A CORPORATE PERFORMANCE ASSESSMENT

DISCUSSION PAPER

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Graeme Faulkner
General Manager
Hawkesbury City Council

DIAGRAM 3 – COUNCIL'S COMMITTEE STRUCTURE - CURRENT

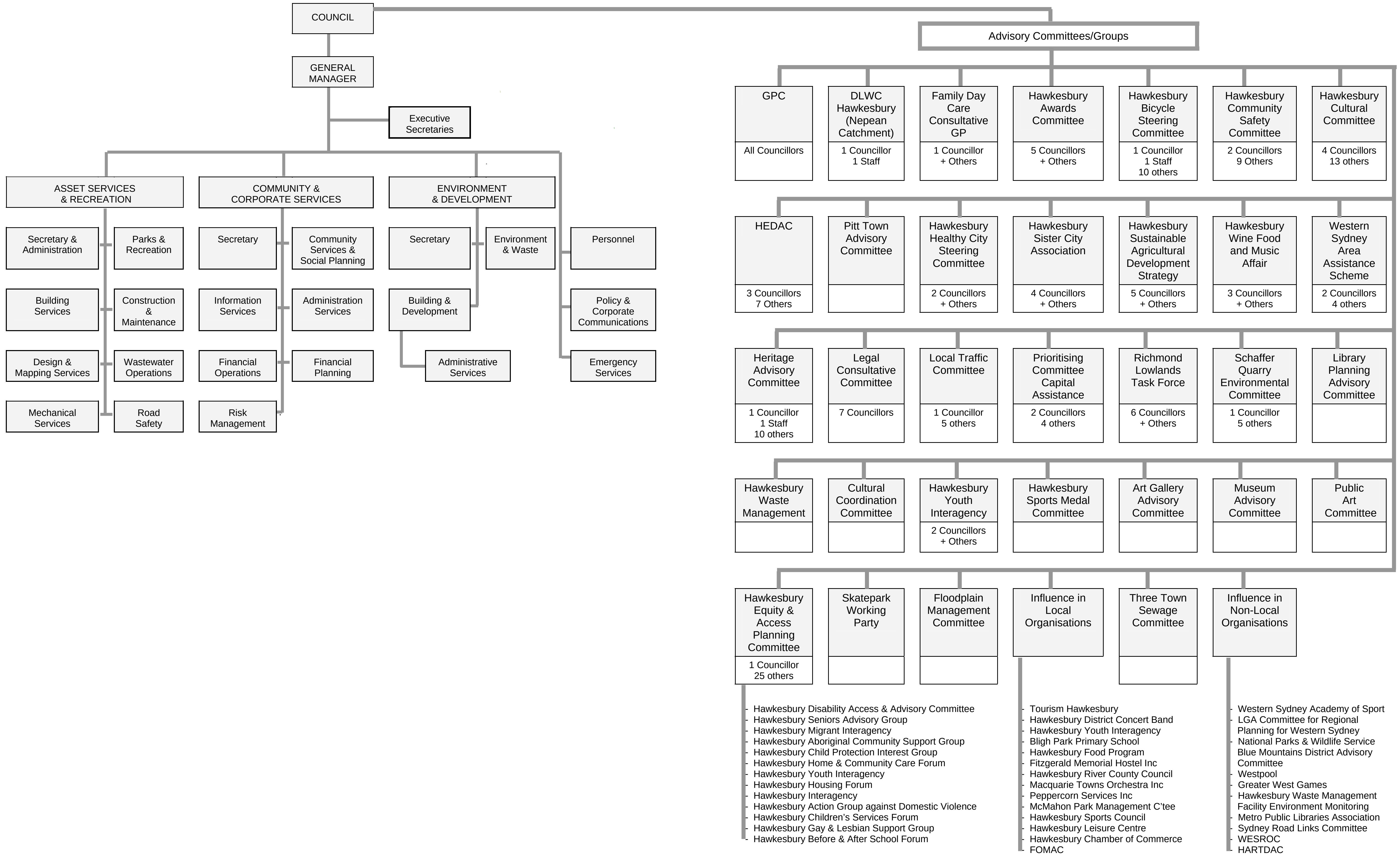


DIAGRAM 4 – COUNCIL'S COMMITTEE STRUCTURE - POSSIBLE

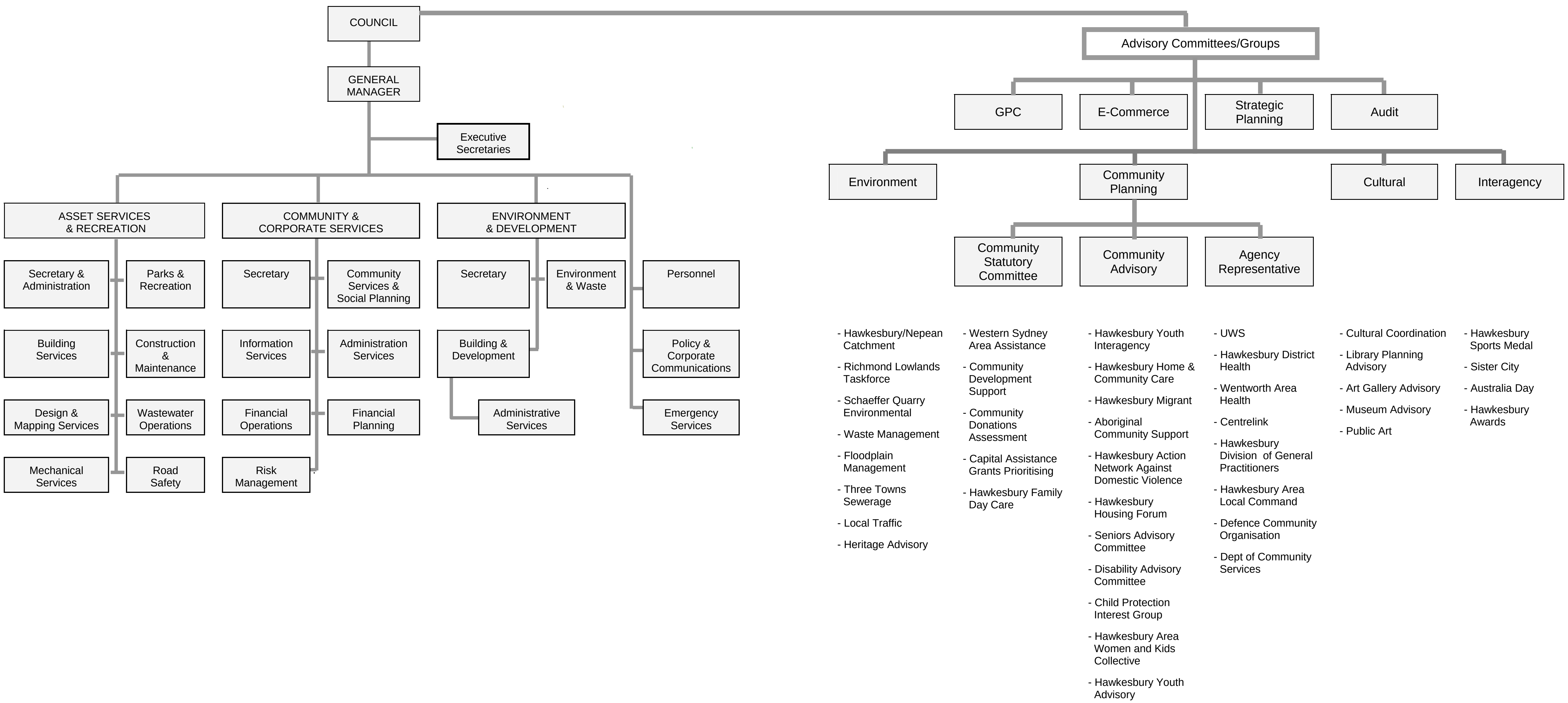


TABLE OF CONTENTS

1. RECOMMENDATIONS 1

2. EXECUTIVE SUMMARY 2

2.1 GOVERNANCE 2
2.2 STRATEGIC PLANS 2
2.3 PRIORITIES FOR ENVIRONMENTAL, SOCIAL AND ECONOMIC SECTORS 2
2.4 SERVICES TO USERS 3
2.5 PERFORMANCE MONITORING AND IMPROVEMENT 3
2.6 MANAGEMENT AND DEVELOPMENT OF COUNCIL'S RESOURCES (STAFF, FINANCE AND ASSETS) 3
2.7 ORGANISATIONAL VALUES 4
2.8 RISK MANAGEMENT 4
2.9 POSITIVE PROMOTION OF THE CITY 4

