- Injected the NSW Government's New Council Implementation Fund into core integration projects allowing for continuity of performance and improved service
- Transition from Administrator to 15 elected Councillors
- Repaid significant outstanding debt (\$63 million)
- Developed external facing Organisational Performance Metrics which are reported six monthly to Council
- Facilitation of productivity savings in line with Council's Long Term Financial Plan
- Enterprise Risk and Opportunity Management Framework – comprehensive framework implemented with a strategic approach incorporating the three lines of defence risk model to mitigate organisational risk

- Redesign of the Internal Audit (IA) function and implementation of an IA Plan: new IA co-sourced function developed to replace three former IA models, IA and ARIC Charters revised and adopted
- Asset Management Strategy - a single Asset Management Strategy aligned to the CSP and IP&R framework
- Substantially delivered on the NSW government's savings over 10 years (see Merger savings below for further detail).

FINANCIALLY SUSTAINABLE

Council has, and continues to produce, sound financial results. It demonstrates strong financial stewardship with sound year-end operating results and ratios, sound asset management, significant debt reduction, stable inflationary management and the continued projection of long term sound financial results, even after absorbing the current financial impacts of the COVID- 19 pandemic.

The general premise of adopting the highest level of service of the three former Councils across the local government area to ensure that there was no reduction in services or service level for the community, has the potential to have a long term impact on the financial position of Council, should additional actions not be undertaken.

Council's financial operations and results are reviewed by the Audit Risk & Improvement Committee. They are also subject to intense annual scrutiny by the Auditor General of NSW during the audit of Council's annual financial statements. The 2019 Auditor General of NSW Auditor's Report is found at Attachment 2. Furthermore, the Northern Beaches Council has never had a qualified set of financial statements, further demonstration that all financial matters of Council are undertaken diligently, accurately and completed to the highest standard.

Extracts from Council's last audited financial statements and other financial information are outlined below.

Operating Results

Council's audited Statement of Performance Measures (year end 2019) demonstrates our sound financial position exceeding all required NSW Office of Local Government benchmarks.

NOTE 23 Statement of performance measures - consolidated results				
	Amounts 2019 \$'000	2019 Indicators	2018 Indicators	Benchmark
\$ '000				
1. Operating Performance				
Total continuing operating revenue ¹ excluding capital grants and contributions less operating expenses ²	9,835	2.89%	7.97%	>0
Total continuing operating revenue ¹ excluding capital grants and contributions	340,810			
2. Own Source Operating Revenue				
Total continuing operating revenue ¹ excluding all grants and contributions	325,154	90.64%	82.58%	>60%
Total continuing operating revenue ¹ inclusive of capital grants and contributions	358,744			
3. Unrestricted Current Ratio				
Current assets less all external restrictions	142,914	2.65x	3.09x	>1.5x
Current liabilities less specific purpose liabilities	53,948			
4. Debt Service Cover Ratio				
Operating Results ¹ before capital excluding interest and depreciation/impairment/amortisation	52,741	6.40x	4.62x	>2x
Principal repayments (from the statement of cash flows) plus borrowing interest costs (from the income statement)	8,241			
5. Rates and Annual Charges Outstanding Percentage				
Rates and Annual Charges Outstanding	8,071	3.67%	3.85%	<5%
Rates and Annual Charges Collectable	220,136			
6. Cash Expense Cover Ratio				
Current period's cash and cash equivalents + term deposits	194,969	7.53 months	8.59 months	>3 months
Payments from cash flow of operating and financing activities	25,909			

Long Term Financial Planning

Long term financial planning ensures Council can maintain a sound fiscal base even in the event of financial shocks such as those associated with the COVID-19 pandemic.

There are many factors to consider and manage to ensure our ongoing financial position is sound including statutory obligations, future service and infrastructure delivery, loans, commercial activities, workforce obligations, grant income and allocations and productivity returns etc.

Council is forecasting long term operating surpluses (noting short term operating deficits in 2020/21 and 2021/22 due to the impacts of COVID-19 and associated Council community financial support initiatives).

The Performance Measurement Indicators Table (2019 to 2024) below forecasts financial results based on the following categories:

- Budget performance
- Operational liquidity
- Liability and debt management
- Asset management.

As demonstrated within the Table, besides the short term issues associated with the impacts of Covid-19 and Council's community financial support initiatives, Council continues to produce sound financial ratios across the board.

Performance Measurement Indicators 2019 – 2024

	OLG Benchmark	Result	Original Budget	Forecast	Budget	Projected	Projected	Projected
		2019	2020	2020	2021	2022	2023	2024
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Budget Performance								
Operating Performance Ratio <i>measures the extent to which a council has succeeded in containing operating expenditure within operating revenue</i>	>0%	2.89%	1.03%	-2.24%	-1.31%	2.97%	3.66%	3.80%
		✔	✔	✘	✘	✔	✔	✔
Own Source Operating Revenue Ratio <i>measures fiscal flexibility. It is the degree of reliance on external funding sources</i>	>= 60%	90.64%	86.82%	88.42%	86.18%	92.81%	93.47%	93.51%
		✔	✔	✔	✔	✔	✔	✔
Operational Liquidity								
Unrestricted Current Ratio <i>represents a council's ability to meet short-term obligations as they fall due.</i>	>= 1.5x	2.65x	1.61x	1.89x	1.79x	1.76x	1.82x	2.04x
		✔	✔	✔	✔	✔	✔	✔
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage <i>expressed as a percentage of total rates and charges available for collection in the financial year</i>	< 5%	3.7%	3.7%	4.6%	3.6%	3.6%	3.6%	3.6%
		✔	✔	✔	✔	✔	✔	✔
Cash Expense Cover Ratio <i>liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow</i>	>= 3mths	7.53mths	4.69mths	5.11mths	3.86mths	3.42mths	3.40mths	3.82mths
		✔	✔	✔	✔	✔	✔	✔
Liability and Debt Management								
Debt Service Cover Ratio <i>measures the availability of operating cash to service loan repayments.</i>	2.00x	6.40x	4.24x	4.24x	5.02x	7.32x	8.14x	10.83x
		✔	✔	✔	✔	✔	✔	✔
Asset Management								
Building and Infrastructure Renewals Ratio <i>assesses the rate at which these assets are being renewed against the rate at which they are depreciating</i>	>= 100%	139.09%	142.60%	142.60%	108.71%	109.94%	117.05%	114.92%
		✔	✔	✔	✔	✔	✔	✔
Infrastructure Backlog Ratio <i>ratio shows what proportion the infrastructure backlog is against the total net carrying amount of a council's infrastructure</i>	<= 2%	1.32%	1.27%	1.27%	1.24%	1.23%	1.22%	1.21%
		✔	✔	✔	✔	✔	✔	✔
Asset Maintenance Ratio <i>ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing.</i>	>= 100%	115.45%	115.45%	115.45%	116.37%	119.08%	121.47%	123.39%
		✔	✔	✔	✔	✔	✔	✔
Cost to bring assets to agreed service level <i>ratio shows what proportion the infrastructure backlog is against the total gross replacement cost of a council's infrastructure</i>	<= 2%	1.10%	1.07%	1.07%	1.04%	1.03%	1.02%	1.01%
		✔	✔	✔	✔	✔	✔	✔

