



Evidence of  
Scale and Capacity

*Developed in consultation with the Councillors,  
Staff and communities of Blayney Shire  
May 2015*

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## Introduction

Council has used the ILGRP preferred option as the starting point to assess if it has the appropriate scale and capacity to be financially sustainable delivering efficient and effective services to the community.

The recommendation from the ILGRP (2013) for Blayney Shire Council was as a *Council in Central West JO or merge with Orange*, being in Group E: Other potential mergers to consolidate major regional centres. Neither option was in bold text.

Council has undertaken an exploration of the merger option, as outlined in the separate Merger Analysis report, and after consideration of this detailed and comprehensive review, resolved to submit an Improvement Proposal (Template 2) as per the first option provided by the ILGRP (2013).

In addition, the ILGRP (2013) recommended that Blayney Shire Council revise its Long Term Financial Plan (LTFP) and Financial Management Strategy.

Council held a number of workshops with staff and councillors from December 2014 to May 2015. One of the tasks completed at these workshops was to assess Council's current Scale and Capacity and identify concrete examples which can demonstrate that Council meets the key elements of strategic capacity (as described by ILGRP, 2013) namely;

- More robust revenue base and increased discretionary spending
- Scope to undertake new functions and major projects
- Ability to employ wider range of skilled staff
- Knowledge, creativity and Innovation
- Advanced skills in strategic planning and policy development
- Effective regional collaboration
- Credibility for more effective advocacy
- Capable partner for state and federal agencies
- Resources to cope with complex and unexpected change
- High quality political and managerial leadership

Additionally, this evidence and assessment informed the development of the Improvement Plan where opportunities to enhance and strengthen our scale and capacity were identified.

Blayney Shire Council can demonstrate that, despite its relatively modest size in terms of ratepayer base and revenue, it has the necessary strategic capacity to remain an independent council whilst being an effective and fully participating member of the new Central West JO. Council can demonstrate that scale objectives of the ILGRP (2013) are broadly met and the strategic capacity requirements are satisfied.

## Scale and Capacity Evidence

The following are examples listed under each of the 10 Scale and Capacity criteria.

### More robust revenue base and increased discretionary spending

Blayney has a sound history of financial management as demonstrated by the achievement of the sustainability performance benchmarks. Some key points:

- Total Expenses from Continuing Operations for 2015/16 = \$13,773,441 (includes depreciation of \$4,306,273);
- General Fund Written Down Assets \$165,261,000;
- Cash reserves as at 30/06/2014 were (excluding sewer):
  - External Reserves: \$2,459,000
  - Internal Reserves: \$6,306,000

Cash reserves represent 51% of revenue demonstrating the level of discretionary spending available to Council for infrastructure renewal and meeting both external and internal commitments.

With an estimated population growth to 2031 in the range of 8% revenue will increase relative to service delivery capacity.

The number of rateable properties in 2005 was 3,538 which increased to 3,804 in 2015. It is anticipated that this number will reach >4,000 by 2022.

The total rates levied in 2004/05 was \$3.01m which has increased to the estimated \$8.55m for the 2015/16 financial year.

Whilst mining rates currently represent 48% of revenue Council has identified this as one of the key challenges in the future and has included strategies in the Improvement Plan to mitigate this risk.

As a further independent check NSW TCorp (TCorp) was engaged to undertake a review of the revised LTFP in preparation for the FFTF submission. In updating the analysis completed for the previous reports; being April 2013 and November 2013 for the SRV (which was approved by IPART in 2014) TCorp's work included;

- an assessment of the performance of Council based on its last 5 years financial results including (2013/14);
- reviewing the revised LTFP (2015/25) and key assumptions and methodology;
- analysing the extent to which the forecast operating performance will support the long term sustainability of Council; and
- updating the assessment of the FSR and Outlook for Council.