3. THE CONCEPT OF CORPORATE PERFORMANCE ASSESSMENT 5

4. WHAT IS THE COUNCIL TRYING TO ACHIEVE? 6

4.1 AMBITION 6
4.2 FOCUS 10
4.3 PRIORITISATION 11

5. HOW HAS COUNCIL SET ABOUT DELIVERING ITS PRIORITIES? 12

5.1 CAPACITY 12
5.2 COMMITTEE STRUCTURE 15
5.3 PERFORMANCE MANAGEMENT 23

6. WHAT HAS COUNCIL ACHIEVED/NOT ACHIEVED TO DATE? 26

6.1 FINANCIAL 26
6.2 LIBRARY SERVICES 27
6.3 DOMESTIC WASTE MANAGEMENT AND RECYCLING SERVICES 27
6.4 PLANNING AND REGULATORY SERVICES 27
6.5 RECREATION AND LEISURE SERVICES 27
6.6 COMMUNITY SERVICES 27
6.7 INVESTMENT 30

7. IN LIGHT OF WHAT COUNCIL HAS LEARNED TO DATE, WHAT DOES IT PLAN TO DO NEXT? 31

7.1 LEARNING 31
7.2 FUTURE PLANS 32

1. Recommendations

i. Council establish a Strategic Planning Committee pursuant to Section 377 of the Local Government Act 1993, comprising four (4) Councillors, three (3) members of the public with experience relevant to strategic planning, and the General Manager, to meet quarterly to review Council's forward plans and to set and monitor corporate performance measures

ii. Council conduct and complete a review of Council's Strategic Plan by December 2004, such review to include development of Council's Vision, Mission, Objectives and Performance Measurement Criteria

iii. Council establish an E-Commerce Advisory Committee comprising four (4) Councillors, the General Manager and no more than seven (7) members of the Hawkesbury small business community invited to participate because of their technical and business skills relevant to the field of E-Commerce markets and/or marketing

iv. a. Council establish a new directorate, the Commercial Response Unit, headed by a director of "Commercial Strategy", to provide logistic and administrative support to the E-Commerce and Strategic Planning Committees

   b. Council authorise the General Manager to restructure those areas of the organisation necessary to assist in the formation of the Commercial Response Unit

v. Council develop a comprehensive communications policy addressing both external and internal stakeholders with a specific requirement to monitor and communicate progress on the attainment of Council's strategic objectives

vi. a. Council establish an Audit Committee comprising four (4) Councillors, two community representatives and the General Manager, to meet quarterly to review all aspects of Council's financial operations, to oversee the Administration's response to external audit findings, to review departmental procedures and to assess organisational performance

   b. Council appoint an internal auditor responsible to the General Manager and reporting directly to the Audit Committee

vii. Council adopt a proforma Advisory Committee Constitution mandatory for all Council Advisory Committees

viii. Council redraft its Code of Meeting Practice

ix. Council review the City's organisational values and audit compliance by Councillors and staff with those organisational values

2. Executive Summary

Council has the opportunity to review both strategy and processes, and to refine performance criteria so that progress on social, environmental and economic agendas for the Hawkesbury can be gauged. Council needs to develop a comprehensive communications strategy that informs Hawkesbury residents of this progress and, more importantly, the framework in which the strategies are developed to achieve that progress.

2.1 Governance

Council needs to re-evaluate its committee structure, which is heavily biased towards social objectives with too little emphasis on infrastructure, commerce or internal financial monitoring. Committee formation to date has been undertaken largely on an ad hoc basis, with little or no reference to an overriding Council strategy. There appears to be inconsistency in the manner in which advisory committees operate and their ability to advise Council. An example of this inconsistency can be seen in the operation of HEDAC vs the Pitt Town Advisory Committee. HEDAC, Council's advisory committee on economic development, provided philosophical and in-principle advice only on the benefits or otherwise of the Holland's Paddock Proposal, arguably the most important economic issue for the Windsor town site during 2003. In contrast, the Pitt Town Advisory Committee was created to advise Council specifically on the most contentious planning matter faced by Council during 2003.

Council's own self-governing regulation, the Code of Conduct, needs to be re-examined and re-written with a view to sustaining confidence in Council's decision-making processes, and particularly those processes dealing with the investigation of complaints and allegations of conflict of interest. Council needs to ensure that the behaviour of senior staff and Councillors alike are governed and seen to be governed by Council's own strong Code of Conduct.

2.2 Strategic Plans

An opportunity exists for Council to re-visit its strategic planning processes to build on those successes achieved to date. While vision, strategy development and integration with management plans are crucial, the development of meaningful performance criteria and the regular communication to the public of progress achieved must closely follow. The 2004 strategic planning process should critically examine Council's current strategies and seek to develop a comprehensive communications policy in concert with the strategic plan.

2.3 Priorities for Environmental, Social and Economic Sectors

Council needs to set clear, broad targets for each sector, and devise strategies on which Council has dominant influence, with a view to outcome determination. Council should not delegate decision-making to any public or private body, nor engage in subsidisation of other parties aside from seed capital ventures. Council has the opportunity to review its economic strategy to comprehensively embrace those sectors of the local economy and private enterprise that are engaged in business in addition to agribusiness. Importantly, before engaging in partnerships or applying Council funds towards any project, Council must assess the degree to which Council can effect the outcome desired by Council.

It is recommended that Council prioritise environmental, economic and social matters, in that order, for the next four years, in the knowledge that social aspects have been the subject of dominant focus in the recent past, as evidenced by Council's existing committee structure.

2.4 Services to Users

Council has attempted to provide a broad and comprehensive service base to its constituents and other users. Council in recent years has focused on customer service training, communications planning, form review, customer service brochures and website upgrade to facilitate increased service. Notwithstanding this increased emphasis, some service areas have been problematic, and possibly because of matters relating to human resource availability than any other reason. Inadvertent issuance of building consents (Comito), the incorrect classification of community land as operational (APV), difficulties with the clarity of clauses in the management contract for Oasis and inaccurate information given to the Ombudsman in relation to a complaint under investigation all point to problems within the resourcing of Administration and its ability to provide expected levels of service to users.

2.5 Performance Monitoring and Improvement

This area presents as Council's greatest opportunity. Council needs to set broad corporate performance criteria and critically evaluate that criteria reported in the quarterly review at a departmental level. Performance criteria presented to Council by way of quarterly reports needs to be reviewed, and, in some cases, dispensed with or redrafted.

The establishment of a Council Audit Committee would assist in the review process.

Performance criteria should be developed and reviewed, not just for departmental use, but also for programs to manager level.

2.6 Management and Development of Council's Resources (Staff, Finance and Assets)

Council has no human resource strategy, the Chart of Accounts in the context of Technology One software is compromised, Council has not implemented the Technology One asset register as a replacement for the Genasys system, there is no current written policy for controlling the utilization of electronic funds transfer, and, on the advice of Council's auditor, "*Council is required by law to maintain two funds, ie General Fund and Trust Fund … and this should be put in place in designing a new general ledger structure.*" Council needs to respond to the increasing number of warning signs that have become apparent and that are a result of the lack of relevant human and financial resources.

A review of Council's current structure into an Assets/Services model would aid the development of suitable performance measures throughout the organisation.

2.7 Organisational Values

Hawkesbury City Council's values, as shown in the existing Code of Conduct, state:

> "*Hawkesbury City Council is committed to fostering a secure and open work environment in which all Councillors and staff can be confident in seeking advice about any questions that they have.*

A number of values appear to have been discussed at the strategic planning workshop conducted in February 2003, but these do not appear to be "organisational" in nature. There is some confusion as to whether they have been adopted by Council, but, even more telling, is that they have not, to anyone's knowledge, been communicated to any party, staff or constituent and these are not contained in the 2003-2004 Strategic Planning document. A report to Council in March 2003 indicated that the values would be further developed post March 2004.

2.8 Risk Management

Council has developed a significant risk management capability concentrated on workers compensation and general insurance requirements, and which has resulted in financial benefits to Council in recent years through premium reduction based on a well-managed and reduced claims experience. This risk management capability is still being developed in the occupational health and safety area, which, unfortunately, is not yet compliant with the relevant OHS legislation, despite a requirement to comply by September 2001.

Risk management *per se* needs to be further extended into all areas of Council's operations inclusive of finance, and issues such as Council's general ledger and chart of accounts, segregation of duties and other matters raised by Council's External Auditor must be addressed.

2.9 Positive Promotion of the City

Positive promotion of the City occurs in part through

- media reporting of Council's decisions and actions
- the interaction of staff, Councillors and delegates with members of the public, both internal and external to the City

There is little to be gained in expending ratepayers' funds in promoting the organisation as ratepayers will judge the organisation on the basis of the regular media reports forthcoming on local issues. Positive promotion of the City should therefore focus on promoting Hawkesbury local business to potential markets with a view to increasing profitability and employment generation within the community.

The City's current image has been negatively impacted (in the writer's view), not so much from the position Council has taken on a number of issues, ie for or against, but the indecisiveness and procrastination displayed in arriving at that decision, which some will argue are only interim decisions, given the propensity by Council to wield rescission motions. Council's willingness to continue to fight and overturn previous decisions of Council has undermined confidence in the local authority and it is this aspect alone that has the potential to negatively impact economic development. It is the writer's belief that business and commerce will generally gravitate to that jurisdiction where there exists confidence in the process of decision-making.

3. The Concept of Corporate Performance Assessment

Corporate Performance Assessment has been an integral part of the "Comprehensive Performance Assessment Approach" undertaken in Britain by the UK Audit Commission and targeted at Local Government.