Merger Savings

Council is on track to more than double the State Government's \$76.3 Million estimated savings from amalgamation, with a projected \$161.6 million (net present value) over ten years. The non-discounted amount would equate to \$258.6 million in estimated savings over 10 years.

In 2019/20 the annual recurrent benefit is estimated at \$29.5 million. These recurrent benefits have been derived from savings in the following areas.



As Council's primary focus is the continued delivery of service and infrastructure to the Community the above identified savings have been re-invested back into the community. \$9 million of direct service and infrastructure benefits have been initiated as follows:



In addition to the direct service and infrastructure benefits that have been delivered from the 2019/20 \$29.5 million estimated recurrent savings, the following re-investments have been made:

- \$2.94 million reduction in domestic waste charge delivering one of the lowest domestic waste charges in NSW – a saving of \$255 p.a. for former Manly residents and \$193 p.a. for former Pittwater residents since amalgamation.
- \$2.77 million offsetting higher waste disposal costs and reinvesting in advance waste technology to reduce waste going to landfill.
- \$1.84 million in the harmonisation of pre-amalgamated salary systems to ensure equitable rates of pay aligned to the market for employees
- \$1.49 million investment in enhancing Council's service delivery through an appropriate organisational structure that recognises the size and scale of the workforce, and service complexity and infrastructure delivery requirements of our organisation of over 1,800 employees delivering over 200 functions to a resident base of some 270,000 people.
- \$9.99 million service uplift for the community enabled by reallocation of staff resources in the areas of:
- Regional transport planning

- Economic development and tourism
- Local traffic planning
- Place making
- Village and town centre management
- Customer call centre operations and expanded hours
- Asset and open space planning.
- \$1.46 million reinvestment in services associated with restorations, road services, localised bus service, social support, event management and CCTV and public WI-FI.

In early 2019, Hill Rogers Auditors were engaged to independently review Council's modelling and provide an assurance report on the savings. They concluded that Council's approach and modelling were reasonable and based on sound measurement principles in establishing our estimated NPV savings over 10 years.



Productivity Returns

Council continues to seek ongoing productivity savings (referred to by some Councillors as efficiency dividends). The 2019/20 budget process initiated in excess of \$2.75 million in productivity savings through the removal of vacant positions.

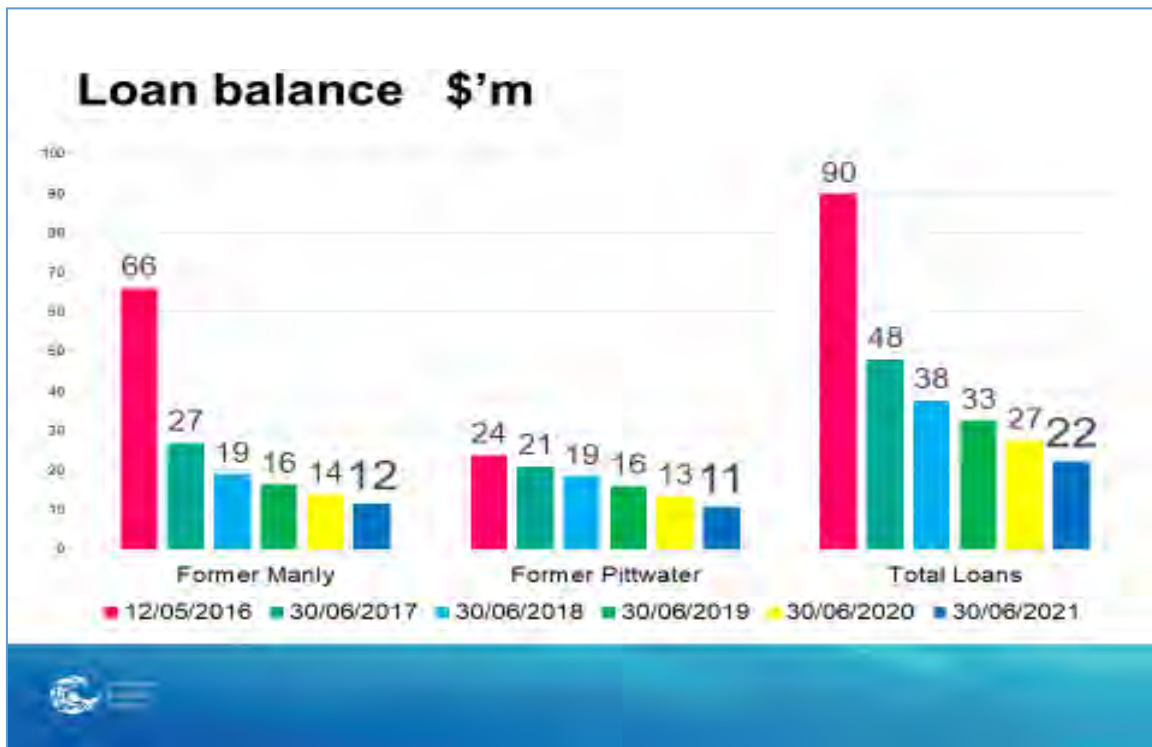
Further to this, within its 2020/21 budget Council will achieve another \$2.75 million in productivity initiatives. These savings are reinvested in priority services and infrastructure determined through Council's ongoing budget reviews and Councillor and community requests.

