



Government of **Western Australia**  
Department of **Local Government**

# INTEGRATED PLANNING AND REPORTING ADVISORY STANDARD

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## 1.0 Introduction

On 26 August 2010, the Minister for Local Government introduced regulations which establish new requirements for the Plan for the Future under the *Local Government Act 1995*. Under these regulations, all local governments in Western Australia will be required to have developed and adopted two key documents by 30 June 2013: a Strategic Community Plan and a Corporate Business Plan – supported and informed by resourcing and delivery strategies. These plans will drive the development of each local government's 2013/2014 Annual Budget and will ultimately help local governments plan for the future of their communities.

This Advisory Standard shows how the key planning and reporting requirements can be met in preparation for 30 June 2013, and how local governments can meet these requirements during the transition period. The Advisory Standard is divided into two parts.

**Part A** summarises how local governments can meet basic, intermediate and advanced standards for the key elements of integrated planning – the Strategic Community and Corporate Business Plans; and Asset Management, Financial Management and Workforce Planning.

**The legislation requires only that basic standards be met. The intermediate and advanced standards demonstrate the higher levels to which local governments should aspire as they strive towards achieving best practice. Meeting the basic standard is a pre-requisite for progression to both the intermediate and advanced standards. This Advisory Standard should be read with this in mind.**

**Part B** clarifies the regulatory context and explains in detail the implications of the new regulations.

While local governments are required to meet the basic standard of planning by 30 June 2013, the underlying objective of the Department's approach to Integrated Planning and Reporting is to create a process of continuous improvement, not necessarily uniformity, across the sector. It is anticipated that over time, local governments will progress in their planning maturity from basic to advanced. In the short term, the Department's focus will be on ensuring that local governments meet the 'basic' standard by 30 June 2013.

The planning standards and key performance indicators outlined in **Part A** will be used by the Department to measure the Integrated Planning capability of the sector. These are aligned with the Department's Performance Measurement Framework, which allows data collected under this Framework, to be aggregated and presented as a Capability Index. This Index will be able to express the current position of the sector in relation to Integrated Planning maturity and will provide an important benchmark for measuring improvement in the sector.

Where local governments do not comply with legislative requirements (that is, fail to meet basic standards), the Department will respond on a case by case basis. This graduated approach to compliance, based on risk management, is in accordance with the Department's *Compliance Framework*.

The Department has developed a range of tools and information to help local governments meet the standards. These include the *Integrated Planning and Reporting Framework and Guidelines*, *Asset Management Framework and Guidelines* and *Long Term Financial Planning Framework and Guidelines* as well as supplementary documents to be published by the Department. Data for the Key Performance Indicators will be collected by the Department in alignment with National Assessment Frameworks and the National Dataset being developed through the Australian Centre for Excellence in Local Governments (ACELG).

The Department acknowledges that local governments vary in size and capacity across the state. Case studies and examples of plans which demonstrate the basic standard are available on the Department's Integrated Planning and Reporting website: [integratedplanning.dlg.wa.gov.au](http://integratedplanning.dlg.wa.gov.au). As integrated planning develops across the sector, this will be supplemented by examples of plans which are compliant with the more advanced standards. This Advisory Standard will be reviewed annually in consultation with the local government sector to ensure that it provides up-to-date information on the standards as they are further developed.

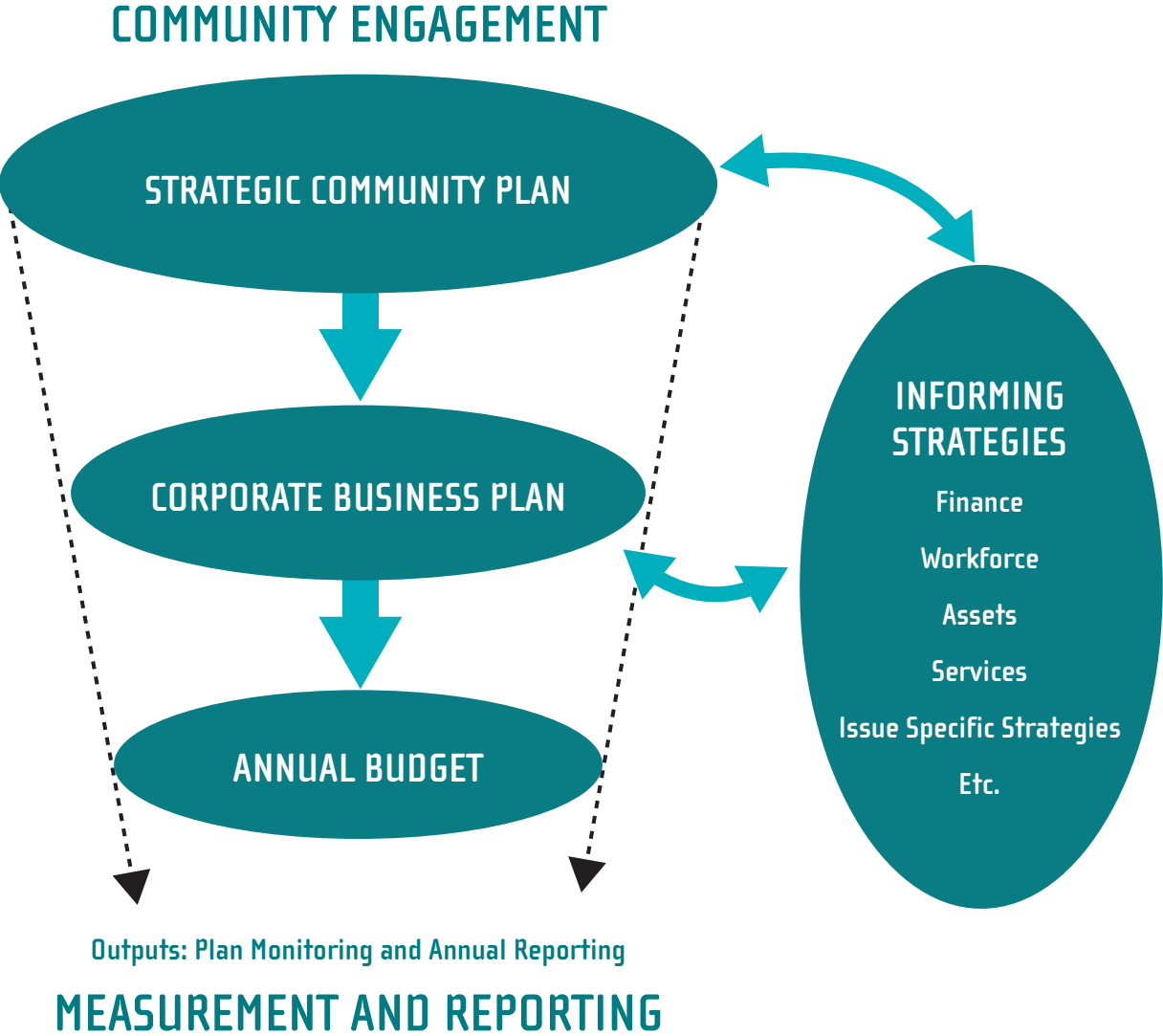


Figure 1. Elements of the Integrated Planning Framework

As integrated planning develops across the sector, this will be supplemented by examples of plans which are compliant with the more advanced standards.