Based on this independent review of both the historic financial information and the 10 year financial forecast within Council's LTFP TCorp consider Council to be in a satisfactory, and improving financial position. TCorp (2015) believes the Council's current financial Sustainability position is **Moderate**, with an Outlook of **Positive**. At this rating, Council is currently achieving a level of performance broadly consistent with the TCorp benchmarks.

### **Scope to undertake new functions and major projects**

Blayney Shire Council has undertaken many projects for various partners in recent years including;

- Goulburn Road – Reconstruction of 1.2 km of state road within Bathurst Regional LGA.
- Orange Road – Coordination of two projects on the same segment of road at the same time on behalf of NSW Roads and Maritime Services (RMS) and Nestle Purina.
- Mid-Western Hwy (Adelaide St) - Pavement reconstruction and AC seal through CBD on behalf of RMS
- Mid-Western Hwy – Construction of intersection into Central Tablelands Livestock Exchange on behalf of Regional Infrastructure Pty Ltd
- Carcoar Street Shared Pathway from Church to Water St using the balance of the funding for the next section of this route from Water to Charles St
- Completion of Osman / Church St Blisters early in the 2014/15 program year and instrumental in receiving funding for the extension of the shared path network

The **sharing of services** through the WBC Alliance – shared Executive Manager, previously shared a Principal Strategic Planner for the development of a new LEP, shared resources such as development application kit, project management kit and engineering guidelines. These shared services have enabled project specific initiatives such as

- a joint project with Cabonne and Central Tablelands Water in 2012 to tender, purchase and then **implement a new corporate IT system**. This project resulted in over \$470k in savings to the councils. It also allows the councils to more easily share services/functions in the future as a common IT platform is an enabler for shared services.
- Blayney provides **IT and HR services for Central Tablelands Water** on fee for service basis.

These successes have contributed to Blayney's excellent reputation for delivering on projects.

### **Resources to cope with complex and unexpected change**

Some of the advantages which Blayney Shire has which enable it to deliver on these opportunities are:

- cash reserves
- borrowing capacity
- a multiskilled /diverse adaptive workforce
- an established and robust risk management framework
- succession planning for key roles
- local knowledge and significant corporate knowledge and history
- a smaller number of multi skilled and dedicated staff providing greater flexibility and responsiveness as opportunities arise; a more agile organisation.

### **Ability to employ a wider range of skilled staff**

In late 2014 Council completed an organisational review focussing on the workforce resources and capacity in the Infrastructure services area. Over the previous three years there had been a strategy of reducing Council's workforce through natural attrition as one way of improving the financial sustainability of the Council. However this led to an imbalance in the capacity of Council to provide services and build new infrastructure.

At the time of the ILGRP (2013) review Council's EFT staff number was only 66 compared with the OLG Group Average of 108.

The reduction in the infrastructure workforce was constraining Council's ability to adequately resource its operations and its capital infrastructure program. Council therefore carried out a review of its capital and operational works program. The review included a detailed financial analysis, an analysis of staff and plant resources and extensive staff consultation. As a result, in March 2015 Council approved an organisational restructure of its Infrastructure Services department.

In order to achieve long term objectivity, the current labour charge vs estimates were checked against the 10 year Long Term Financial Plan (LTFP) and adjusted for plant charge out, materials, quarries, service contracts with assumptions made for CPI, wage increases and capital works relating to other departments excluded. This revealed an estimate labour charge surplus equivalent to on average 15 staff, over the 10 year period of the LTFP.

Stage 3 of the implementation of the Organisational Review is pending the completion of the 2015/19 Delivery Program, the reviewed LTFP and Council's FFTF submission. This will include the appointment of a traffic facilities crew of three Works Operators that is estimated to save at least \$70,000 (net) that is currently expended on Contract Traffic Management services. Furthermore, the recruitment of 3 Trainee positions in the outdoor crews will enable succession planning opportunities.

Additionally Council has recently appointed a Chief Financial Officer.