In 2020/21, these savings are achieved from the following areas of Council:

- Street lighting initiatives – via the replacement of streetlights with energy efficient LED globe
- Reduced agency costs
- Reduced bank fees
- Reduced insurance costs
- Reduced fuel costs
- Savings in employee costs due to system efficiencies
- Fee initiatives with regard to children's services.

Debt Management

At amalgamation the Northern Beaches Council inherited some \$90 million in outstanding loans and a path of debt reduction was initiated. A reduction of some \$63 million in loans (to 2019/20) represents a significant financial achievement.



Source: Councillor Briefing 10th March – Draft Operational Plan

Stable Inflationary Management

Council is focused on balancing short-term expenses with longer term fiscal management. This is a continual challenge.

Annual rates are one of the largest direct Council costs to our community. The annual rates notice includes a domestic waste charge for residents and a stormwater charge for former Pittwater and Manly local government areas. Since amalgamation there have been substantial reductions in the domestic waste charge for residents of the former Manly and Pittwater Councils while the stormwater management charge has not increased. The result of the reductions in the waste charge means residents of the former Manly and Pittwater Councils that pay the minimum rate now pay less to Council than they did before the merger.

According to The Reserve Bank of Australia (RBA), inflation for the four year period from March 2016 to March 2020 was 7.8%. The IPART rate-peg increases for the four years since amalgamation have totaled 8.3%. In comparison, the increase in rates and annual charges levied by Northern Beaches Council over this same time period has been 6.68%, or on average 1.67% per annum. This increase in rates and annual charges levied also covers development that has occurred since amalgamation, for example the Meriton development in Dee Why Town Centre. The increase in real terms is actually less than 6.68%.

ORGANISATIONAL EFFICIENCY

A strategic decision of the newly merged Northern Beaches Council to ensure that there was no reduction in services for the community, was that generally the highest level of service of the three former Councils would be adopted. In addition to this 'best' of service level philosophy, new services were adopted, such as Place Coordinators (activation of town centres), Public Place Officers (increased maintenance of public areas), Councillor support services, and Community Liaison officers, among others highlighted above.

Council's service review that is currently being undertaken, will provide the Council with the opportunity to determine the services and level of services that are to be provided to the community.

The Northern Beaches Council is a part of the Australasian Local Government Performance Excellence Benchmarking Program with over 115 participating Councils; facilitated by PricewaterhouseCoopers. The process of industry benchmarking highlight whether Council's functions are consistent or more efficient when compared to other Local Government Authorities.

In the 2018/19 program, the latest set of results, 56 NSW councils (44%), 15 NZ councils, 23 SA councils, and 21 WA councils participated. Council is also benchmarking against a subset of councils that are prepared to share their individual results. Presently Northern Beaches participates in a Sydney Metropolitan group with Burwood, Campbelltown, Georges River, Hornsby, Lane Cove and Willoughby Councils.

Council's Audit Risk and Improvement Committee (ARIC) considered the results in March 2020, and commended Council on the benchmark results.

Over 100 metrics across six categories are benchmarked in the Report. The data below is limited to measures that respond to Council's staffing levels and management structure, in outlining organisational efficiency:

- FTE per 1,000 residents
- Remuneration as % of Operating Expenses
- Span of Control (No. of other staff per manager)
- Corporate services staff per 100 employees (customer service, finance, human resources and information and technology)

The key below will assist in understanding the data that follows:

- NBC – Northern Beaches Council performance
- Metro – Median score of Sydney metropolitan councils - Burwood, Campbelltown, Georges River, Hornsby, Lane Cove, Northern Beaches and Willoughby Councils
- NSW – Median score of NSW 56 participating councils
- Industry – Median score of 115 participating councils
- N/A – data unavailable in the report.

Full Time Equivalent (FTE) per 1,000 Residents

FTE is dependent on the services a council provides to the community and method of delivery (contract v in house). Council's staffing levels at 4.4 FTE per 1,000 residents is significantly lower than the NSW Median of 9.0. Additionally, we are consistent with surveyed NSW Metropolitan Councils.

Median Score	NBC 2019	Metro	NSW	Industr y
FTE per 1,000 residents	4.4	4.4	9.0	N/A

Remuneration as % of Operating Expenses

Northern Beaches Council employee costs as a % of operational expenses is consistent with metropolitan councils and only slightly higher than the NSW median score.

Median Score	NBC 2019	Metro	NSW	Industr y
Remuneration as % of Operating Expenses	40%	40%	37%	N/A

Corporate Service Staff per 100 Employees

The corporate service function provides support and expertise to the entire organisation. It is responsible for establishing safe and sustainable practices so that core activities can be delivered consistently and efficiently across the Council. Corporate services include customer service, finance, human resources and information technology. Council's corporate service staffing levels at 13.0 FTE per 100 staff is slightly lower than the NSW score of 13.5. Additionally, we are consistent with surveyed NSW Metropolitan Councils.

Breakdown	NBC 2019	Metro	NSW	Industr y
Corporate Service Staff per 100 Employees	13.0	13.0	13.5	14.7