## Continuous Improvement

It is acknowledged that local governments will commence their integrated planning journey from different starting points, and that the comprehensiveness, complexity and content of their core documents will vary according to their size, location and their circumstances over time. However, it is expected that a local government's Integrated Planning will follow a continuous improvement pathway that will increase in its level of maturity, from basic to advanced. In other words, local governments can be compliant with the legislative requirements while having integrated planning systems in place which are at different stages of development.

Improved Integrated Planning performance is achieved by local governments progressing along a continuum in which the activities and services delivered by the local government directly flow from the stated aspirations and objectives of the community. A similar continuum of systems maturity can apply to the integration of projects, activities and services through the Corporate Business Plan. The degree to which a local government addresses these issues of 'flow' and 'integration' will determine the speed at which it progresses through the standards of integrated planning from basic to intermediate to advanced. Figure 2 demonstrates this concept of continuous improvement.

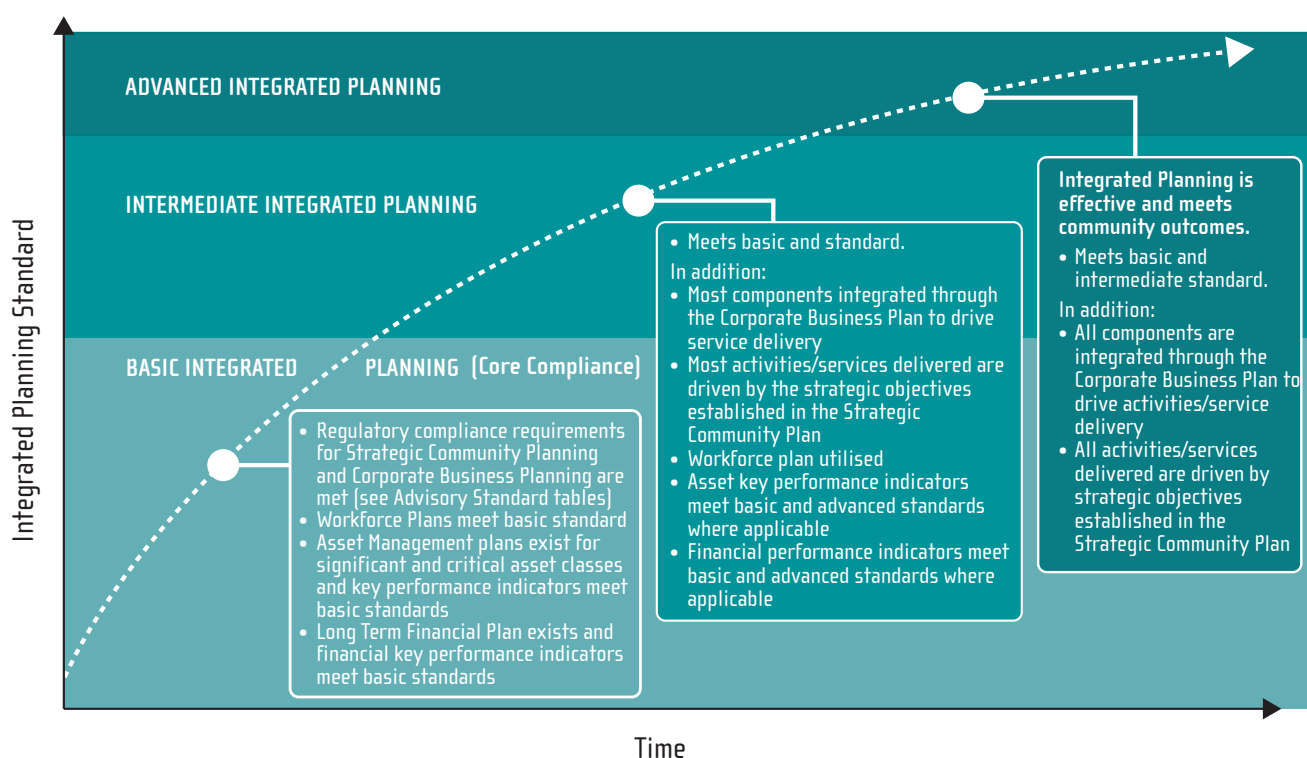


Figure 2. Pathway to Better Local Government Integrated Planning Performance

Ultimately, local governments should aspire to achieve an advanced standard of integrated planning characterised by both effective 'flow' and 'integration' and by the meeting of community outcomes. No matter what the size and capability of the local government, the objective of achieving improved levels of service to the community remains the same.

It is acknowledged that a local government's integrated planning trajectory, position along the continuum and speed of progression is unique. It will be shaped by a range of factors and will vary over time. Therefore, it is accepted that a neat, 'linear' progression through the trajectory will not be the norm for many local governments.

However, Local governments are encouraged to be innovative in the ways in which they work towards meeting the regulatory requirements and progressing their Integrated Planning and Reporting systems to more mature levels.

## PART A – What are the Standards?

### 1.1 Strategic Community Plan

Element	Regulatory requirements	Standards
<p><b>Strategic Community Plan</b></p>	<p>A Strategic Community Plan:</p> <ul style="list-style-type: none"> <li>(i) Is for a minimum 10-year timeframe.</li> <li>(ii) States community aspirations, vision and objectives.</li> <li>(iii) Was developed or modified through engagement with the community, and this is documented.</li> <li>(iv) Has regard to current and future resource capacity, demographic trends and strategic performance measurement.</li> <li>(v) Was adopted or modified by an absolute majority of council.</li> </ul> <p>It is also required that:</p> <ul style="list-style-type: none"> <li>(i) A strategic review of the Strategic Community Plan is to be scheduled for 2 years from when it is adopted; and</li> <li>(ii) A full review of the Strategic Community Plan is to be scheduled for 4 years from when it is adopted.</li> </ul>	<p><b>Standard is NOT met:</b> If a council has not, by 30 June 2013 or earlier, adopted a Strategic Community Plan that meets all of the regulatory requirements.</p> <p><b>Basic Standard:</b> <b>Basic Standard is met when:</b></p> <ul style="list-style-type: none"> <li>• A council has, by 30 June 2013 or earlier, adopted a Strategic Community Plan that meets all of the regulatory requirements.</li> <li>• The local government has a community engagement policy/strategy.</li> <li>• Community engagement involves at least 500 or 10% of residents, whichever is fewer, and is conducted by at least 2 documented mechanisms.</li> </ul> <p><b>Intermediate Standard:</b> Intermediate Standard is met when:</p> <ul style="list-style-type: none"> <li>• The Strategic Community Plan connects most of the activities / services that are delivered by the local government with the community's vision, aspirations and objectives.</li> <li>• The Strategic Community Plan takes into account a range of relevant external factors, including relevant plans of State and Commonwealth agencies.</li> <li>• Community engagement involves more than the minimum number of electors, is inclusive and uses more than the minimum number of documented mechanisms.</li> </ul> <p><b>Advanced Standard:</b> Advanced Standard is met when:</p> <ul style="list-style-type: none"> <li>• The Strategic Community Plan meets Basic and Intermediate standards;</li> <li>• The Strategic Community Plan connects all of the activities/services that are delivered by the local government with the community's vision, aspirations and objectives;</li> <li>• The Strategic Community Plan demonstrates effectiveness in achieving community outcomes.</li> </ul>