The Corporate Assessment methodology adopted focuses on four broad questions and underlying themes. These are:

1. What is the Council trying to achieve?
   - Ambition
   - Focus
   - Prioritisation
2. How has the Council set about delivering its priorities for improvement?
   - Capacity
   - Performance Management
3. What improvements has the Council achieved/not achieved to date?
   - Achievement in quality of service/improvement
   - Investment
4. In light of what Council has learned to date, what does it plan to do next?
   - Learning
   - Future Plans

Hawkesbury City Council has requested a review of corporate performance with particular regard to matters of:

- Governance
- Strategic (Forward Plans and Policies)
- Priorities for Environmental, Social and Economic factors
- Services to Users
- Performance Monitoring and Improvement
- Management and Development of Council's Resources (Staff, Finance and Assets)
- Organisational Values
- Risk Management
- Positive Promotion of the City

4. What is the Council trying to achieve?

4.1 Ambition

Hawkesbury City Council has endeavoured to maintain and enhance the quality of life of its citizens through the protection of the locality's heritage and environmental assets. The Council has attempted to foster economic growth within the community through the growth of agribusiness and the retention of perceived high employment generating industries such as defence and education.

Council's Mission Statement announced in its 2003-2004 Strategic Plan is:

> *"To protect and enhance the unique historical and environmental features of the Hawkesbury region whilst encouraging planned development and providing services appropriate to the needs of the wider community"*

Council's Mission Statement was, in part, derived from a public consultation process that commenced in 1993 with a series of public meetings to discuss the community's vision of the Hawkesbury for the future. That consultation process gave rise to the "*Our City Our Future*" document produced by the Division of Environment & Development and provides for overall general land planning principles for the development of the City of Hawkesbury and its rural area. Issues covered included housing, agricultural land, population growth, pollution infrastructure, subdivision and tourism. Council adopted a number of recommendations in the report in November 1995, some eight years ago.

A key outcome of the "*Our City Our Future*" strategy was a recommendation that a new strategy comprising Sustainable Agricultural Development be devised.

In February 1997 Hassell & Associates were engaged to prepare the Hawkesbury Sustainable Agricultural Development Strategy.

In October 1998 Council considered a report concerning the implementation of HSADS' strategies, which recommended:

- Four strategies for funding in the financial year 1998-1999
- Five strategies for referral for discussion for fiscal 1999-2000
- Fifteen strategies for referral to third party government agencies

The effectiveness of those strategies from 1999-2000 onwards is not readily discernible.

The following questions help clarify the concept of ambition:

4.1.1 Is there a clear sense of direction – a fully developed and publicly articulated long-term vision for the Hawkesbury?

4.1.2 Has Council established corporate priorities and communicated these such that Council's intentions are understood?

4.1.3 Are Council's corporate priorities a function of community consultation and are they welcomed by the community?

4.1.4 Are Council's strategies and objectives effectively linked to management's plans and strategies (integration)?

4.1.5 Has the corporate management team developed a strategic approach?

4.1.1 Is there a clear sense of direction – a fully developed and publicly articulated long-term vision for the Hawkesbury?

Council is to be commended on the extent of public consultation undertaken as a prelude to the "*Our City Our Future*" document and the HSADS strategy that evolved from that consultation process. Notwithstanding the consultation process that gave rise to the strategies, there would appear to be at this time no clear sense of direction, and certainly no publicly articulated long-term vision for the Hawkesbury some eight years after that initial consultation process commenced.

Council's strategic planning document published in 2003 refers to Council's Mission Statement and eleven priority issues that represent less than 0.5% of Council's total budget.

Departmental management plans do reflect to some extent commitment to the HSADS strategy. However, the level of commitment is not readily quantifiable to highlight the degree of relevance of the strategy.

There is a complete absence of reference to a strategic vision, objectives, strategies and performance criteria at the strategic level. Objectives and strategies do exist at departmental level, inferring a concern with departmental and operational matters in lieu of those more strategic.

4.1.2 Has Council established corporate priorities and communicated these such that Council's intentions are understood?

Council has established a number of priorities as evidenced in the Strategic Plan, the HSADS Strategy and the Constitution of the Hawkesbury Economic Development Advisory Board. Some confusion may exist, however, as to Council's intentions in relation to these, given the absence of public communication on progress on a continuing basis. For example, Council is committed through HSADS to the retention of agricultural land and to economic development through HEDAC. Council is also committed to the 'HARTDAC' project aimed at developing intensive farming through the implementation of technology and cluster farming techniques. The external funding for the HARTDAC project is dependent upon a minimum of 20 local farms engaging with the City and other parties in contract. As at March 2004, that minimum target of 20 has not been met and the project is in difficulty. Council's corporate priorities, linked currently to the growth and retention of agribusiness within the Hawkesbury, do not appear to have gained full acceptance by the industries the subject of those priorities. More recently, publicity has focused on:

i. Council agreeing to the Pitt Town development, which opponents have argued is contrary to agricultural land retention; and

ii. Council refusing to consent to a shopping complex in an area zoned for such purpose.

These decisions have been viewed in isolation by the community and are not seen as consistent with Council's strategic direction for the community. At the very least, Council has not been able to successfully communicate its rationale for these decisions in a strategic context. One would argue that such a strategic context does not exist, and that Council's decisions are not consistent because of the voting blocks existing on the particular issues. This inability to communicate Council's intentions/resolve has impacted the public perception of Council, particularly the ability of Council to govern itself, ie the Pitt Town development has caused anxiety within the community over Council's handling of "conflicts of interest". Again, such anxiety may be more a function of perception than reality. However, the perception relating to the "conflicts of interest" in the Pitt Town Advisory Committee have been widely reported on and continues to exist to the detriment of Council. It is opportune for Council to learn from this process and it is recommended that Council consider the adoption of a pro forma Advisory Committee Constitution for all advisory committees and which, among other things, sets a framework for pecuniary and conflicts of interest, and assists in the good governance of the relevant committee.

This is not to say that Council's decisions are contrary to its priorities, but rather, in the absence of clearly defined priorities and regularly reported progress by way of performance criteria, as set out in Council's Corporate Plan, misconception is possible.

4.1.3 Are Council's corporate priorities a function of community consultation and are they welcomed by the community?

Certainly extensive public consultation occurred in 1993 as a prelude to "*Our City Our Future*" and the HSADS strategy. Council has no less than 28 local committees active within the LGA area, though it is difficult to gauge the extent to which these, if any, have direct input into Council's strategic direction. Up to 13 of Council's committees have input via the Equity & Access

Committee into Council's social planning cycle, though there does not appear any linkage between the Social Plan and an overarching strategic plan/objective.

Householder surveys were conducted in 2000 and 2003, though, again, it is unclear as to the take-up of findings by Council in the strategic planning process.

It is clear that:

(a) Council has in the last ten years engaged the community by way of public consultation on strategic issues.

(b) This community response does not appear to have been translated into a corporate vision, objectives and strategies that have been regularly communicated to residents by way of performance assessment against targets.

(c) Council does not appear to have developed corporate outcome statements to assist the organisation maintain focus on its objectives and strategies (apart from the separate Social Plan).

(d) There is no clear corporate policy on citizen engagement.

(e) It is difficult to discern Council's objectives and strategies in addressing the economic, environmental and social wellbeing of its citizens.

4.1.4 Are Council's strategies and objectives effectively linked to Management's plans and strategies (integration)?

The Corporate Policy & Communications area of Council, in commenting on linkages between the strategic plan and management plans, has indicated:

> *"The current strategic planning process at the Council is fragmented, has little bearing on the overall management plans produced and currently has limited input from professional staff who are required to implement its recommendations …"*
>
> *"Departments prepare their draft management plan recommendations without any knowledge of the priorities set for the Council as a whole or even what the priorities are within their own directorate."*
>
> *"Traditionally documents produced for statutory regulations including the quarterly review, management plan, financial reports and annual report are coordinated by separate departments with no cross reference. Each manager plans his/her section without knowing what primary objectives will be placed by other areas. This often means that projects that could have benefited and indeed*

existed with combined budgets and coordination between departments do not develop to their full potential."

"The social planning process, which has the only real, continuing method for collecting priorities from the community, is still regarded as a separate report and not integrated within the Management Plan."

4.1.5 Has the corporate management team developed a strategic approach?

Where there is no over-arching Strategic Plan and there exists a lack of prioritisation of key objectives and funding, management and Council inevitably focus solely on operational issues. In the absence of certainty about Council's long-term objectives, continuity between annual budget cycles is lost and strategic objectives fail to be realised. Certainty about Council's future direction enables long-term funding and performance measurement relating to the attainment of key objectives. It is interesting to note that the 1993 published explanatory document relating to "*Our City Our Future*" contained the following qualification on Page 1:

"*This is a strategy document for the purposes of seeking the community's view on the direction of future development in the Hawkesbury. It is not to be relied upon in any investment decision, as for a variety of reasons the strategy may not be implemented.*"

One can understand the rationale for such a qualification. However, the very existence of the document in 1993 was to convey to residents some certainty about the future direction Council was to take following extensive public consultation.