Span of Control

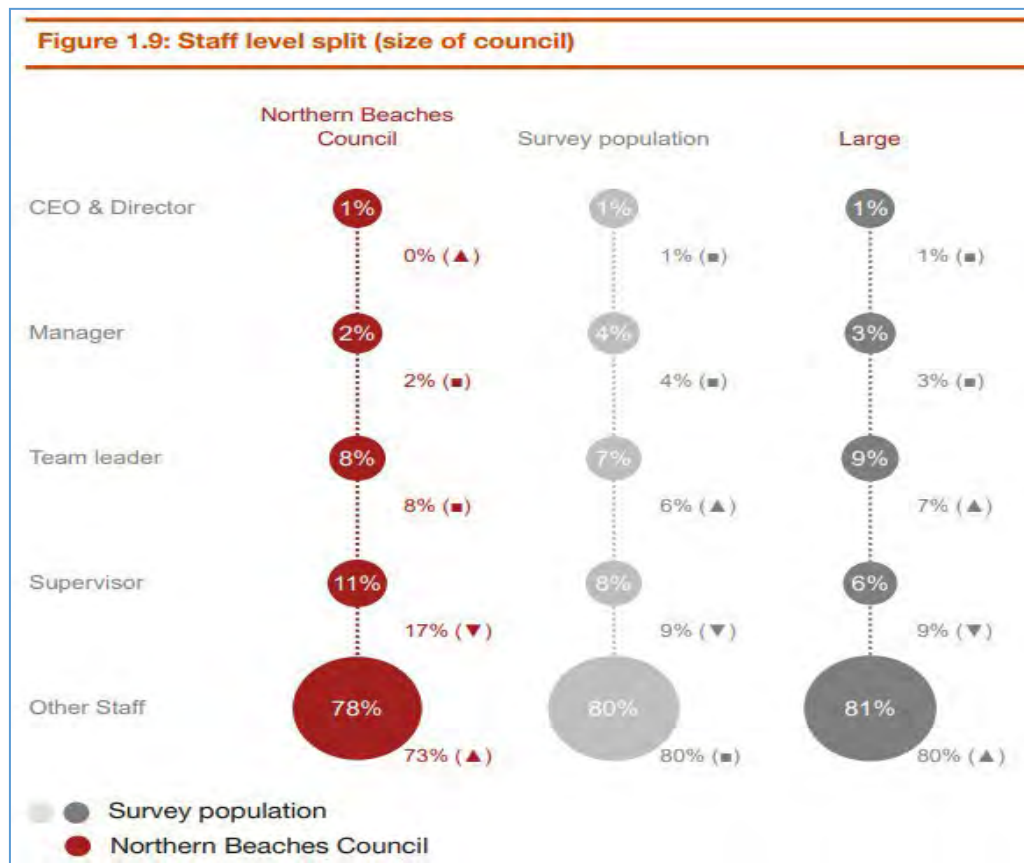
Span of control measures the total number of staff per manager (defined as supervisors and above). The results show that Northern Beaches Council span of control is 3.8 'other' staff per manager. This is better than the NSW and Industry median where they had less 'other' staff per manager. Of the 24 large councils in the program (population 100,000+), Northern Beaches Council was the median score. Additionally, we are slightly better than surveyed NSW Metropolitan Councils.

Median Score	NBC 2019	Metro	NSW	Industr y
Span of Control (No. of other staff per manager)	3.8	3.3	3.3	3.5

Figure 1.9 is an extract from the Report and shows management to staff ratio at different levels compared to the survey population, as well as the 24 large councils. Our staffing levels at the

Chief Executive Officer and Director, Manager (executive manager) and Team Leader (manager) levels are consistent with or lower than that of other large councils in the survey. However, we have more supervisors (team leaders and below) and slightly fewer other staff. It should be noted that team leaders in the main undertake on ground work.

Additionally, our higher numbers of supervisors reflect the size of the LGA and the need to operate from multiple sites to serve our community. It also reflects the maturity of the organisation (established in 2016) and the need to provide greater expertise and experience in field at the supervisory level to undertake on ground work in addition to support and develop staff.



Generally the delivery of the 'best' of service level philosophy and the additional new services, to ensure our community was not adversely affected by the creation of Northern Beaches Council has been achieved with;

- Rates and annual charges levied by Northern Beaches Council lower than the inflation rate and the IPART local government rate-peg increase
- An annual recurrent merger saving estimated at \$29.5 million (2019/20)
- Paying down the loan balance from \$90 million to \$22 million by 30 June 2021.
- Span of management control better than the metro and NSW benchmarked Councils
- Remuneration as a % of operating expenses consistent with benchmarked metro Councils
- Full Time Equivalent Staff per 1000 Residents consistent with benchmarked metro Councils.

Council continues to strive for continuous improvement to increase our efficiency to deliver more effective services and improve our community assets. While, there is always the opportunity for efficiency improvements, it is clear that Council is a high performing and efficient organisation.

MANAGING INFRASTRUCTURE

Council's Infrastructure Asset Performance Indicators (year end 2019) demonstrate our commitment to the continued sound management of the community's assets, again exceeding all required NSW Office of Local Government benchmarks in 2019.

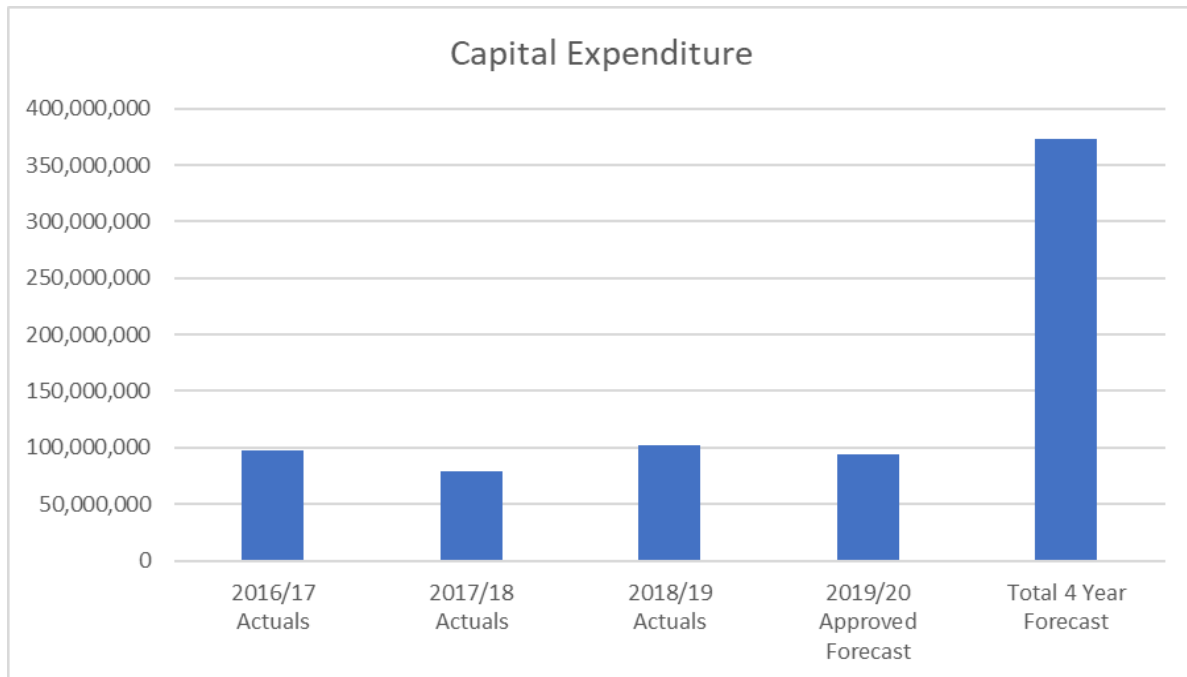
Northern Beaches Council				
Special Schedules				
for the year ended 30 June 2019				
Report on infrastructure assets				
Infrastructure asset performance indicators – consolidated				
	2019 \$'000	Current Year indicators	2018	Benchmark
1. Building and infrastructure renewals ratio				
Asset renewals (renewals only for Infrastructure Assets)	41,685	139.09%	99.79%	>100%
Depreciation, amortisation and impairment	29,969			
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	31,074	1.32%	0.51%	<2%
Net carrying amount of infrastructure assets	2,359,454			
3. Asset maintenance ratio				
Actual asset maintenance	38,890	115.45%	116.98%	>100%
Required asset maintenance	33,685			
4. Cost to bring assets to agreed service level				
Estimated cost to bring to an agreed level of service set by Council	31,074	1.10%	0.44%	
Gross replacement cost	2,829,769			