*Further information that will assist local governments to meet the standards is available in the Integrated Planning and Reporting Framework and Guidelines document and supplementary guidance to be published by the Department.*

## 1.2 Corporate Business Plan

Element	Regulatory requirements	Standards
<b>Corporate Business Plan</b>	<p>A Corporate Business Plan:</p> <ul style="list-style-type: none"> <li>(i) Is for a minimum of 4 years.</li> <li>(ii) Identifies and prioritises the principal strategies and activities the council will undertake in response to the aspirations and objectives stated in the Strategic Community Plan.</li> <li>(iii) States the services, operations and projects that a local government will deliver over the period of the plan, the method for delivering these and the associated cost.</li> <li>(iv) References resourcing considerations such as asset management plans, finances and workforce plans.</li> <li>(v) Is adopted by council by absolute majority.</li> </ul> <p>Regulations also require that:</p> <ul style="list-style-type: none"> <li>(i) Notice has been given to the public when the Corporate Business Plan is adopted (or modified).</li> <li>(ii) The Corporate Business Plan is reviewed annually. This is because it is the main 'driver' for the local government's annual budget.</li> </ul>	<p><b>Standard is NOT met:</b> If a council has not, by 30 June 2013 or earlier, adopted a Corporate Business Plan that meets the listed regulatory requirements.</p> <p><b>Basic Standard:</b> <b>Basic standard is met when:</b></p> <ul style="list-style-type: none"> <li>• A council has, by 30 June 2013 or earlier, adopted a Corporate Business Plan that meets all of the listed regulatory requirements.</li> <li>• The current year of the Corporate Business Plan establishes the current Annual Budget.</li> <li>• The local government also has in place: <ul style="list-style-type: none"> <li>- workforce plan that meets the basic standard;</li> <li>- asset management key performance indicators that meet the basic standard*; and</li> <li>- a long term financial plan.</li> </ul> </li> </ul> <p><b>Intermediate Standard:</b> Intermediate standard is met when:</p> <ul style="list-style-type: none"> <li>• the Corporate Business Plan meets the Basic Standard</li> <li>• resourcing components (eg workforce plan, asset management plans, long term financial plan) have been integrated to drive activities/service delivery.</li> <li>• the workforce plan has been developed to an intermediate standard.</li> <li>• asset key performance indicators meet advanced standards; and</li> <li>• financial management key performance indicators meet basic standards.</li> </ul> <p><b>Advanced Standard:</b> Advanced standard is met when:</p> <ul style="list-style-type: none"> <li>• the Corporate Business Plan meets the Basic Standard and Intermediate Standard</li> <li>• all activities/ services delivered are integrated through the Corporate Business Plan.</li> <li>• all resourcing components (eg workforce plan, asset management plans, long term financial plan) have been integrated to drive activities/service delivery.</li> <li>• all financial and asset key performance indicators meet advanced standards (where applicable).</li> <li>• the workforce plan meets advanced standard.</li> </ul>

\* To meet this requirement, a local government must have asset management plans for significant or critical asset classes which include adequately populated asset registers and is able to calculate Key Performance Indicator data as set out in the Asset Management Framework and Guidelines.

## 1.3 Financial Management

Key Performance Indicator	Data and Calculation	Information	Standards
<b>Operating surplus ratio</b>	Net operating surplus, divided by own source operating revenue, expressed as a percentage.* ^	This is an indicator of the extent to which revenues raised cover operational expenses only or available for capital funding purposes.	<p><b>Standard is not met</b> if the operating surplus ratio is 0%</p> <p><b>Basic standard</b> is met if the operating surplus ratio is between 0% and 15%.</p> <p><b>Advanced standard</b> is met if the operating surplus ratio is greater than 15%</p>
<b>Current ratio or working capital ratio</b>	Current assets divided by current liabilities.  Expressed as 1:X, percentage or decimal figure * ^	This is a modified commercial ratio designed to focus on the liquidity position of a local government that has arisen from past years transaction.	<p><b>Standard is not met</b> if this ratio is any value lower than 1 as to 1.</p> <p><b>Basic standard</b> is met if the ratio is equal to an expression of 1:1 or greater (e.g 100% or 1.0).</p>
<b>Debt service cover ratio</b>	Annual operating surplus before interest and depreciation divided by annual debt service payments (both principal and interest).* ^	Also known as 'debt coverage ratio', this is the ratio of cash available for debt servicing to interest, principal and lease payments.	<p><b>Standard is not met</b> if this ratio is lower than 2.</p> <p><b>Basic standard</b> is met if this ratio is greater than or equal to 2.</p> <p><b>Advanced standard</b> is met at a higher level if this ratio is greater than 5.</p>

\* Further information that will assist local governments to meet the standards is available in the Long Term Planning Framework and Guidelines document and supplementary guidance to be published by the Department.

^ Please refer to sections 1.1 and 1.2 for further information on the relationship of this key performance indicator to the Strategic Community Plan and Corporate Business Plan standards.

Note: an additional Financial Sustainability Key Performance Indicator will be added in early 2012.



## 1.4 Asset Management

Key Performance Indicator	Data and Calculation	Information	Standards
<b>Asset consumption ratio (ACR)</b>	Depreciated replacement cost of assets (written down value) divided by current replacement costs of depreciable assets.* ^  Expressed as a percentage.	This shows the written down current value of a local government's depreciable assets relative to their 'as new' value in up to date prices.  The ratio highlights the aged condition of the local government's stock of physical assets.	<b>Standard is not met</b> if ratio data cannot be identified or ratio is less than 50%.  <b>Basic standard</b> is met if ratio data can be identified and ratio is 50% or greater.  <b>Advanced standard</b> is met if this ratio is between 60% and 75%.
<b>Asset sustainability ratio (ASR)</b>	Capital expenditure on replacement or renewal of assets divided by the depreciation expense.* ^  Expressed as a percentage.	This measures the extent to which assets managed by the local government are being replaced as they reach the end of their useful lives.	<b>Standard is not met</b> if ratio data cannot be identified or ratio is less than 90%.  <b>Basic standard</b> is met if ratio data can be calculated and ratio is 90% or greater.  <b>Advanced standard</b> is met if this ratio is between 90% and 110%
<b>Asset renewal funding ratio</b>	Net present value of planned capital expenditure based on current Departmental guidance on renewals over ten years divided by the net present value of the required capital expenditures on renewals over the same period.* ^  Expressed as a percentage.	This indicates whether the local government has the financial capacity to fund asset renewal as required, and can continue to provide existing levels of services in future, without: - additional operating income; or - reductions in operating expenses; or - an increase in net financial liabilities above that currently projected.	<b>Standard is not met</b> if ratio data cannot be identified or ratio is less than 75%  <b>Basic standard</b> is met if ratio data can be identified and ratio is between 75% and 95%.  <b>Advanced standard</b> is met if this ratio is between 95% and 105% and the ASR falls within the range 90% to 110% and ACR falls within the range of 50% to 75%.