It is the writer's belief that the corporate management team has been unable to develop a strategic/corporate approach. There has not been any ability to prioritise key issues for the corporation above those departmental objectives. For example, problems relating to Council's general ledger chart of accounts have largely been seen as a departmental problem rather than a corporate concern. Similarly, the absence of a fixed asset register has been viewed as largely a departmental problem.

4.2 Focus

There is a need to ensure that Council continues to focus on its priorities and monitors outcomes towards objectives achieved.

Some of the Council's eleven priority issues contained in its Strategic Plan 2003-2004 have continuity (Windsor Master Plan, Richmond and North Richmond Master Plan). However, there appears to be no one group overseeing progress of any objectives derived for strategic purposes from HSADS, "*Our City Our Future*" or Council's Strategic Plan 2003-2004.

The lack of a consistent mechanism for focus is perhaps explainable given the lack of a strategic vision, objectives and strategies.

The Environment and Development Division has attempted to link some of its departmental strategies to those associated with HSADS and the "*Our City Our Future*" outcomes, whilst other departments fail to communicate such linkages.

Perhaps the greatest impediment to maintaining focus on achievement lies with Council's budgetary process, which, unfortunately for some years, appears to have been incrementally based and not zero-based.

Zero-based budgeting would assist Council insofar as each year justification for every budget item would need to be made prior to acceptance and recommendation by management to Council. In this way, where there are already in place priorities, objectives and strategies, justification could easily be made, and the budget dovetailed to those priorities. What appears to have occurred in recent budgets, albeit for some minor adjustments, is for a percentage incremental increase across the range of programs, with some minor adjustments to reflect importance in some particular direction. The difficulty that such an approach creates (ie non zero-based budgeting) relates to ownership of the budgetary process by program managers and the lack of an advocate for a particular priority and its continuity *viz a viz* Council's objectives.

Local Government Authorities within NSW have recognised that:

> "*It is difficult to maintain focus on an outcome requiring a well-managed city in the absence of:*
>
> - *a plan to build the capacity of Human Resources*
> - *an integrated asset management plan for all assets*
> - *a medium-term financial plan which has realistic budget projections in it*"

Council currently has no strategic plan for human resource development, no integrated asset management plan, and an annual budget only. (A three-year rolling program is in place for asset management.)

4.3 Prioritisation

The setting of priorities appears to have been a difficult process for Council in recent years. At the departmental level, management (particularly the Environment & Development Division) have endeavoured to adhere to the general thrust of priorities established up to eight years ago in the "*Our City Our Future*" document and then the HSADS strategy that emanated from that. Of the eleven priority issues identified in the Strategic Plan 2003-2004, if those strategies relating to the Windsor, Richmond and North Richmond Master Plans and the Tidy Town initiatives were not included, the remaining seven priority issues for Council in fiscal 2003-2004 amounted to 0.1% of total budget, or $120,500. In financial terms, these key priority issues that have prominence in Council's strategic planning document would be viewed as insignificant. Of more interest is that Council allocated directly only

$30,000 (0.04% of budget) to the HSADS aligned strategy of Agricultural Retention through Diversification and Clustering.

It is to be noted that Council does have limited ability to shift resources around, particularly in the annual budget context, and that a discipline needs to be developed to ensure that where new priorities are added, efforts are reduced in other areas.

Council, through its "*Our City Our Future*" consultation process in 1993), provided an excellent example of community engagement. We need now to take that further, review our priorities and, with the community, define expenditure levels across all outcome areas.

5. How has Council set about delivering its priorities?

5.1 Capacity

Capacity relates to the ability of Council to put into place the priorities and programs it desires. Capacity is as much a function of Human Resources (development, retention and reward) as it is about financial potency and political will.

Increased capacity requires the building up of trust in staff, and the development of an adequate reward system to help increase Council's flexibility to meet future challenges. It requires the enhancement of skills inherent in staff and clarity in career development such that future increased productivity can be achieved. Ultimately, however, capacity also relates to the effective deployment of Council's resources, particularly human resources, to achieve Council's strategies and service objectives, and it is here where Council stumbles significantly.

Two issues significantly impede Council in its ability to service the community in an efficient and effective manner. These issues are:

1. The inability of Council to entertain a viable strategic planning capability and its consequential focus on operational activities. This has already been discussed, but can be best summarised in the following two diagrams:

Figure 1 depicts the current process adopted by Council in determining its mission and departmental objectives

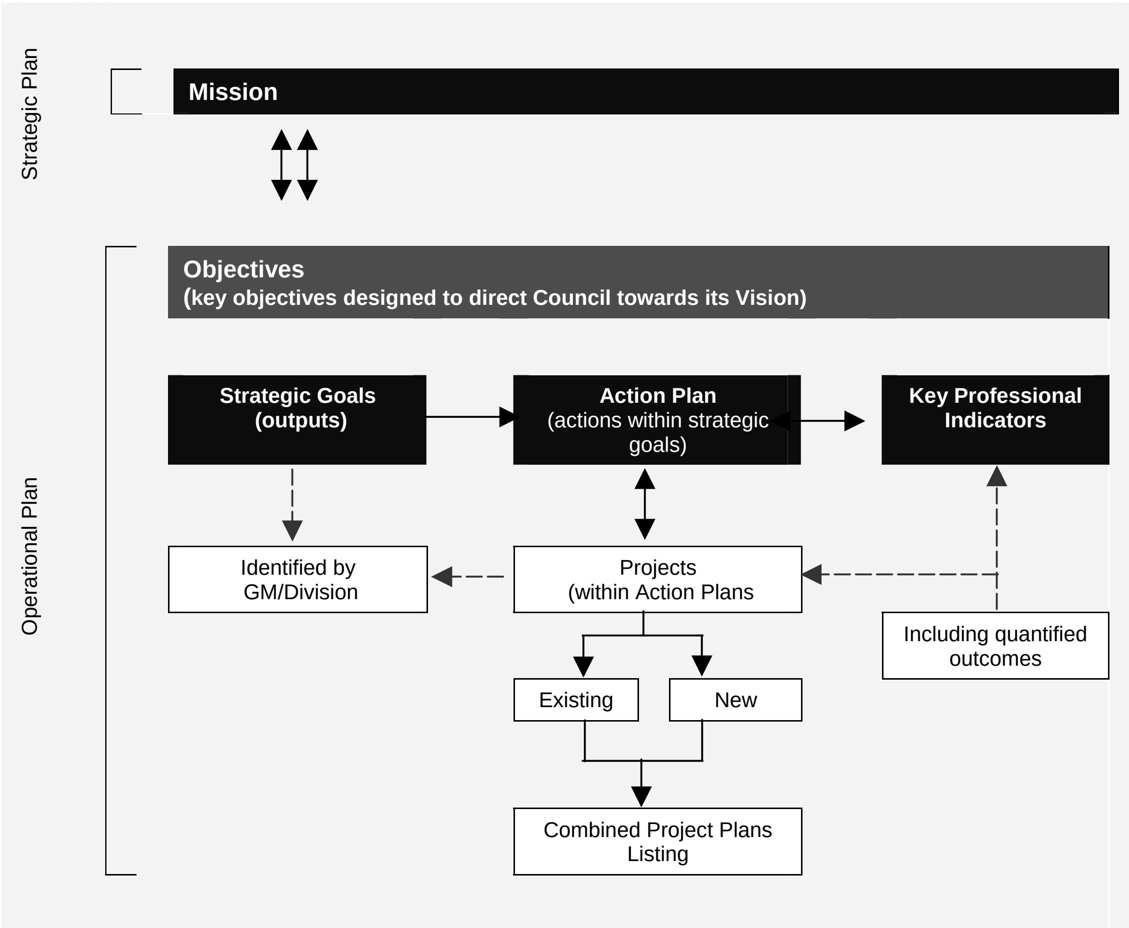


Figure 1

Figure 2 depicts the process that should be entertained by Council in development of its strategic planning framework.