COMMUNITY CAPITAL INVESTMENT

Council has \$4.97 billion in current assets under management. Council continues to invest in its community through the delivery of significant annual capital works programs.

Since amalgamation Council has invested over \$372 million in capital expenditure.

Post Amalgamation - 4 Year Estimated Capital Expenditure to June 2020



In addition, Council continues to project and deliver large scale capital works programs on behalf of its community to ensure infrastructure needs are met.

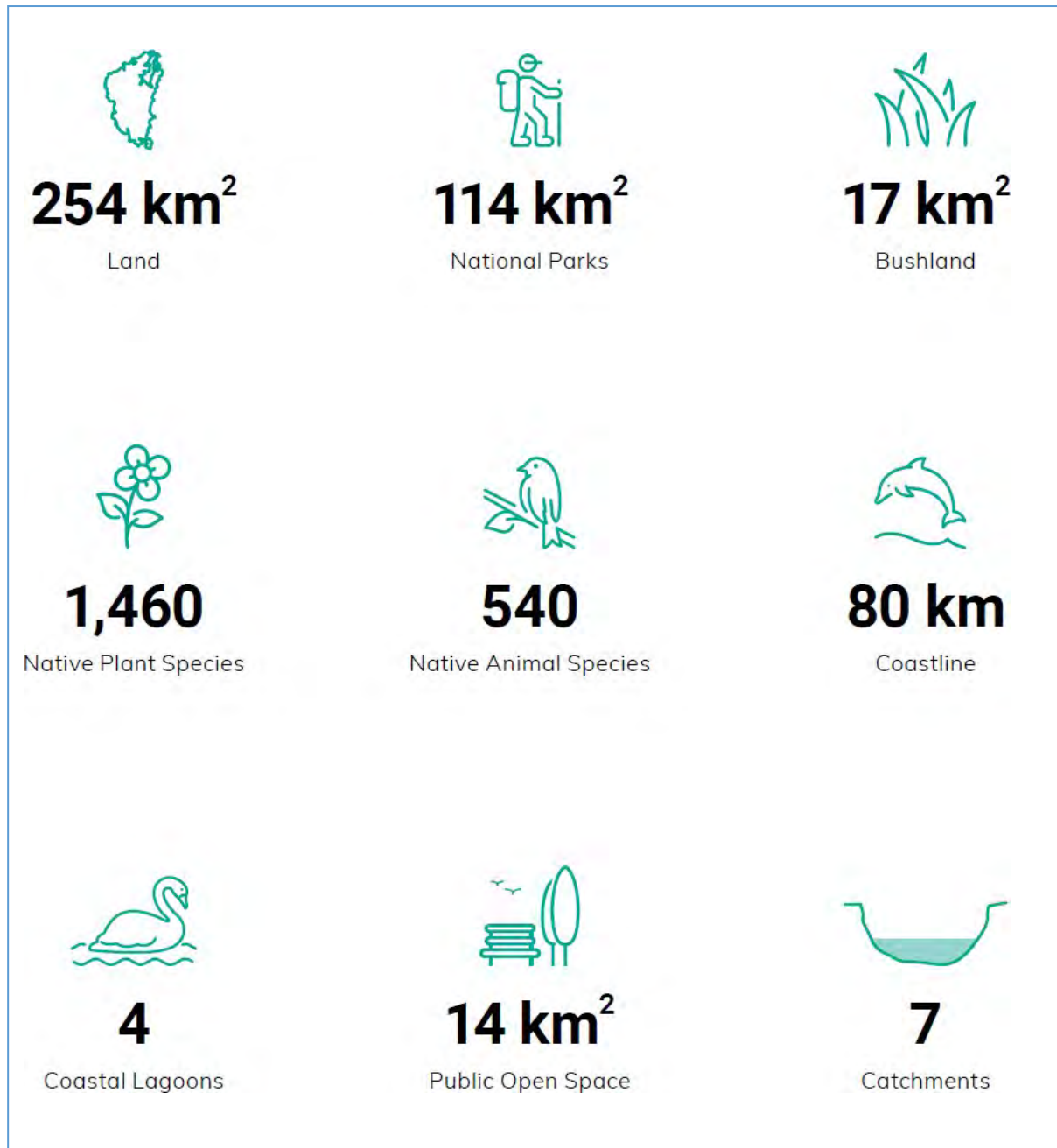
In excess of \$104 million is again budgeted to be expended in Council's 2020/21 capital works program, including:

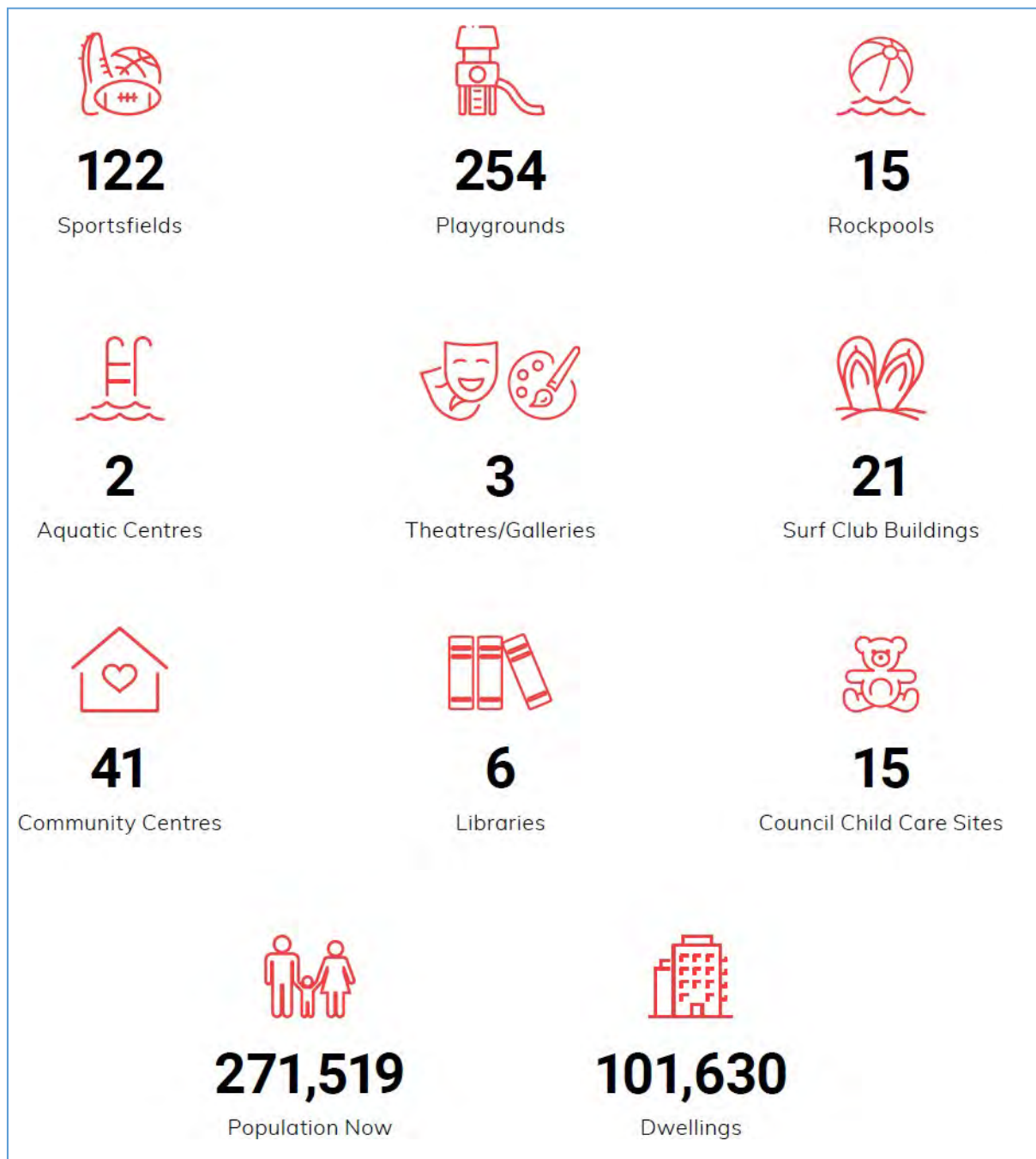
- \$10.5 million to resurface 18.6km roads, renew 8km footpaths and build 4.7km of new ones
- \$11.2 million to upgrade Mona Vale and Long Reef Surf Lifesaving Clubs
- \$6.4 million for stormwater works to reduce flooding and pollution
- \$5.2 million for Coast Walk paths and cycle ways from Newport to Palm Beach
- \$4.9 million for Narrabeen pedestrian and cycle bridge
- \$3 million to construct Dee Why Town Centre parks in St David's Avenue and Triangle Park
- \$2.9 million for Warriewood Valley open space, sports, traffic, transport and community centre works
- \$2.9 million for coastal protection at Collaroy-Narrabeen
- \$2.0 million to improve Bells and Carols wharves at Scotland Island.

SERVICE DELIVERY

Our purpose is “*delivering the highest quality service, valued and trusted by our community*”.

In the provision of our high quality service delivery to 271,519 residents, the icons below demonstrate the demands on our organisation.





COMMUNITY CONNECTEDNESS

The customer is at the centre of all our activities and being connected to our community is vital for the success and acceptance of the community of Northern Beaches Council. Concerns regarding the perceived loss of a local voice and connectedness was one of the main reasons that people opposed the government's policy of Council mergers.

The Mayor and Councillors have played an important function in ensuring that the concerns of the community are addressed and that they are connected to the newly merged Council. It is acknowledged that it is challenging for Councillors as they balance the local political environment and their collective proactive stewardship of the setting up of the newly formed Northern Beaches Council for the future generations.

The focus on the building of effective relationships with local Chambers of Commerce and the establishment of Council Place Co-ordinators that work with our local business to activate the Town Centres has realised tangible outcomes for local business.

The establishment of a Community Liaison Coordinator role has provided a conduit for our community groups, associations and external stakeholders to have a local voice and be connected to the Council. Since December 2018 there has been 243 community meetings.

The Community Liaison Coordinator liaises between the Chief Executive Officer, external stakeholders and community members. This position ensures consistent and high performance service delivery across Council in direct response to community feedback. This approach receives positive community feedback.

A significant community connection for our residents are our beaches. Council has worked on building strong working relationships with all our Surf Life Saving Clubs, Northern Beaches Surf Life Saving and Surf Life Saving NSW.

The Public Places Team, another recently introduced service, drives a pro-active focus on the monitoring, investigation, reporting, condition assessment and recommendation of immediate action required for Council assets in public places. It is also another point of contact on the ground with Council. This team coordinate and collaborate with internal stakeholders to ensure public places are maintained in optimal condition for the community. This function also receives positive community feedback.

Over the last 12 months Council has received close to 70,000 customer requests and has responded to these requests; 92% within the designated 10 day response time (benchmark 90% response within 10 working days).

Anecdotally, the feedback from the community of Council's COVID response and support for the community and other stakeholders is positive. Council continued to deliver its services within the confines of the Health Orders and communicated early and often with community members and local businesses.