\* Further information that will assist local governments to meet the standards, including calculation of ratios is available in the Asset Management Framework and Guidelines and Long Term Financial Planning Framework and Guidelines documents and supplementary guidance to be published by the Department.

^ Please refer to sections 1.1 and 1.2 for further information on the relationship of this key performance indicator to the Strategic Community Plan and Corporate Business Plan standards.

## 1.5 Workforce Planning

Key Performance Indicator	Requirements	Standards
<b>Workforce Plan</b>	<p>(i) Council has a current Workforce Plan.</p> <p>(ii) The Workforce Plan identifies the current workforce profile and organisational structure;</p> <p>(iii) The Workforce Plan identifies gaps between the current profile and the organisational requirements;</p> <p>(iv) and the Workforce Plan identifies organisational activities to foster and develop workforce</p> <p>(v) The Workforce Plan is budgeted for in the Corporate Business Plan and Long Term Financial Plan.</p>	<p><b>Standard is not met</b> if all of these requirements are not satisfied.</p> <p><b>Basic Standard:</b> Basic standard is met when:</p> <ul style="list-style-type: none"> <li>The local government has met all of the listed requirements.</li> </ul> <p><b>Intermediate Standard to be advised.</b></p>

Please refer to sections 1.1 and 1.2 for further information on the relationship of this key performance indicator to the Strategic Community Plan and Corporate Business Plan standards.

## 1.6 Annual Report

Element	Regulatory requirements	Standards
<b>What is to be included in the Annual Report</b>	<p>From 2013/2014 onwards, the local government's Annual Report is to contain:</p> <p>(i) an overview of the Strategic Community Plan and the Corporate Business Plan, which together constitute the Plan for the Future.</p> <p>(ii) major initiatives to commence or continue in the next financial year.</p> <p>The Annual Report must also contain:</p> <p>(i) any modification that was made to the Strategic Community Plan during the financial year; and</p> <p>(ii) any significant modification that was made to the Corporate Business Plan during the financial year.</p>	<p><b>Standard is NOT met:</b> If, from 2013/2014 onwards, the local government's Annual Report does not contain the information stipulated in the regulations.</p> <p><b>Basic Standard:</b> Basic standard is met if:</p> <ul style="list-style-type: none"> <li>From 2013/2014 onwards, the local government's Annual Report meets the listed regulatory requirements.</li> </ul> <p><b>Intermediate Standard:</b> Intermediate standard is met when:</p> <ul style="list-style-type: none"> <li>The Annual Report outlines progress towards the achievement of (4 yearly) council priorities as established through the Corporate Business Plan.</li> </ul> <p><b>Advanced Standard:</b> Advanced standard is met when:</p> <ul style="list-style-type: none"> <li>The Annual Report meets Basic and Intermediate Standards; and</li> <li>The Annual Report outlines progress towards the achievement of community outcomes established through the Strategic Community Plan.</li> </ul>

## 1.7 The transitional period 26 August 2011 – 30 June 2013

Element	Regulatory requirements	Standards
<p><b><i>Plan for the Future</i></b></p>	<p>A local government must have a plan for the future in operation between 26 August 2011 and 30 June 2013 (the transition period).</p> <p>This can be either an existing plan prepared under the former regulatory arrangements, or a new document that has been developed in light of the new regulatory context.</p> <p>During the transition period, a local government is not required to review an existing plan for the future that was made under the former regulations. If it chooses to do so, it is not required to consult with ratepayers and electors.</p> <p>During the transition period, a local government, in order to comply with the requirement that it must have a plan for the future, may choose to make a new plan under the old arrangements. In this case, <b>previous regulations 19(C)(5) and 19D regarding adoption by council and the giving of local public notice would continue to apply.</b></p>	<p><b>Standard is NOT met:</b> Standard is not met if:</p> <ul style="list-style-type: none"> <li>• A local government does not have a plan for the future in operation during the transition period. This can either be one prepared under the former arrangements, one that has been modified or extended until 30 June 2013 - or - one prepared in the new regulatory context.</li> <li>• A local government chooses to make a new plan under the old arrangements but fails to comply with previous regulations 19(C)(5) and 19D regarding adoption by council and the giving of public notice.</li> </ul> <p><b>Basic Standard:</b> <b>Basic standard is met when:</b></p> <ul style="list-style-type: none"> <li>• <b>The local government has a plan for the future in operation which has been prepared under either the former arrangements and is modified or extended until 30 June 2013 - or - has been prepared in the new regulatory context.</b></li> </ul>

# PART B – Regulatory Requirements Explanatory Notes

## 2.0 Introduction

This section clarifies the regulatory context and explains in detail the implications of the regulatory amendments gazetted on 26 August 2011.

**Part B** is designed to complement **Part A**.

Further information that will assist local governments to address the regulatory requirements is available in the:

- *Integrated Planning and Reporting Framework and Guidelines;*
- *Asset Management Framework and Guidelines; and*
- *Long Term Financial Planning Framework and Guidelines.*

These documents can be found on the Integrated Planning and Reporting Website: [integratedplanning.dlg.wa.gov.au](http://integratedplanning.dlg.wa.gov.au).

### Regulatory Context

Amendments to the 'planning for the future' regulations in the *Local Government (Administration) Regulations 1996* (the regulations) mandate that from 30 June 2013 or earlier if it chooses to do so, a local government's Plan for the Future will comprise a Strategic Community Plan and a Corporate Business Plan for its district.

A full copy of the up to date regulations can be accessed via the State Law website - [www.slp.wa.gov.au](http://www.slp.wa.gov.au).

What is meant by the terms 'Strategic Community Plan' and 'Corporate Business Plan' are defined in new regulation 19BA, whilst their respective requirements are outlined in new regulations 19C and 19DA.

Reporting requirements regarding modifications to the plans are addressed in new regulation 19CA, transition provisions in new regulation 19DB, and public notice requirements are outlined in amended regulation 19D.

Importantly, in relation to the Strategic Community Plan, new regulation 19C(9) preserves the same community consultation requirements that have been in place for a number of years regarding the development or modification of the Plan for the Future. Similarly, new regulation 19C(10) continues the requirement that a description of that consultation be contained in the Plan.

Local governments are required to have developed and adopted a Strategic Community Plan and Corporate Business Plan by 30 June 2013, so their contents can be taken into account when they prepare their 2013-2014 annual budgets. The Strategic Community Plan, together with the Corporate Business Plan, will constitute the new Plan for the Future under the *Local Government Act 1995* (the Act) from that date onwards.