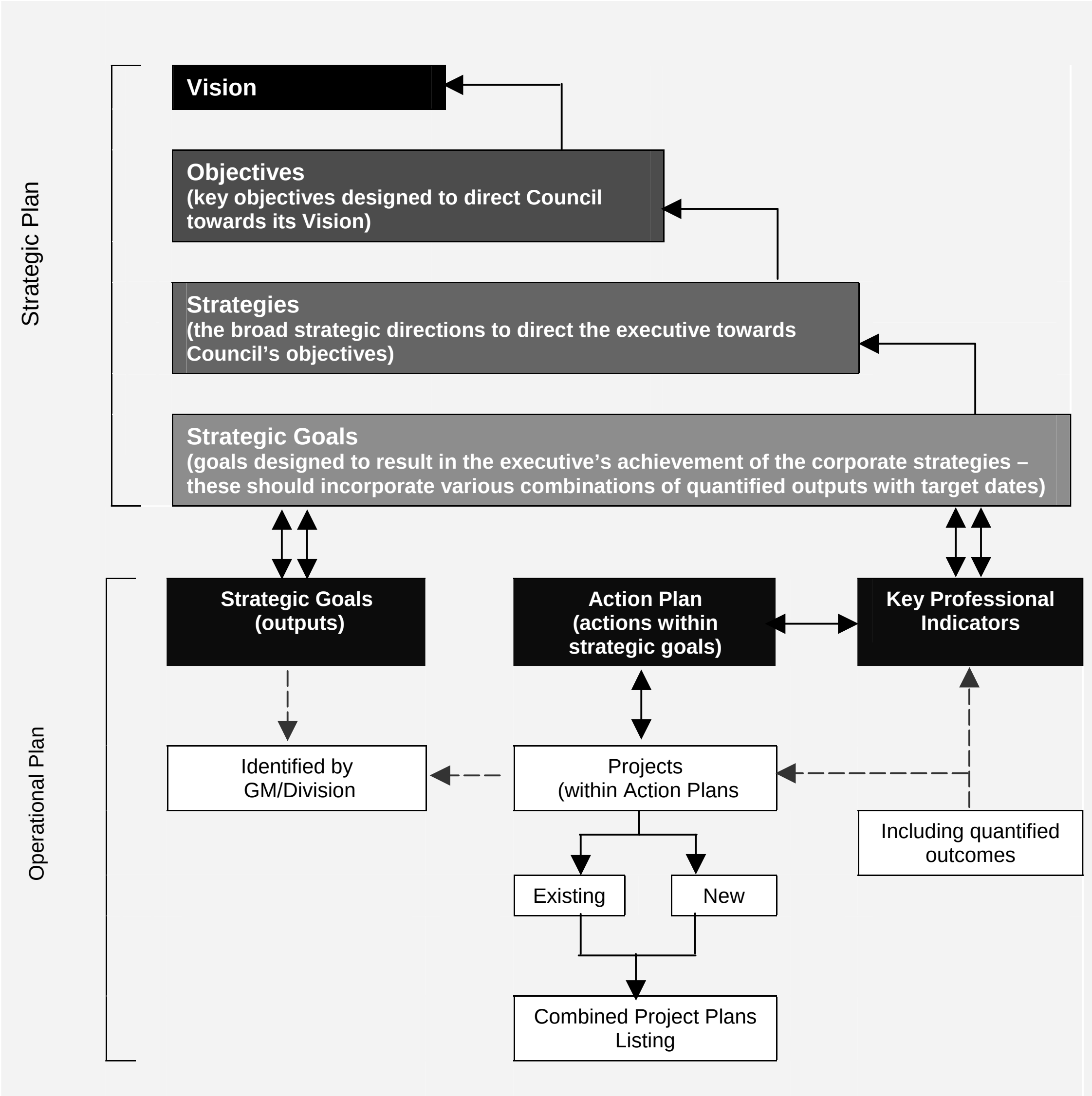


Figure 2

2. The second and more important of the two issues relates to the capacity of Council's human resources to service the requirements of Council, particularly those servicing requirements relating to committees and customers on a daily basis.

5.2 Committee Structure

It is true to say that:

- there exists no framework to guide committee formation
- committee deliberations and recommendations are made without reference to or knowledge of Council's strategic objectives
- a great number of Council's human resources are involved in the servicing of Council's committees with no ability to measure committee performance in the pursuit of its outcomes, if indeed they are identified formally prior to committee formation
- there exists no unique committee to provide oversight of Council's finances

A review of Council's committee structure identifies no less than 28 committees and advisory committees that have been formed to assist Hawkesbury City Council (refer Diagram 1 "*Council's Committee Structure*" – Page 17). Of those 28, only two committees, the General Purpose Committee and the Legal Consultative Committee are deemed committees of Council under the Local Government Act (1993). The remaining committees have been formed in response to factors internal and external to the City. Importantly, the advisory committees are not aligned to an overarching strategy of Council, but have arisen on a more ad hoc basis.

There exists no framework to guide advisory committee formation. Very few committees have objectives set and consequently are able to function in a manner that assists the general direction of Council in the pursuit of its objectives. There is confusion within the Administration as to the role of different departments in servicing committees formed to date. There has been great difficulty in obtaining advice from staff as to the identity of divisions/ departments responsible for providing logistical support. There is a perception amongst staff that some Councillor involvement on committees is more of a response to mistrust of either staff or other committee members than it is about good management of committees.

The advisory committee structure is heavily weighted to the Community & Social Services sector and, given the level of public participation on these advisory committees, there is little doubt that Council policy will be largely influenced in this area (refer Diagram 2 "*Council's Committee Structure*" – Page 18).

It is appropriate for Council to review the contribution made by Council's advisory committees in achieving Council's objectives. Not all of Council's advisory committees have constitutions binding them to Council's Code of Conduct or the ultimate objectives set by Council.

An analysis needs to be undertaken as to whether Council's involvement in some committees is achieving Council's ends, or whether Council resources are being applied to assist other entities in the pursuit of that entity's objectives. A pro forma Constitution should be drafted for adopted by all advisory committees, in which the objectives, membership, meeting procedures and code of conduct are referenced.

Advisory committees should also provide regular reports to Council on performance criteria set for the committee by Council, and which would include audit compliance with the advisory committee constitution.

The Hawkesbury Economic Development Advisory Committee during calendar 2003 failed to adhere to its constitutional requirement of nine meetings per year, because of lack of a quorum. Matters such as these need to be reported to Council, as they may be indicative of problems within the committee and consequently have a potential to impact Council's objectives.

Diagram 1 - Council's Committee Structure

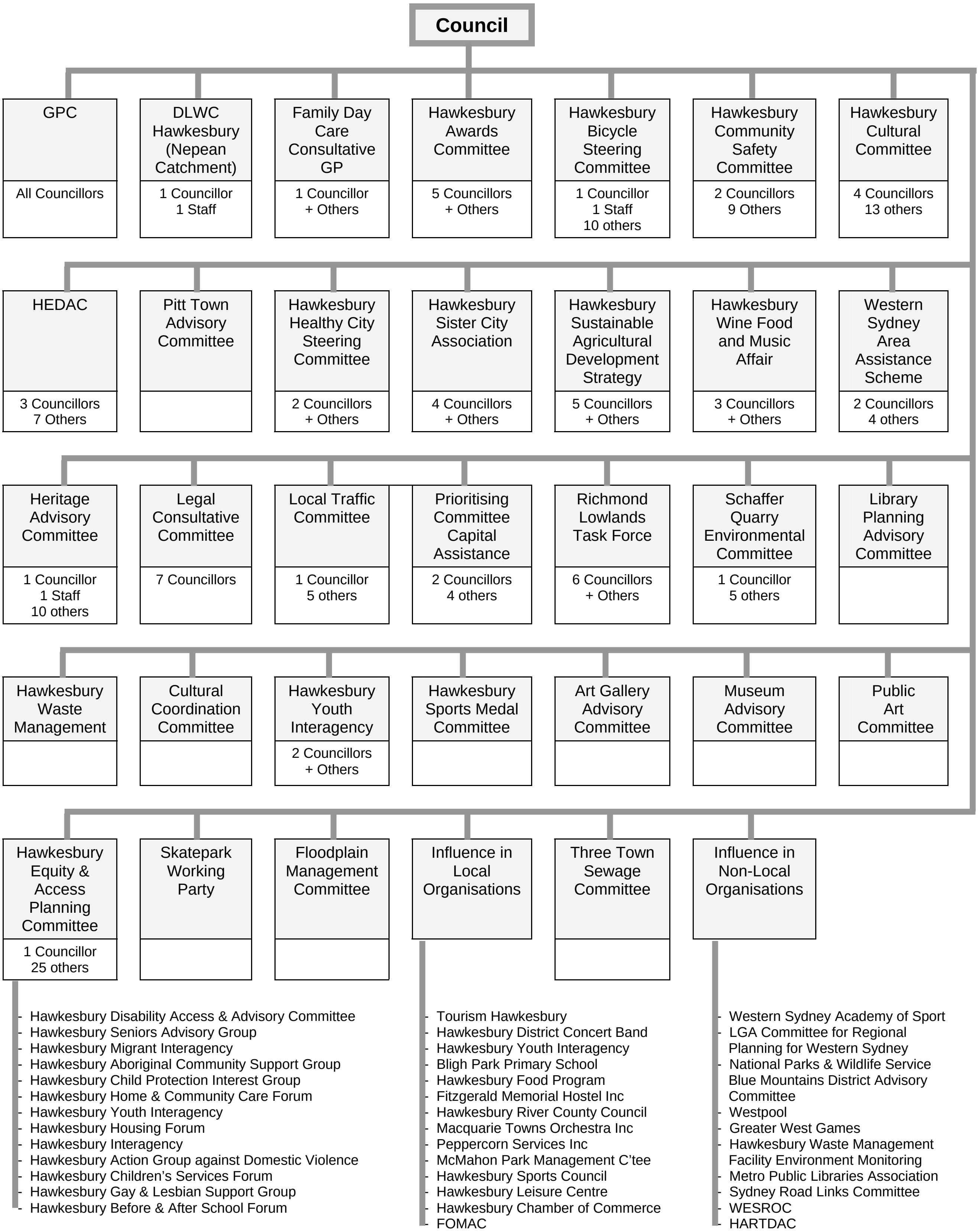


Diagram 2 - Council's Committee Structure

Assets & Recreation

Prioritising Committee Capital Assistance

Local Traffic

Three Towns Sewerage

Hawkesbury Bicycle Steering

Environment & Development

DLWC Hawkesbury (Nepean Catchment)