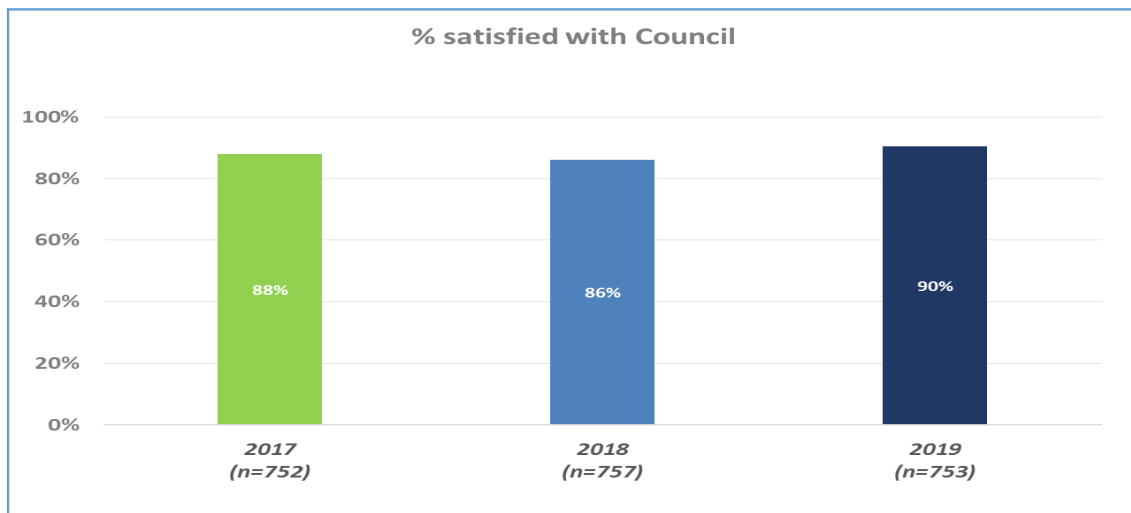
Community Satisfaction Survey Results

Many of our individual services conduct customer feedback surveys to support continuous improvement. Our overall effectiveness in the area of customer service is supported by Council's most recent community satisfaction survey.

In April 2019, Northern Beaches Council commissioned Jetty Research to conduct a statistically valid telephone survey of 750+ adult residents living within the local government area (to assess

satisfaction with, and priorities towards different Council-managed facilities and services, and council customer service.

The 'top three box' score for overall satisfaction has shown slow but steady growth over the past three years, with 90 percent of the community surveyed currently satisfied with Council.



In addition to the above Customer Satisfaction Survey results, the Northern Beaches Council has also been recognised for its outstanding provision of customer service with the following awards:

- National Local Government Customer Service Network
Innovation in Customer Service Award – Online Customer Relationship Management (CRM) customer portal for customer enquiries and requests – winner
- National Local Government Customer Service
Network Customer Service Strategy Award - Winner
Customer Experience Excellence Award - Highly Commended
- Customer Service Team of the Year Award – Finalist.

A full list of Council's recognition and awards for its achievements in its delivery of service and infrastructure to its community and customers can be found at Attachment 1.

GOVERNANCE, RISK AND IMPROVEMENT

Governance and Risk

Council has significant controls in place to ensure Council's operations are transparent and efficient. Council's controls are industry leading with internal and external checks and balances in place.

The Audit Risk and Improvement Committee (ARIC) which reports directly to the Council, comprises seven members, four independent external members (one of whom is the Committee Chair) and three councillors. All members bring to the table expert knowledge of Council's operations, strategic direction and community knowledge.

Council also has an:

- Enterprise risk management framework consistent with the international risk standard AS ISO31000:2018
- Internal audit function mandated by an internal audit charter, internal audit personnel whose reporting lines reflect the International Professional Practices Framework (IPPF) mandatory requirements, an internal audit program conducted in line with the IPPF, routine monitoring and reporting to the ARIC and Council, and an internal audit quality assurance and improvement program.
- Legislative Compliance Register (Reliansys) - at the ARIC meeting of June 2020, the Director of Financial Audit Services, Audit Office of NSW, advised that few councils have Legislative Compliance software. This (Council's) system exceeds the requirements of the Audit Office of NSW in terms of meeting legislative compliance.

Council's financial operations and results are reviewed by ARIC. They are also subject to intense annual scrutiny by the Auditor General of NSW during the audit of Council's annual financial statements. The 2019 Auditor General of NSW statement is found at Attachment 2. Furthermore, the Northern Beaches Council has never had a qualified set of financial statements further demonstration that all financial matters of Council are undertaken diligently, accurately and completed to the highest standard.

Improvement

Council is a leader in the industry for its program of organisational improvement as expressed on a number of occasions by the Chair of the Audit Risk and Improvement Committee (ARIC).

In September 2019, a Business Excellence Strategy was put in place to ignite the discussion on continuous improvement within Council.

The intent of the Strategy:

"Our Business Excellence Strategy 2023 (the Strategy) aims to shape an environment and culture within our organisation that embraces and supports business excellence, continuous improvement and innovation. The four-year Strategy outlines why Business Excellence is important, what we are aiming to accomplish and how we plan to work together to achieve this for Northern Beaches Council.

Through this Strategy, Council will encourage innovative ideas, provide the nurturing environment for continuous improvement and support the sharing of successful solutions that will positively impact our organisation and community alike.

Together let's focus on improvement in everything we do.

(Internal Source: Business Excellence Strategy 2023 – September 2019)

Organisational improvement is underpinned by the Australian Business Excellence Framework (ABEF) which is an internationally recognised framework for innovation, improvement and sustainable performance. The Framework has a strong reputation of delivering success, it speaks to the values of our organisation and categorises the organisation into seven perspectives, whilst nine principles guide ongoing improvement and performance. It is a tool that provides clear direction and measurement of success and enables benchmarking of results that can be compared across the Local Government sector and other industries.

In the absence of the NSW State Government mandating a process for improvement under the terms of the ARIC structure, the Northern Beaches Council has taken the initiative in its improvement journey.

To date, over 150 improvement initiatives, small and large have been initiated. Further information can be found at Attachment 3.

ORGANISATIONAL WORKFORCE AND STRUCTURE

The achievement of all of the above performance outcomes would not be possible without a committed, innovative and engaged workforce. Council is one of the largest employers on the Northern Beaches. It has in excess of 80% of its workforce living and working in our Local Government Area. The 2019 engagement survey facilitated by an external party communicated a 76% engagement score representing a significant level of job satisfaction and commitment for an organisation that was only three years of age. Our employees demonstrate discretionary effort to achieve our performance outcomes because they are well organised, led and managed. At the date of this report Council's workforce consisted of 1,863 people including casual employees. These people deliver over 60 different services from multiple sites and field locations. It is a complex and busy organisation.