In subsequent years, the new requirements for integrated planning will be mandatory and certain essential elements that will be outlined in this Advisory Standard must be met.

It is acknowledged that the methodology which local governments use for developing their core documents, and the content and comprehensiveness of those plans, may vary according to local circumstances.

A self-help checklist for local governments, *Plan for the Future – Key Requirements List*, is attached at Appendix 1.

An indicative timetable for implementation of the framework is also attached at Appendix 2.

## 2.1 The Strategic Community Plan – Key Elements

### *What is it?*

The Strategic Community Plan is the overarching document that sets out the vision, aspirations and objectives of the community in the district. It covers a period of at least 10 financial years, and is reviewed at least once every 4 years.

As a broad visioning document, the Strategic Community Plan does not have to be lengthy or complex. Rather, it is advisable that the aspirations and objectives expressed in the Plan be broad, relatively simple, and few in number. Local governments may find the 'quadruple bottom line' broad headings – social; environmental; economic; and civic leadership – helpful for articulating the aspirations of their communities, although other approaches are also valid.

The process of how the Strategic Community Plan is developed, including meaningful community engagement and its interrelationship with the Corporate Business Plan, are of more importance than the complexity and length of the document itself. It is also important that it be accessible to, and easily understood by, the community and by elected members.

### **19C. Planning for the future: strategic community plans — s. 5.56**

- (1) A local government is to ensure that a strategic community plan is made for its district in accordance with this regulation in respect of each financial year after the financial year ending 30 June 2013.
- (2) A strategic community plan for a district is to cover the period specified in the plan, which is to be at least 10 financial years.
- (3) A strategic community plan for a district is to set out the vision, aspirations and objectives of the community in the district.
- (4) A local government is to review the current strategic community plan for its district at least once every 4 years.
- 5) In making or reviewing a strategic community plan, a local government is to have regard to —
  - (a) the capacity of its current resources and the anticipated capacity of its future resources; and
  - (b) strategic performance indicators and the ways of measuring its strategic performance by the application of those indicators; and
  - (c) demographic trends.

The Strategic Community Plan is the overarching document that sets out the vision, aspirations and objectives of the community in the district

## Discussion

### *The capacity of its current and future resources (resourcing capability)*

A Strategic Community Plan, with its emphasis on long-term community aspirations, cannot be developed or reviewed without an understanding of its associated broad resource implications. Existing informing strategies, such as Workforce, Asset Management, Long-Term Financial and existing Service Delivery Plans will provide a starting point for, and in turn will be affected by, the Strategic Community Plan. Additionally, the current and future anticipated impact of relevant external factors, including potential funding sources and relevant plans of State and Commonwealth agencies, should be taken into account under this heading.

A sound understanding of the local government's resourcing capacity is an essential starting point for developing a Strategic Community Plan that is grounded in reality. This includes up-to-date information regarding what assets the local government currently has, and the current management position of those assets, including current and forecast future needs and adequacy of funding. It would also include information on the local government's future workforce requirements and current financial position.

### *Strategic performance indicators and how they will be applied to measure its strategic performance by the application of those indicators*

Over time, the community, and the council, will need to have some indication of the extent to which the Strategic Community Plan is succeeding. Once the objectives, and broad strategies to meet them, have been identified within that document, a method for monitoring the local government's achievement of the objectives should also be developed.

Although councils will be required to complete a 'desk-top review' every two years and a formal review process every four years, it is important to have mechanisms in place to monitor progress on an ongoing basis.

The types of monitoring that local governments do will depend on the objectives and strategies set out in their Plan. A range of methods, as provided on the Integrated Planning website, are available and local governments can choose the best approach for their particular circumstances. What is essential is that performance indicators are in place and the Plan shows how these will be applied to measure progress in delivering strategic outcomes.

### *Demographic trends*

The regulations identify demographic trends as an important contextual factor that a local government should take into account in the making or reviewing of the Strategic Community Plan. A well-informed and rigorous Plan will reference and consider a range of external factors, such as:

- any relevant Regional, State and National Plans and Strategies that have significance for the district
- current and anticipated future direction of commercial businesses of importance to the community
- activities and future plans of significant educational or training providers
- current and likely future decisions and activities of Government agencies and not-for-profit organisations that impact on the community
- the estimated future economic development of the district and region.

## ***What are the community engagement requirements regarding the Strategic Community Plan?***

New regulation 19C, in clauses (3) and (9) respectively, defines the Strategic Community Plan as one that sets out ‘the vision, aspirations and objectives of the community in the district’, and prescribes that electors and ratepayers are to be ‘consulted’ in its development or modification. Further, clause (10) requires that a description of such elector and ratepayer involvement is to be contained within the Plan.

For it to be able to capture and articulate the community’s ‘vision, aspirations and objectives’, a local government needs to have in place a community engagement strategy that is robust, accessible, transparent, representative and inclusive. Standards for community involvement in developing the Strategic Community Plan are set out in Part A of this Advisory Standard.

The ‘community’ is broader than residents alone. It could include government agencies, businesses, employer and professional groups, educational and training providers, voluntary groups, non government organisations, and neighbouring local governments. A robust engagement strategy will also facilitate the involvement of less vocal residents as well as the ‘squeaky wheels’; and will be designed to consider the views and needs of potentially marginalised groups including people from culturally diverse backgrounds, indigenous people, the disabled, the aged, and the young.

Leadership and commitment from elected members, underpinned by strong prior research and information from the Chief Executive Officer, is essential in the community engagement process.

A range of activities and techniques can be used to facilitate community engagement, and local governments will choose those that are most appropriate for their district. Examples and case studies can be accessed on the Community Engagement pages of the Integrated Planning Website.

In the case of a statutory regional local government set up under the Act, engagement will need to focus on stakeholders such as member councils, federal and state government agencies, regional business groups and regional community and reference groups. A statutory regional local government may nonetheless want to have some element of direct engagement with residents and businesses where appropriate in developing its Strategic Community Plan.

### **19C. Planning for the future: strategic community plans — s. 5.56**

(9) A local government is to ensure that the electors and ratepayers of its district are consulted during the development of a strategic community plan and when preparing modifications of a strategic community plan.

(10) A strategic community plan for a district is to contain a description of the involvement of the electors and ratepayers of the district in the development of the plan or the preparation of modifications of the plan.

Leadership and commitment from elected members, underpinned by strong prior research and information from the Chief Executive Officer, is essential in the community engagement process.

## ***How often must the Strategic Community Plan be reviewed, how is it adopted or modified, and what are the reporting requirements?***

A desk-top review should be undertaken every two years, whilst a full review and renewed long term visioning process, including community engagement, must be undertaken every four years. The aim of this review cycle is to give each council the opportunity to review the strategic direction of the local government and incorporate changes, should these be required.

The priorities, services, activities and projects that the local government delivers ultimately derive from the Strategic Community Plan. Therefore, when preparing any modification to this Plan, a local government is to consult its electors and ratepayers, and record a description of that involvement in the modified plan. Also, under amended regulation 19D, the local government is to give local public notice when any modifications to the Strategic Community Plan have been adopted.