Pitt Town Advisory

Schaffer Quarry Environmental Marketing

Richmond Lowlands Task Force

Floodplain Management

Waste Management

Heritage Advisory

Economic Development

Hawkesbury Wine Food and Music

Hawkesbury Events Action Team

HEDAC

HSADS

GPC

Legal Consultative

Corporate Services

Family Day Care Consultative GP

Hawkesbury Community Safety

Hawkesbury Cultural

Hawkesbury Healthy City Steering

Hawkesbury Sister City Association

Hawkesbury Youth Interagency

Cultural Coordination

Western Sydney Area Assistance Scheme

Art Gallery Advisory

Library Planning Advisory

Public Art

Hawkesbury Awards

Museum Advisory

Hawkesbury Sports Medal

Skatepark Working Party

Hawkesbury Equity & Access Planning:

- Hawkesbury Disability Access & Advisory
- Hawkesbury Seniors Advisory Group
- Hawkesbury Migrant Interagency
- Hawkesbury Aboriginal Community Support Group
- Hawkesbury Child Protection Interest Group
- Hawkesbury Home & Community Care Forum
- Hawkesbury Youth Interagency
- Hawkesbury Housing Forum
- Hawkesbury Interagency
- Hawkesbury Action Group against Domestic Violence
- Hawkesbury Children's Services Forum
- Hawkesbury Gay & Lesbian Support Group
- Hawkesbury Before & After School Forum

A refined Council Committee Structure?

Diagram 3 (Page 20) displays the relationship between the organisation structure and Council's current committee structure, and gives an indication in the very broadest sense of:

i. the ad hoc growth of the committee base and lack of strategic focus

ii. the significant resourcing complement required to service the committee structure.

Diagram 4 (Page 21) displays a possible alternative refinement to the committee structure, albeit one that connotates significant change within aspects of the community, and to a much lesser extent within the organisation, but which results in much "freeing up" of human resources within the organisation to assist in customer servicing on a daily basis.

DIAGRAM 3 – COUNCIL'S COMMITTEE STRUCTURE - CURRENT

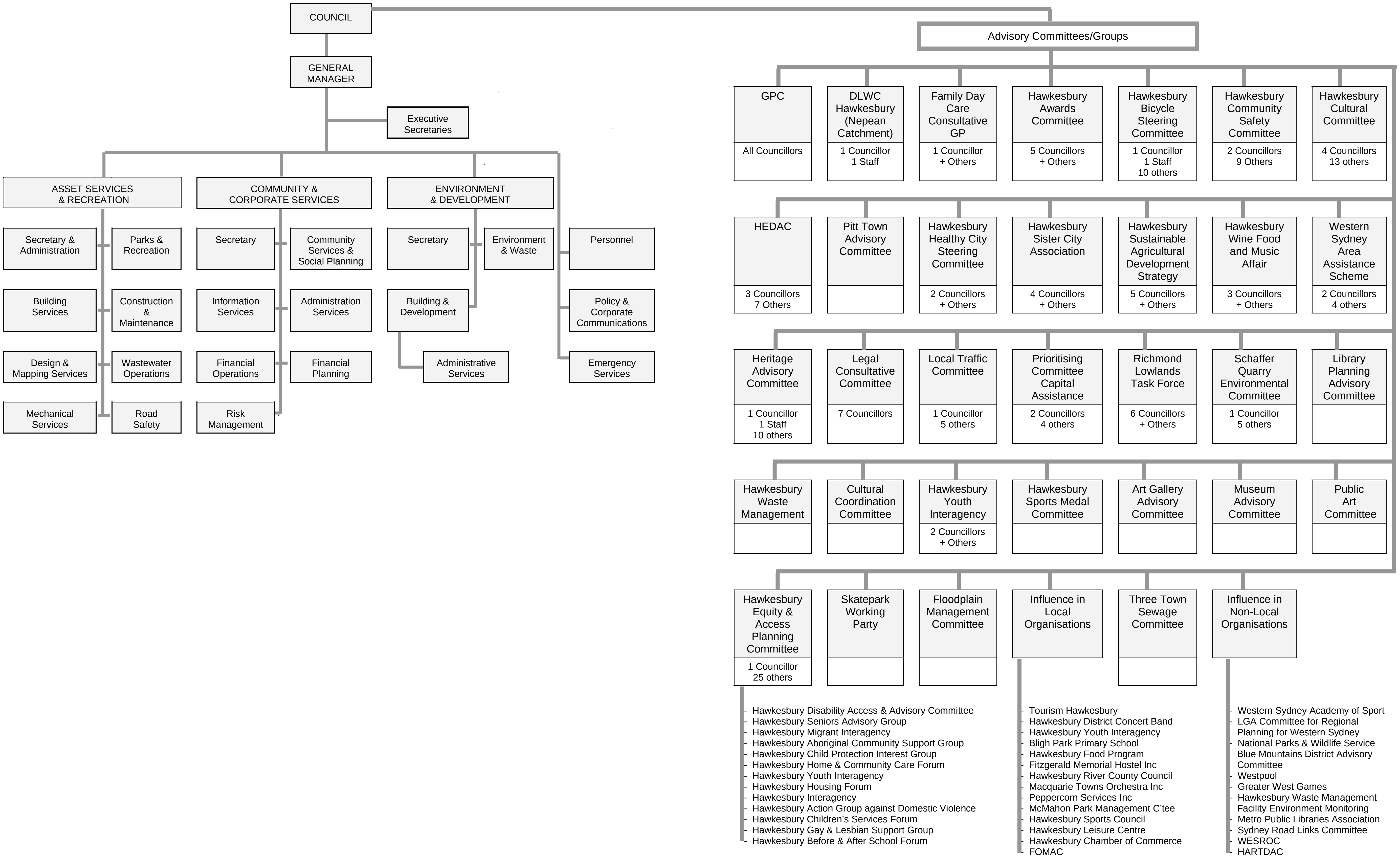
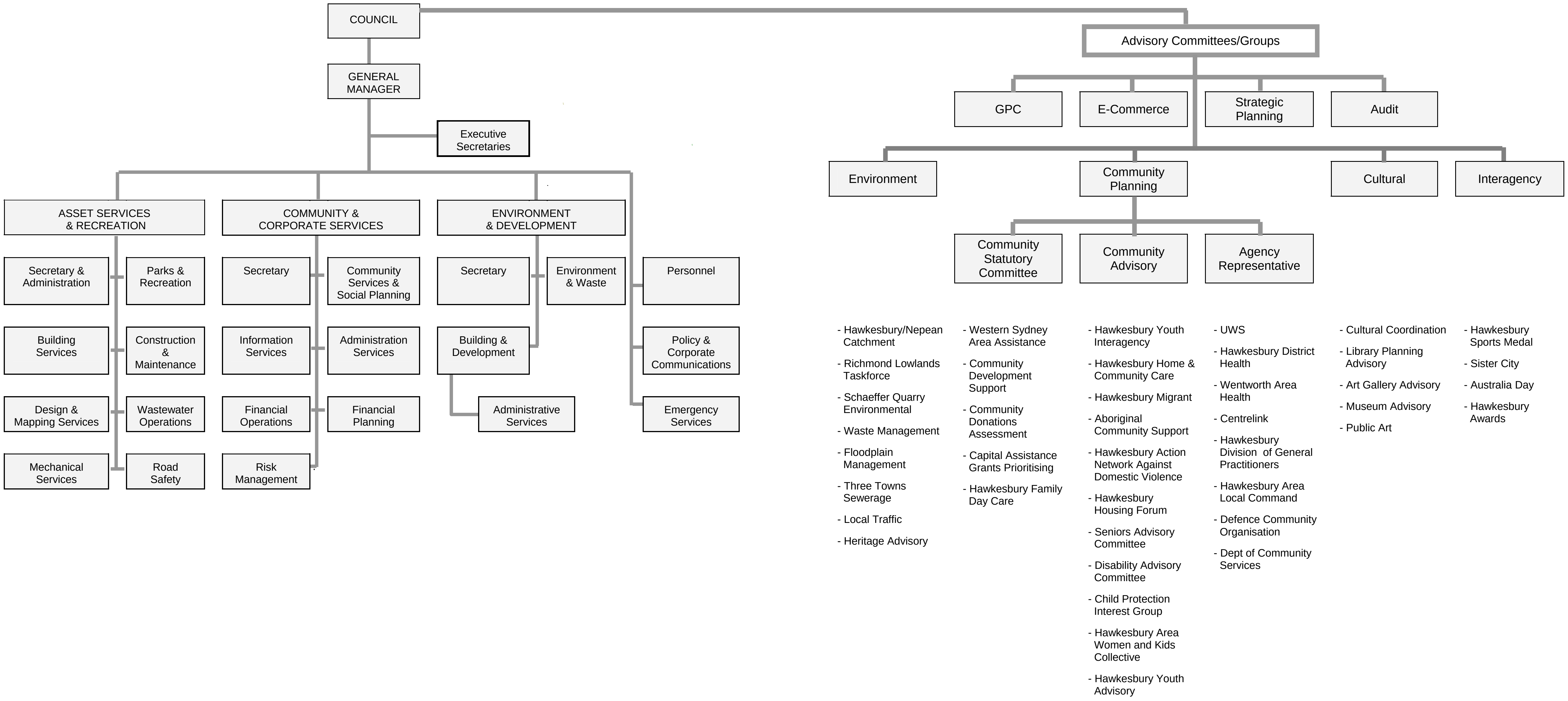