Council can demonstrate productive networking of specialist skills at the regional and state level and long established suppliers/contractors to access when specialist or one off skills are needed. We have highly qualified and professional staff in all key service areas and our proximity to larger centres is viewed as a positive. There are numerous examples of **sharing staff and resources as part of the WBC Alliance**.

Snapshot of Council's current workforce as at 2 June 2015

#### **Employment by Category**

<b>Employment Category</b>	<b>Number of Employees</b>	<b>% of total staff employed</b>
Full time	60	69
Part time	11	12.6
Casual	16	18.4
<b>Total</b>	<b>87</b>	<b>100</b>

### Employment by Gender

Female	Male
38.4%	61.6%

### Age Statistics - Permanent Employees

Age bracket	No. (%) Permanent Employees
<=24	2 (2.8%)
25-34	10 (15.5%)
35-44	12 (16.9%)
45-54	25 (35.2%)
55-64	21 (29.6%)
<b>Total</b>	<b>71 (100%)</b>
<b>Average age of Council's current workforce</b>	<b>47</b>

### Staff Turnover as a % of Council's Staffing Establishment

The table below illustrates Blayney Shire Council's turnover figures from the end of the 2009 financial year to 30 June 2014.

FINANCIAL YEAR ENDING	% STAFF TURNOVER
2014	10.9
2013	9.37
2012	3.08
2011	17.46
2010	21.88
2009	26.56

### Knowledge, creativity and innovation

As a smaller council, staff are often recruited based on their broader range of generalist skills and experience which brings great diversity of skill and ability to adapt to new opportunities. Council staff are very flexible, creative and innovative.

Examples:

- Mine management policies and procedures in place and Blayney Shire is a strong partner in the Mining Related Councils Committee.
- Training Program is very positive increasing to \$180k for 15/16 representing 3.8% of salaries and wages
- Sound WH&S record – in the period 2013/14 there were **zero costs** for workers compensation and in the previous 12/13 period cost represented only 0.03% of salaries and wages
- The implementation of **IT Corporate System** on a joint basis in 2012 with Central Tablelands Water and Cabonne demonstrated high levels of project planning, innovation and creativity, team work and collaboration between the 3 Councils.
- The subsequent establishment of an Inter Council User Group has continued to provide opportunities for sharing ideas and improving practices.

- Being a smaller organisation is actually an advantage – there are none of the traditional “silos” within the organisation – staff work well together, are flexible, creative and multi skilled.

### **Advanced skills in strategic planning and policy development**

Blayney communities embraced the initial development of the Blayney Community Strategic Plan in 2012 with over 100 people from the community participating in workshops and project teams to define the Future Strategic Directions for the future of the shire.

The key elements of the agreed strategic direction are:

1. Grow the wealth of the Shire
2. A centre for sports and culture
3. Preserve and enhance our heritage and rural landscapes
4. Develop and maintain Shire infrastructure
5. Develop strong and connected communities
6. Leadership

Council’s internal IP&R framework has matured and the Council has integrated a number of additional plans such as:

1. Blayney 2025 Community Strategic Plan
2. Delivery Program 2014 - 2018
3. Long Term Financial Plan 2015 – 2025
4. Asset Management Strategy
5. Asset Management Plan – Transportation
6. Asset Management Plan – Building and Other Structures
7. Asset Management Plan – Parks and Gardens
8. Asset Management Plan – Sewer
9. Workforce Plan 2014 - 2018
10. Operational Plan 2014/15 (2015/16 on exhibition)
11. Community Engagement Strategy
12. Blayney Shire Tourism Plan – 2011
13. Blayney Shire Access Strategy
14. Blayney Settlement (Land Use) Strategy
15. Sub-Regional Rural and Industrial Land Use Strategy
16. Community Heritage Study
17. Blayney Local Infrastructure Contributions Plan 2013
18. Blayney Local Environmental Plan 2012
19. Strategic Business Plan for Sewer Services
20. Disaster Management Recovery Plan
21. Community Land Management Plan
22. Pollution Incident Response Management Plan
23. Pedestrian and Access Management Plan and Bike Plan
24. Village Enhancement Plans
25. Integrated Water Cycle Management Plan
26. New project underway to develop a Blayney MasterPlan 2020