Section 5.53(2)(e) of the Act requires that a local government's Annual Report contain 'an overview of the plan for the future of the district'. This will mean that an overview of both the Strategic Community Plan and the Corporate Business Plan is to be included in each local government's Annual Report from 2013/2014 and onwards.

Additionally, section 5.53(2)(i) and new regulation 19CA(2) stipulate that the Annual Report is also to contain information about any modification that was made to the Strategic Community Plan during that financial year. It is unlikely that the Strategic Community Plan, being broad and overarching in nature, will need to be modified very often other than at the completion of a formal review.

An absolute majority of council is required for both the adoption of a Strategic Community Plan, and for the adoption of any modifications to it.

## ***Once council has adopted the Strategic Community Plan, what happens next?***

Upon conclusion of the Strategic Community Planning process, the community aspirations and objectives have been expressed. The next step is to consider and distil those broad objectives to determine the key priorities and activities of the local government for the next four years. This next step is the role of council, and the result is the Corporate Business Plan.

### **19C. Planning for the future: strategic community plans — s. 5.56**

- (6) Subject to subregulation (9), a local government may modify its strategic community plan, including extending the period the plan is made in respect of.
- (7) A council is to consider a strategic community plan, or modifications of such a plan, submitted to it and is to determine\* whether or not to adopt the plan or the modifications.  
\*Absolute majority required.
- (8) If a strategic community plan is, or modifications of a strategic community plan are, adopted by the council, the plan or modified plan applies to the district for the period specified in the plan.
- (9) A local government is to ensure that the electors and ratepayers of its district are consulted during the development of a strategic community plan and when preparing modifications of a strategic community plan.
- (10) A strategic community plan for a district is to contain a description of the involvement of the electors and ratepayers of the district in the development of the plan or the preparation of modifications of the plan.

### **19CA. Annual reports to contain information on strategic community plans and corporate business plans — s. 5.53(2)(i)**

- (2) If a modification is made during a financial year to a local government's strategic community plan, the annual report of the local government for the financial year is to contain information about that modification.



## 2.2 The Corporate Business Plan – Key Elements

### *What is it?*

The Corporate Business Plan itself need not be lengthy, but will be underpinned by, and will link through to, a range of supporting and informing policies, strategies and plans. These include strategic risk assessment, operational or service delivery plans, operational risk assessments, performance indicators, and key informing strategies such as Workforce, Asset Management, and Long Term Financial Plans.

The Corporate Business Plan, which is to be adopted by council by absolute majority, may be a single document setting out the key priorities, projects, services and activities of the local government, relevant resource requirements and summary performance measures. It may also be a number of interrelated separate documents supported by an overarching summary.

It covers at least four financial years, and is reviewed annually.

### **Discussion**

*'Sets out, consistently with any relevant priorities in the Strategic Community Plan, council's priorities for dealing with the objectives and aspirations of the community in the district.'*

It is the role of council to consider and distil the community's aspirations and objectives as expressed in the Strategic Community Plan, in order to decide upon the strategic priorities that will drive the projects, services and activities of the local governments over the short to medium term. These strategic priorities are addressed in the Corporate Business Plan

*'Governs the local government's internal business planning by expressing those priorities through reference to operations that are within its resource capacity; and*

*Develops and integrates matters relating to resources, including asset management, workforce planning and long-term financial planning.'*

Having set the local government's broad direction and strategic priorities, the Corporate Business Plan, in turn, integrates with, and informs, the local government's key 'informing strategies' (asset management, workforce planning and long-term financial planning), and its operational or service delivery plans, which are the responsibility of the CEO and the administration for implementation. It is this integration that ultimately translates community aspirations into operational priorities and activities.

### **19DA. Planning for the future: corporate business plans — s. 5.56**

- (2) A corporate business plan for a district is to cover the period specified in the plan, which is to be at least 4 financial years.
- (3) A corporate business plan for a district is to —
  - (a) set out, consistently with any relevant priorities set out in the strategic community plan for the district, a local government's priorities for dealing with the objectives and aspirations of the community in the district; and
  - (b) govern a local government's internal business planning by expressing a local government's priorities by reference to operations that are within the capacity of the local government's resources; and
  - (c) develop and integrate matters relating to resources, including asset management, workforce planning and long-term financial planning.
- (4) A local government is to review the current corporate business plan for its district every year.

To recap, council's role in relation to the Corporate Business Plan is to determine, for the short to medium term, the local government's key priorities, principal services and service levels for achieving the community's broad objectives. It will express those priorities through reference to operations that are within its resource capacity, and integrate them with key informing resource strategies.

This accords with the role of council as defined in s2.7 of the Act: to govern the local government's affairs; be responsible for the performance of its functions; oversee the allocation of its finances and resources; and determine its policies. It also complies with s5.2 of the Act, which states that council is '... to ensure that there is an appropriate structure for administering the local government'.

Although it is council's role to set broad direction and strategic priorities, and the administration has responsibility for the operational level, it is important that the broad direction of internal operations are governed by the Corporate Business Plan's priorities, not the other way around.

## Local Government Act 1995

### 2.7. Role of council

- (1) The council—
  - (a) governs the local government's affairs; and
  - (b) is responsible for the performance of the local government's functions.
- (2) Without limiting subsection (1), the council is to —
  - (a) oversee the allocation of the local government's finances and resources; and
  - (b) determine the local government's policies.

### 5.2. Administration of local governments

The council of a local government is to ensure that there is an appropriate structure for administering the local government.

It is the role of council to consider and distil the community's aspirations and objectives as expressed in the Strategic Community Plan

## ***Does Council's role in adopting the Corporate Business Plan impinge on the operational responsibilities of the Chief Executive Officer?***

The Corporate Business Plan, as adopted by council, is a summary document informed by council's determination of priorities, principal services and service levels. The next level of detail is the responsibility of the Administration (operational plans, project plans, team plans, service delivery plans). When all of these are rolled up into a single summary of the local government's business for the next four to five years, it is adopted by council as the local government's Corporate Business Plan.

Elected members may choose to question the cost of a project or service, which has been identified as a priority in the Corporate Business Plan. However, council's responsibility for adopting the Corporate Business Plan does not mean that elected members should become involved in the day to day operations of the local government, and the implementation of agreed projects and services.

For example, although a particular level of service for an asset or activity may have been highlighted as a priority in the Corporate Business Plan, it is not council's role to direct the day-to-day operations of staff.

### **Local Government Act 1995**

#### **5.41. Functions of CEO**

The CEO's functions are to —

- (a) advise the council in relation to the functions of a local government under this Act and other written laws;
- (b) ensure that advice and information is available to the council so that informed decisions can be made;
- (c) cause council decisions to be implemented;
- (d) manage the day to day operations of the local government;
- (e) liaise with the mayor or president on the local government's affairs and the performance of the local government's functions;
- (f) speak on behalf of the local government if the mayor or president agrees;
- (g) be responsible for the employment, management supervision, direction and dismissal of other employees (subject to section 5.37(2) in relation to senior employees);
- (h) ensure that records and documents of the local government are properly kept for the purposes of this Act and any other written law; and
- (i) perform any other function specified or delegated by the local government or imposed under this Act or any other written law as a function to be performed by the CEO.