Employee Engagement Survey (2019)

The survey achieved an outstanding response rate of 85% excluding casuals.

A snapshot of staff responses to the questions that make up this organisational engagement score include:

- 76% said work gives them a feeling of accomplishment
- 88% like the kind of work that they do
- 74% are proud to tell people they work for Council
- 74% feel they have an opportunity to make a difference here
- 75% would recommend Council as a good place to work
- 78% would like to still be working at Council in the next two years
- 67% of respondents can see a future for themselves at Council.

RESPONSIVENESS TO COMMUNITY NEEDS

Council staff have responded to an increasing number of emergency incidents from flooding in late 2019 to wind and storm events, bushfire and COVID-19 in 2020. Council's Incident Management Team (IMT) is able to quickly assemble and respond to community needs.

Recent examples of community care and responsiveness include.

November 2019 Localised Thunderstorm & Blackout

- Swift action from on the ground teams to help stretched emergency services
- Continuity of service i.e. Belrose Childcare Centre (which lost power)
- Council facilities open longer hours (i.e. Libraries) to allow the community to charge phones, use the internet or have a tea or coffee
- Warringah Aquatic Centre open for those in need of a hot shower.
- Residents were able to take up to 300kg of green waste to Kimbriki each day with proof of address and extra green waste kerbside collections by request.

February 2020 Storm & Flooding

- Evacuation of over 900 properties extensive road closures due to flooding within the Narrabeen Lagoon catchment.
- Management of significant tree falls resulting in widespread power outages and road closures
- Responsiveness to landslides including evacuation of properties in Bayview and North Narrabeen.
- Monitoring substantial coastal erosion (no inundation reported)
- Establishment of two Evacuation Centres opened, one on standby
- Activation of an Emergency Operations Centre
- Emergency support to manage the land slip issues
- Engaging and supporting agencies to manage evacuation centres.

Bushfire Support 2019/20

- Key role in coordination of all communication and operations
- Erection of fences for large animal relocations
- Coordination of road closures, liaising with emergency services
- Preparation of evacuation centres.

COVID-19 Support

Council acted to address the adverse impacts of COVID-19 on our community, ensuring continuation of critical services and the health and safety of customers, employees and the Northern Beaches community. Council was responsive to the ever changing situation as Council, State and Federal Governments announced protective actions.

Council focused on maintaining social connection, safety, essential services and supporting vulnerable community members.

Community Care Package

- Essential social services continued such as Meals on Wheels, childcare and vacation care
- Adolescent and family counselling continued online and by phone
- A 'check on your neighbour' campaign supported connections
- Community, cultural and charity groups were supported with actions planning and staying connected
- Supported distribution of 100 boxes of fresh fruit and vegetables every weekday to vulnerable residents
- Expanded the Home Library Service
- Established a Library2U service
- Loan periods were increased, reduced 'hold' fees on items, an increased cap on

- accumulated fines before borrowing ceases
- Council helped to fill the gaps for charity and not-for-profit groups focused on services for the vulnerable, as well as youth and family, seniors, disabled, new migrants, and those experiencing employment or financial issues.

Free Childcare for Families Package

In partnership with the State and Federal Government, our childcare centres and preschools provided free services for up to six months from 6 April 2020.

Rates, fees and charges package

Under s356 of the Local Government Act, \$4.3 million in financial assistance offered to all ratepayers through a subsidy of the equivalent of 50% of the 2020/21 increase in rates and domestic waste charges. Ratepayers were also provided with an additional month to pay their first rates instalment. Other fees remain at 2019/20 pricing for the first three months of the financial year. Deferred increases in fees until 1 October 2020 provides additional savings of \$0.7 million.

Business Support Plan

\$0.8 million support provided to business via temporary waiving of the fees:

- Outdoor Dining fees, up to 31 December 2020
- Footpath Merchandising fees, up to 30 September 2020
- Fire Safety annual fees, up to 30 September 2020
- Environmental Health Inspection (annual fees and first inspection fees), up to 31 August 2020
- Enforcement actions focused on imminent risks to public or environmental safety, allowing more flexible operations to local businesses:
- Local Business Support webpage and Beaches Biz News
- Helping businesses build digital and social media capacity
- Rates and Charges Hardship Policy for eligible small business ratepayers.

Council Tenant Support Package

Targeted support of up to \$1.1 million for Council tenants experiencing financial hardship as a result of the Government mandated closures including:

- Annual rentals or fees waived, discounted or deferred for up to six months (backdated to commence at 1 April)
- Extension of leases/licenses by six months, where agreements due to expire within 18 months.

Council's scale and capacity and sound financial management practice has allowed it to absorb the financial shock associated with COVID-19.

To respond the way the Council has to the shocks and stresses that have challenged our community through the bushfires, storm events and COVID pandemic, is impressive and due to a number of factors;

- The size and scale of Northern Beaches Council, due to the Coalition government's policy of merging Council's to create capacity to deal with these events,

- A high performing organisation that has its governance, systems and workforce in place to deal with these events, while maintaining our service levels to the community,
- A skilled, innovative and engaged workforce
- Leadership of the Council.

CONSULTATION

No consultation was undertaken in preparing this report.

TIMING

The timing references information and achievements from the time of amalgamation in May 2016 to July 2020.

LINK TO STRATEGY

This report demonstrates the capacity of the organisation to deliver the Community Strategic Plan Outcomes.

FINANCIAL CONSIDERATIONS

A financially sustainable organisation that delivers quality services to our community, manages infrastructure and has the capacity to cater for shocks and stresses in the future. Council is on track to more than double the State Government's \$76.3 Million estimated savings from amalgamation, with a projected \$161.6 million (net present value) over ten years.

SOCIAL CONSIDERATIONS

An organisation that has the capacity to efficiently deliver social services and community support as outlined in this report. As a newly formed entity, Northern Beaches Council has built connectedness with the community.

ENVIRONMENTAL CONSIDERATIONS

An organisation with a highly skilled workforce and financially sustainable to address the environmental challenges and opportunities moving forward.

GOVERNANCE AND RISK CONSIDERATIONS

Ongoing commitment and efficient delivery of governance and risk services has been outlined in this report.