### **Effective regional collaboration**

Blayney Council was a founding member of the highly successful Wellington Blayney Cabonne Strategic Alliance which has continued to demonstrate immense value to the member councils for over 12 years. During this time the Alliance has achieved savings and **efficiencies of over \$5.7million** and completed over **60 joint projects** aimed at improving efficiencies and streamlining processes.

In more recent times the Alliance has been a leader in the research and development of a **shared services model** for the delivery of a range of local government services between councils. The final report 'High Level Analysis Shared Service Delivery' (KPMG, 2014) developed the methodology and business case for selection and functions suitable for delivery from a shared services entity.

The Alliance has been recognised with many awards (*2009 National Awards for Local Government Winner - Improving Service Delivery through Collaborations, 2010 LG Professionals Excellence Award.*) and has demonstrated the great achievements that can be gained through effective regional collaboration.

Blayney, Cabonne and Orange collaborated in the development of a Sub Regional Land Use Strategy, jointly engaging the services of a consultant (GHD). The Strategy was adopted by Council in 2010 and approved by the Department of Planning & Infrastructure in 2011. This Strategy applies to all three local government areas (Blayney, Cabonne & Orange) and relates to rural and industrial areas.

Blayney Council is an active member of Centroc and now a great supporter of the trial Joint Organisation for the Central West group of Councils. The Mayor has been a member of the Western Region Academy of Sport (WRAS) and a board member on Skillset which is a regional Group Training Organisation.

Council and Council officers are also members of the following regional/state groups:

- LEMC
- Netwaste
- Central West Libraries
- Blayney Cabonne Family Day Care
- Heritage program
- Mining Relating Councils
- IPWEA
- Water Utilities Alliance
- Arc Blue Procurement Group
- Professional groups membership

### **Credibility for more effective advocacy**

As a member of the Central West JO Pilot (Centroc) Blayney Shire Council remains at the forefront of regional cooperation and collaboration. The main objective of the Pilot JO is for regional advocacy and strategic planning.

Blayney, through the Central Tablelands Water relationship in the WBC Alliance and as a constituent member of CTW, has had a strong lobbying and advocacy role in the region in relation to water security.

Staff or Councillors are members of the following committees, panels, associations:

- Central West JO (Centroc)
- Central West Regional Development Australia
- Tourism NSW
- LGNSW
- Financial Assistance Program
- Traffic Committee
- Corporate partners with large local industries such as Nestle, Cadia Mines
- Local Emergency Management Committee
- Progress Associations
- Sports Council
- Towns and Villages Committees
- Water Utilities’ Best Practice Compliance
- Quality partner with RMS for roads projects

### **Capable partner for State and Federal agencies**

Blayney has always been a strong advocate and partner with both State and Federal members and agencies. There is strong leadership at both elected and management level.

Council also nurtures important relationships with very large corporate industry partners such as international firms Nestle and Cadia who have very large operations within the shire.

Council is a recipient of state and federal funding from time to time and has a very sound track record of the financial and project management of externally funded projects. Recent examples of funding for major projects include:

<b>Amount</b>	<b>Project</b>	<b>Funding program</b>
\$2,000,000	Errowanbang Road Upgrade	NSW Fixing Country Roads
\$400,000	Pedestrian improvements	NSW Active Transport Program
\$500,000	Redmond Oval Refurbishment, Millthorpe	Club Grants Round 3
\$240,000	Heating and cooling systems at CenterPoint Sporting Centre, Blayney	Federal Community Energy Efficiency Program
\$140,000	Telemetry systems at sewerage treatment plant	Federal Community Energy Efficiency Program

### **High quality political and managerial leadership**

Council has seven Councillors with collectively over 70 years of experience in local government representation. The current Mayor has been a councillor for 15 years and has held the leadership position since 2012.