## What must be taken into account in developing or reviewing the Corporate Business Plan?

- The aspirations, objectives and arising strategies and projects of the community in the district, as expressed in the Strategic Community Plan; and
- Indicative costs and resource capability information on those objectives, strategies and projects from the Strategic Community Plan, plus processes to test and understand the local government's ability to deliver them; and
- An assessment of relevant external factors identifying trends, impacts and opportunities.

### Discussion

*'Indicative costs and resource capability information .... Processes to test and understand the local government's ability to deliver them; and an assessment of relevant external factors ....'*

To ensure that the strategic priorities decided upon by council and 'set out' in the Corporate Business Plan are realistic and achievable, council needs to be informed in advance by an understanding of the local government's resourcing capability and indicative costs of delivering on broad objectives.

Council also needs an appreciation of relevant external factors that may impact on the local government's capacity to deliver on council's preferred objectives. Some of those factors are referred to in section 3.1 in the discussion of the Strategic Community Plan.

Council also needs to be cognisant of any priorities that are the responsibility of other agencies. Appropriate strategies in those cases will be advocacy, liaison or the removal of obstacles, rather than funding or direct service delivery.

### 19DA. Planning for the future: corporate business plans — s. 5.56

- (4) A local government is to review the current corporate business plan for its district every year
- (5) A local government may modify a corporate business plan, including extending the period the plan is made in respect of and modifying the plan if required because of modification of the local government's strategic community plan.
- (6) A council is to consider a corporate business plan, or modifications of such a plan, submitted to it and is to determine\* whether or not to adopt the plan or the modifications.  
*\* Absolute majority required.*
- (7) If a corporate business plan is, or modifications of a corporate business plan are, adopted by the council, the plan or modified plan applies to the district for the period specified in the plan.

### 19CA. Annual reports to contain information on strategic community plans and corporate business plans — s. 5.53(2)(i)

- (3) If a significant modification is made during a financial year to a local government's corporate business plan, the annual report of the local government for the financial year is to contain information about that significant modification.

### Local Government Act 1995

#### 5.53. Annual reports

- (2) (e) an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year;

### ***How often must the Corporate Business Plan be reviewed, how is it adopted or modified, and what are the reporting requirements?***

Under s6.2(2) of the Act, a local government is to 'have regard to the contents of the plan for the future in preparing the Annual Budget'. As both the Strategic Community Plan and the Corporate Business Plan constitute the Plan for the Future from 30 June 2013 onwards, both must be taken into account in budget preparations.

The Corporate Business Plan, underpinned by its operational plans, will be the main 'driver' for the local government's annual budget. For this reason the Corporate Business Plan must be reviewed every year.

The Corporate Business Plan will also need to be reviewed when necessary as a result of modification being made to the local government's Strategic Community Plan.

As an absolute majority of council is required for both the adoption of a Corporate Business Plan, and for the adoption of any modifications to it, these responsibilities cannot be delegated.

The Corporate Business Plan, together with the Strategic Community Plan, constitutes the Plan for the Future. An overview of both is therefore to be contained in the Annual Report, including major initiatives that are proposed to commence or to continue in the next financial year. Section 5.53(2)(e) of the Act refers.

Additionally, under section 5.53(2)(i) and new regulation 19CA(3), if a significant modification is made during a financial year to the Corporate Business Plan, information about that modification must appear in the Annual Report.

The regulations do not define what constitutes a 'significant' modification. However, local governments will need to exercise judgement and apply a test of materiality in determining whether to report the change. That is, local governments should consider whether the change to the Corporate Business Plan materially impacts on the operations, services, activities or projects that the local government provides and whether not reporting the change could adversely affect the community.

For example, changes to the format or presentation of the Corporate Business Plan are not significant, and would not have to be reported in the Annual Report. Similarly, a decision made in the course of a financial year to direct previously unallocated, discretionary funds towards an identified priority project would not have to be reported. However, a decision to allocate funds to a non-priority project would have to be included in the Annual Report.

The Corporate Business Plan, together with the Strategic Community Plan, constitutes the Plan for the Future.

## 2.3 The Transitional Period – 26 August 2011 To 30 June 2013 – Key Elements

As stated earlier, the amended regulations prescribe that from 30 June 2013, or earlier if it chooses to do so, a local government's Plan for the Future will comprise a Strategic Community Plan and a Corporate Business Plan for its district.

However, section 5.56 of the Act, which requires all local governments to 'plan for the future', remains unchanged, and this is reinforced by new regulation 19DB(3). This means that in the transitional period, that is, from 26 August 2011 up to 30 June 2013, all local governments must continue to have a Plan for the Future in place. This can be either an existing plan, prepared under the former regulatory arrangements, or a new document, that has been developed in light of the new regulatory context.

### ***How will the transitional arrangements accommodate this – are local governments obliged to review an existing Plan for the Future in the interim period?***

Under the transitional arrangements, [see new regulation 19DB (4)], from 26 August 2011 onwards, a local government is not required to review an existing Plan for the Future that had been made under the former regulations.

During the transitional period, though, a local government may choose to modify an existing Plan for the Future that was made under the former regulations. If it does so choose, it is not required to have, and describe, consultation with ratepayers and electors, as per previous regulation 19C(7) and (8). However, any modifications would have to be considered and adopted by council as per previous regulation 19C(5), followed by the giving of local public notice as per former regulation 19D.

Similarly, during the transition period, a local government, in order to comply with the requirement that it must have a Plan for the Future, may choose to make a new Plan under the old arrangements. In this case, previous regulations 19C(5) and 19D regarding adoption by council and the giving of local public notice would continue to apply.

### **190B. Planning for the future: transitional arrangements until 30 June 2013**

- (1) In this regulation —  
former regulation 19C means regulation 19C as in force immediately before 26 August 2011 and continued under subregulation (2);  
former regulation 19D means regulation 19D as in force immediately before 26 August 2011;  
plan for the future means a plan for the future of its district made by a local government in accordance with former regulation 19C.
- (2) Except as stated in this regulation, former regulation 19C continues to have effect on and after 26 August 2011 until this regulation expires under subregulation (7).
- (3) A local government is to ensure that a plan for the future applies in respect of each financial year before the financial year ending 30 June 2014.
- (4) A local government is not required to review a plan for the future under former regulation 19C(4) on or after 26 August 2011.
- (5) If, for the purposes of complying with subregulation (3), a local government makes a new plan for the future, local public notice of the adoption of the plan is to be given in accordance with former regulation 19D.
- (6) If a local government modifies a plan for the future under former regulation 19C(4), whether for the purposes of complying with subregulation (3) or otherwise —
  - (a) the local government is not required to comply with former regulation 19C(7) or (8) in relation to the modifications of the plan; and
  - (b) local public notice of the adoption of the modifications of the plan is to be given in accordance with former regulation 19D.
- (7) This regulation expires at the end of 30 June 2013.