DIAGRAM 4 – COUNCIL'S COMMITTEE STRUCTURE - POSSIBLE



Previously it has been indicated that to maintain focus on Council's priorities it is necessary to undertake:

- *a plan to build the capacity of Human Resources*
- *an integrated asset management plan for all assets*
- *a medium-term financial plan which has realistic budget projections in it*

Council's Human Resources area comprises a complement of one manager with no support staff for a full time equivalent workforce of 252. One full time equivalent employee does not have the capacity to undertake the necessary Human Resource functions for an organisation the size of Hawkesbury City Council. As a consequence of this, some senior managers have taken it upon themselves to respond to problems within their staff, albeit without the necessary expertise or knowledge, which is problematic in an environment so heavily legislated. Of particular concern has been the practice of some senior managers to involve themselves in Human Resource disputes/problems with personnel in other directorates without the prior knowledge of the relevant departmental head.

This inability for Human Resources to adequately respond to issues within its jurisdiction has given rise to mistrust on the part of staff as to management's practice in such areas as recruitment of new staff and promotion of existing staff. There is a perception that senior management have appointed some staff for reasons other than merit, and there is a broad perception that a number of staff have been favourably treated over the years through promotion and vehicle access.

The inability of the Human Resources area to adequately respond to Human Resource issues in the organisation because of inadequate resourcing has resulted in:

- an inconsistent approach to job descriptions and difficulty in developing a universal competency-based framework

- an inability to determine and report optimum staffing levels

- an inability to conduct skills audits in an increasingly changing skill environment, influenced in large part by technology and new platforms adopted by Council, eg records

- an inability to determine clear corporate policies on time in lieu and flexible working hours

- a lack of confidence in both senior management and Councillors. Staff quickly hear of negative behaviour demonstrated by both Councillors and senior staff. Staff are also aware of the actions of Council and staff representatives in attendance at conferences at ratepayer expense. Such actions go to the heart of staff trust in senior management's competence and ultimately Council's capacity to achieve its priorities and objectives. Such actions also reflect on Council, where it is known by staff that incidents occur with the full knowledge of Council with apparently complete acceptance of such behaviour

- Currently Council’s Human Resources function does not have the ability to:

  - **Salary Administration**

    - store and link job evaluation grades and points to positions

    - handle salary packaging

  - **Performance Evaluation and Management**

    - record and provide information on individual or group performance ratings

    - formally link position descriptions to appraisals and then to performance evaluation

  - **Training and Development**

    - formally identify and record training requirements and provide information to management on individual or corporate training plans

    - record qualifications and skills information to allow for career and succession planning

    - develop a training inventory for individual and corporate courses

  - **HR reporting**

    - provide information to:

      - determine sick leave patterns and usage

      - formally calculate staff turnover and other personnel statistics

5.3 Performance Management

An analysis of performance measures at department level by sample within the 2003-2004 September Quarterly Management Plan reveals a degree of difficulty in determining tangible and material performance measures that assist in measuring progress or lack thereof. The following table depicts some performance criteria used across different departments, and identifies:

i. the measure adopted

ii. comment on the performance measure contained in the September 2003 quarterly report

iii. the writer’s general comments

Department	Performance Measure Adopted	September 2003 Quarterly Review	General Comments
Building & Development (Development Control)	"Integrity of determinations"	"Checks and balances in place to ensure as far as possible"	The performance measure is meaningless and subjective
	"Best Practice'	"Best Practice applied"	The performance measure outcome is dependent on the reader's knowledge of "*best practice*"
	"All developments inspected following completion and conditions enforced"	"Inspections conducted as required"	Performance measures not reached and contradictory. Either all developments are inspected or they are not
	"Prioritise new draft plans" Best Practice in Plan Preparation	"Ongoing"	The performance measure is meaningless and does not assist Council in achieving objectives
	Overall level of customer satisfaction	"Refer to customer survey results above"	Performance measure irrelevant and duplicative
Environment & Waste (Health Services)	Inspection of premises conducting skin penetration procedures are conducted at least once per year	"Inspections are conducted when complaints are received"	Performance measure is contradicted and made irrelevant by quarterly comment
	"Report on research to be submitted to Council by 30 June each year"	"Research will be conducted between December 2003 and March 2004"	Performance measure ambiguous, ie was report for period to 30 June 2003 completed and submitted to Council?
	Inspection of public swimming pools conducted at least once per year	"Annual inspections to be conducted between December 2003 and June 2004"	Performance measure ambiguous. Were inspections to 30 June 2003 achieved and reported?

Department	Performance Measure Adopted	September 2003 Quarterly Review	General Comments
Hawkesbury Sports Council	Grounds available to meet scheduled games and events	"Grounds maintained to best possible standard depends on available funding"	Performance measure qualified by parameter
O H S	Compliance with OHS Acts and regulations are met	"Toolbox sessions conducted with … staff"	Quarterly comment bears no relationship to performance measure. Council does not currently comply with OHS legislation
Accounting Services	Payment of 80% of invoices within 30 days	"Creditors position up to date"	Why is performance measure set at 80% and not 100%

Performance measurement also presents with some difficulty in considering outcomes with the City of Hawkesbury's Social Plan, which is constructed and reported annually. A review of Social Plans for successive years 2000-2001, 2001-2002 and 2002-2003 reveals performance measurement as outlined in Part A of each plan.

Part A

"*This section reports on the status of activities which Council has implemented over the past year to maintain and improve quality of life. It includes information on quality of life initiatives for mandated target groups (as defined by the 1998 Social Plan Regulation) and on general community programs. It reports on the recommended actions that Council committed itself to implement in 2002-2003. As at the 30th June 2003, of the 189 recommendations identified in the Hawkesbury Social Plan 2002-2003, 144 had been achieved (76%), 37 were partially achieved (20%) and will be finalised in the coming financial year, and 8 actions (4%) have been carried forward to implementation in 2003-2004.*"

A comprehensive audit of social plan outcomes is included by way of appendix in each social plan document. Both Council and management are to be commended for the framework set in place for the reporting of progress on the attainment of social plan objectives set. As with most things, there does exist an opportunity to advance the social planning further in the context of Council's overall planning process.

It is true to say that the social planning process does not appear to have any strategic or long-term planning aspect to it. Rather, the social planning process is a function of the following annually recurring events:

- a legislative requirement to prepare a list of recommended actions for improving community wellbeing

- a community needs report summarizing the outcomes of consultations co-ordinated by the Hawkesbury Equity & Access Planning Committee

- implementation via adoption within Council's annual management plan

- a legislative requirement to report progress annually

The performance measurement criteria used in the Social Plan identifies whether or not a recommended action was undertaken. There is no comment or objective measurement as to the success or otherwise of that action in either achieving an overall goal set by Council, or increasing the quality of life for Hawkesbury residents.

6. What has Council achieved/not achieved to date?

Achievement in Quality of Service/Improvement

Overall the Council's record of achievement contains more strengths than weaknesses, especially over that period since 1992 in which "*Our City Our Future*" and the HSAD Strategy came into existence.

Whilst it is difficult to gauge performance or progress from Council's Strategic Planning document 2003-2004, given the absence of corporate performance criteria and/or an outcomes statement, a progress report on the "*Our City Our Future*" strategy was completed in 2001. That progress report contained commentary in relation to the recommendations contained in the strategy.