The demographic of the Councillor cohort is generally representative of the community albeit at the moment there is no female representation. The work and life experiences of the Councillors is broad and varied bringing a great level of diversity and input to the decision making process.

The relationship of Councillors with staff, and representation of Councillors on committees is very positive. There has been nil Code of Conduct reported matters with the current Council.

Being a small community, staff and Councillors know each other outside of the formality of Council roles and operations. This greatly enhances the positive relationship and ability to work together to achieve outcomes.

At Managerial level the General Manager, senior staff and management team are highly qualified and well-connected in the sector. Collectively they have masters qualifications in their field of expertise, and are board members of LG Professionals (NSW) and IPWEA (NSW). Council has included a number of actions within the Improvement Plan to develop future strong leaders.

### **Case Study: Construction of Blayney Shire Community Centre**

In small shires the local community hall can be the venue that brings people together. The old shire hall in Blayney was old and not fit for purpose. Council and community came together to build a purpose built state of the art facility that is now highly utilised and a great addition to the community infrastructure of Blayney Shire.

The story begins about 8 years ago. Initial community engagement was coordinated by Blayney Council to explore funding options. The agreed result was a new, specific levy of \$75 per year to subsidise the cost of the new centre. While initially the Community were divided over the imposition of this levy, now that the Centre is being used, the feeling is that residents are very proud of this wonderful facility.

Once the Community engagement and approvals processes were finalised, and Council was satisfied with the outcome, Council called tenders for the refurbishment of the old facility. This was their agreed direction based on the wishes of the community and the budget available for the project. Local engineering firm, ICR Engineering Pty Ltd tendered for the work but in addition, provided an alternative solution: the demolition of the old building and the construction of a new, modern, fit-for-purpose facility. This was offered for just about the same price as the Council proposed refurbishment! This local firm had identified ways to achieve significant savings in the construction by **engaging local tradespeople to contribute their time, equipment or products at a discounted price on the basis that the facility provided a much needed community facility which they in turn would also benefit.** Demolition commenced in October 2011 with construction starting in January 2012. Working through a harsh Blayney winter and in a year of above average rainfall, the project **was completed in 9 months** with the centre opened on 22 June 2012. The night after the centre was opened, the first event was held; the local rugby ball attended by 300 people. What a great celebration of this wonderful new community facility.

The two key partners in this project were Blayney Council and ICR Engineering (ICR). Each had a dedicated project manager and the relationship between the two partners became very strong. Open and often communication ensured the success of the project which was completed on time and within budget. This open communication also led to enhancements being made to the original design whilst still being able to work within the approved budget. The Council and ICR's passion and vision for what could be achieved through community involvement and commitment rallied the people of the Blayney Shire.

A **community tradesman's group** was also formed to help with the project. It was noted that most of these tradespeople had a stake in the success of this Project; parents and their children who did not have a hall for activities such as discos, school presentations, community groups with nowhere to meet, etc. As a result, all these people working together led to a fantastic amount of pride and ownership of the new community centre from within the Group, and across the wider community.

This community involvement **resulted in an estimated \$2.2million worth of good will, donations and community** contribution and a much better community outcome was achieved.

Nearly all sections of the Blayney Council staff were involved to some degree with the building of this new centre. The building approval and certification process was managed by the Environmental Services team. The Engineering team provided the project management and input into some of the design elements. The Parks and Gardens team did the landscaping and the outdoor crews were involved in the adjacent road works. The vast majority of Blayney Shire staff are also Blayney Shire residents and they too have a stake in this new centre, so their commitment to their tasks contributed to the overall success of this Project. In addition, Council staff benefited from a staff initiative to recycle and reuse the old building; all the fixtures were salvaged and sold, and the bricks removed from the old centre were crushed and reused as road base for local road maintenance.