## APPENDIX 1

### Plan for the Future – Key Requirements List (self-help checklist for local governments)

#### PLAN FOR THE FUTURE – KEY REQUIREMENTS

A Plan for the future under 55.56 of *Local Government Act (1995)* consists of a Strategic Community Plan and a Corporate Business Plan.

Element	✓	Key Requirement
Strategic Community Plan		The plan is for a minimum of 10 years.
		The plan states the aspirations, vision and objectives of the community.
		Community is engaged in developing the plan, and this is documented.
		The plan should have regard to current and future resource capacity, demographic trends and strategic performance measurement.
		Council has adopted the plan by absolute majority.
		Notice has been given to the public when the plan is adopted (or modified).
		A strategic review of the plan has been scheduled for 2 years from when it is adopted.
		A full review of the plan has been scheduled for 4 years from when the plan is adopted.
Corporate Business Plan		The plan is for a minimum of 4 years.
		The plan identifies and prioritises the principal strategies and activities Council will undertake in response to the aspirations and objectives stated in the Strategic Community Plan.
		The plan states the services, operations and projects that a local government will deliver over the period of the plan, the method for delivering these and the associated cost.
		The plan references resourcing considerations such as assets management plans, finances and workforce plans.
		Council has adopted the plan by absolute majority.
		Notice has been given to the public when the plan is adopted (or modified).
Annual Reporting		The plan is reviewed annually. (Review can be scheduled to align with the setting of the Annual Budget.)
		The Report contains an overview of the plan for the future, including major initiatives that are proposed to commence or to continue in the next financial year [55.53(2)(e) Local Government Act].
		Any change to the Strategic Community Plan is reported. Only significant changes to the Corporate Business Plan are reported – materiality test applies.
	✓	<b>Transitional Arrangements</b>
Note		All current regulations remain in place until 30 June 2013, with the exception of Regulation 19C(4) (Review).
Plan for the future		Your local government has a plan for the future that will be in operation between 26 August 2011 and 30 June 2013.
		Public notice must be given for any plans for the future changed or adopted between 26 August 2011 and 30 June 2013.
		Community Consultation is not required for any plans for the future changed or adopted between 26 August 2011 and 30 June 2013.
Review of current plan		If your plan for the future is due for review between 26 August 2011 and 30 June 2013, you are not required to review the plan.

## APPENDIX 2

### Integrated Planning and Reporting Implementation Schedule 2011-2013





1 Apr 12 - 30 Jun 12

1 Jul 12 - 30 Jun 13

OR - new Plans for the Future meeting new regulations are adopted at expiry of old plans

Community engagement for Strategic Community Plan

Development of Strategic Community Plan

Development of Corporate Business Plan

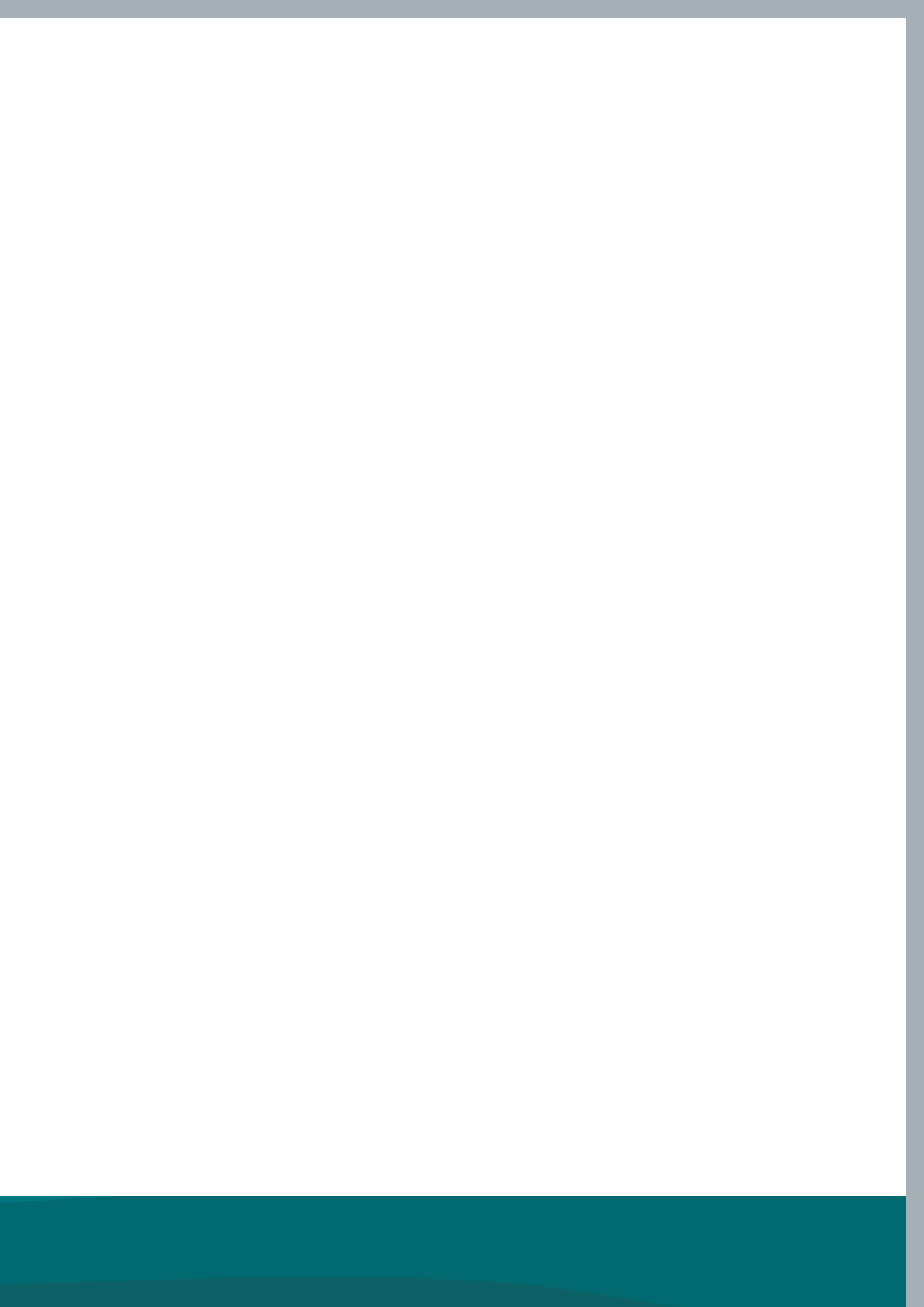
Alignment of Asset Management, Long Term Financial Planning and Workforce Plans with Corporate Business Plan


Annual Financial Report for year ending 30 Jun 13 to incorporate new ratios

2013/14 Annual Budget - "slice" of Corporate Business Plan

Plans completed to Framework  
Strategic Community Plan, Corporate Business Plan and Annual Budget adapted by Council  
Lbs compliant with requirements

## NOTES





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