Generally the Council has a good record of attracting external funds and has worked with the community in a range of matters. The Council's performance as measured by key performance indicators developed by the Department of Local Government is similar to that of other metropolitan Councils of like capacity. By way of summary the Department's 2001-2002 findings show:

6.1 Financial

- Hawkesbury City Council had a comparable average rate

- The City's dependence on rate revenue as a source of revenue compares to the group average for outer-metropolitan Councils

- Interest revenue for Hawkesbury City Council approximates the group average for outer-metropolitan Councils

- The unrestricted current ratio has declined over the period 1996-1997 to 2001-2002, though still exceeds 1:1, ie unrestricted current assets exceed current liabilities

6.2 Library Services

- Expenditure per capita since 1997-1998 to date is above the state average

- Library issues per capita since 1996-1997 are lower than state and relevant group average

6.3 Domestic Waste Management and Recycling Services

- Charges levied since 1990-2000 have been higher than state and relevant group average

- Collection costs for services are comparable with other local councils and below state average

6.4 Planning and Regulatory Services

- During 1996-1997 to 2001-2002, the average time taken to determine development applications by Hawkesbury City Council was higher than that for the average of the comparable group of six councils

6.5 Recreation and Leisure Services

- Hawkesbury City Council's expenditure is comparable with the other Councils reviewed

6.6 Community Services

- The cost of community services per population for the period 1996-1997 to 2001-2002 is significantly higher than comparable councils examined

Broadly speaking, based on the Department of Local Government's Comparative Information for 2001-2002:

- Council's financial standing approximates the group average

- Library expenditure per capita is worthy of further examination

- Domestic Waste Management charges are worthy of further examination and performance monitoring

- Time taken for development applications and determination is worthy of examination

- Expenditure on recreation and leisure services compares favourably with the group average

- Expenditure levels per capita on provision of community services warrants investigation, given comparative expenditure levels for other relevant councils

It is difficult, generally, to determine whether Council services overall are improving or deteriorating, as there is no reporting of trends within the management plan. Generally trend analysis focuses on service usage or service improvement.

Some areas of service usage or service improvement lend themselves to analysis over the period 2000-2003, eg:

i. Percentage of DAs/BAs processed within 40 days

ii. Recycled waste/kilogram total waste per capita

iii. Number of booked hours use of community centre facilities

iv. Number of families catered for child care services

v. Number of public health inspections conducted

vi. Number of services for older people and people with disability

vii. Number of library loans

Achievements have been made in built infrastructure. A review of building constructions for the periods 2000-2001, 2001-2002 and 2002-2003 reveals:

2000-2001

Peppercorn Place Building	$1,100,000.00	
Wilberforce Hall Refurbishment	$173,387.00	
Kurrajong Heights Bush Fire Station	$116,000.00	
Glossodia Community Centre Extension	$187,669.00	
Woodlands Park Amenities Reconstruction	$114,000.00	**$1,691,056.00**

2001-2002

Reconstruction Old Hospital Main Building	$346,800.07	
Hanna Public Amenities S94 Recreation	$111,961.16	
Companion Animal Shelter Admin Buildings Extensions	$192,468.00	
Companion Animal Shelter Extra Kennels	$194,093.00	
Kemsley Downs Amenities	$110,000.00	**$955,322.23**

2002-2003

Community Bus Shed for Hawkesbury Transport	$122,000.00	
North Richmond S94 Community Centre Extension	$450,996.96	
Reconstruction Old Hospital Main Building	$758,896.14	
Construction of New Library (construction started)	$462,978.40	
Construction of Museum (drawings prepared)	$56,380.02	**$1,851,251.52**

Planned construction for 2003-2004 can also be telegraphed with commitments being entered into:

		Proposed 2003-2004
Community Buildings Section 94		
Kurrajong Community Facility	$290,293.00	
South Windsor Family Centre Stage 1	$362,000.00	
South Windsor Family Centre Stage 2	$179,799.00	
Hobartville Community Centre	$197,687.00	**$1,029,779.00**
Waste Depot Construction		
South Windsor Waste Depot	$635,000.00	**$635,000.00**
Cultural Precinct		
Library/Art Gallery/Commercial	$10,348,000.00	
Cogeneration Unit	$2,900,000.00	
Museum	$2,300,000.00	
Old Hospital Main Building	$450,000.00	
Fitout Library	$561,600.00	
Fitout Art Gallery	$114,400.00	
Commercial fitout	$156,000.00	**$16,830,000.00**

An area warranting review (with resources in mind) is the internal service provision within the organisation, particularly the finance area. For a variety of reasons over the last three years, an informal agreement has been in place where Council's External Auditor agreed to verbally advise management of any concerns that the auditor had in relation to administrative procedures and practices that would, in the writer's opinion, conventionally be reported by way of an Audit Management letter.

In October 2003, the external auditor was requested by the General Manager to provide written comment on any matter that came to the auditor's attention during the course of the auditor's examination of Council's accounting and internal control systems, and annual financial systems. Generally these matters are not significant at this time in their own right, but nevertheless are raised for action by management to prevent any possible future compromise.

The matters raised by the auditor also serve to focus management's attention on areas of risk, such that management can respond by way of directive and, if necessary, resource allocation.

The Audit Memo received by management for 2003 raised the following matters:

(a) There is no regular and/or frequent physical inspection of Council's assets

(b) Council's current Chart of Accounts is now problematic with the introduction of Technology One.

(c) Council is required by law to maintain two funds, ie General Fund and Trust Fund. This should be put in place in designing a new general ledger structure

(d) Staff should be trained to take better advantage of the Technology One system

(e) Debtors/receivables accounts do not appear to be reconciled to the general ledger on a regular basis

(f) Monitoring of all classes of aged receivables balances does not appear to be performed on a monthly basis

(g) There does not appear to exist a current written policy for controlling the utilization of electronic funds transfer (EFT) for creditor payments

(h) Additions and changes to the creditors master file do not require authorisation

(i) Responsibility for the placement and redemption of Council's investments appears to rest entirely with internal resources

(j) There does not appear to be a clear segregation of responsibilities between payroll and personnel, with both functions appearing to have access to all personnel data maintained in the People One system

(k) Payroll personnel appear to be able to readily reactivate terminated employees in the payroll system

(j) The paymaster is able to establish and amend personnel computer master files

(k) Council has not implemented the Technology One asset register as a replacement for the Genasys system

Council needs to respond to these issues through directive and resource allocation.

6.7 Investment

Council needs to invest in its human and non-human resources to build its capacity to provide optimum service and efficiency. It should be developing its financial reporting and human infrastructure to maximise its effectiveness.

We have noted already that Council does not have a strategic human resources capability.

From a financial management perspective, Council made attempts to progress with the implementation of the new Technology One software, which resulted in changes to some of Council's systems and procedures and specifically Council's Chart of Accounts. Council needs to further concentrate its efforts in this area to ensure the continuing integrity of the underlying financial reporting process for all Council activities. Council's auditors Millington SBS, in their draft Audit Management letter identifying issues arising from the 2003 audit, state:

> *"Council's current Chart of Accounts does not appear to take advantage of the functionality inherent in Technology One with the*

result that the underlying structure and number of accounts used is both cumbersome and inefficient. It appears that the transfer from Genasys to Finance One was performed more as a mapping exercise than an attempt to take advantage of the newer technology.

We therefore recommend that Council allocate sufficient resources to investigate the needs of Council and match those needs with the ability of Technology One software."

7. In light of what Council has learned to date, what does it plan to do next?

7.1 Learning

The culture of the organisation is very much a reflection of and response to management processes and policies which, in turn, is a function of the actions of senior management and Council.

Obviously we, as a Council, need to have that ability to objectively assess our deficiencies and respond to these positively so that services to ratepayers are optimised and compliance with Council's Charter under Section 8 of the Local Government Act (1993) is achieved.

Throughout this assessment we have observed:

i. Council and senior management are focused operationally and not strategically (corporately)

ii. It is difficult for Council to accurately gauge its performance and communicate those results in the absence of corporate priorities and objectives which progress has been assessed through key performance indicators

iii. Council has not utilised zero-based budgeting techniques but rather annual review and increment to reflect those priorities on an annual basis

iv. While Council has a three-year rolling Program of Works, it does not have a medium-term or long-term financial plan to give force and direction to any corporate vision or objectives, should they be decided

v. As there are no key performance indicators set by Council for corporate performance (departmental comparative information aside), there are subsequently no relevant performance targets set for managers

vi. Departmental managers have varying levels of input into the budget process and indeed have not been involved in solving organisation-wide problems

vii. There exists a level of suspicion of senior management by staff as to employment processes undertaken in the past that have arguably been seen to favour a few select employees

viii. While Council has entertained development and implementation of new systems and processes, audit observations have indicated that the functionality of some new systems is not considered an imperative and presents as "lip service" to progress.

7.2 Future Plans

Council's future plans should include:

(a) a review of its priorities in the environmental, economic and social areas with increased emphasis in the medium term on economic development/commerce in addition to its existing focus on the growth of agribusiness

(b) a review of Council's current committee structure with a view to reflecting Council's changed medium term view, the establishment of an E-Commerce Advisory Committee capable of supporting existing business within the Hawkesbury LGA

(c) development of a strategic vision, objectives and strategies for the City of Hawkesbury for the next 10-15 years

(d) development of comprehensive corporate performance criteria that is objective and tangible, and which can be reported in a context of the framework in which it operates

(e) the establishment of a Strategic Planning Committee to give Council increased control and focus over its strategic planning processes

(f) the establishment of an Audit Committee to assist in the oversight of Council's ongoing financial operations and the review and refinement of Council's corporate performance criteria

(g) the establishment of a new directorate within the Administration to provide support to the Strategic Planning Committee and E-Commerce/Markets Advisory Committee