

13.3 Performance Improvement Order (PIO) Implementation and Oversight Committee

CSP Objective: Outcome 5.3: Council has the right structures, technology, processes and precedures to support delivering for the public

CSP Strategy: 5.3.2 Council will deliver the actions outlined in the State of the Organisation Report and the Strategic Improvement Plan

Delivery Program: 5.3.2.1 Continuous improvement is embedded in the organisation through delivery of the Strategic Improvement Plan priorities annually.

Item 13.3

Summary

Council, at their Ordinary March 2024 meeting, resolved to establish a Performance Improvement Order (PIO) Implementation and Oversight Committee and requested that a report be provided on the establishment of the committee, which includes a draft term of reference and committee membership be provided. This report fulfills this request.

At the same meeting, Council received a report from the Chief Executive Officer outlining the creation of a temporary Implementation Team to lead the coordination and delivery of PIO work. This report also provides an update on the establishment of this team and their work schedule.

When adopting the Strategic Improvement Plan 2 (SIP2), Council resolved to receive regular updates of the progress of actions of the SIP2. With the receipt of the Minister's Notice of Intent to Vary the PIO, the Implementation Team have commenced work on preparing the required Strategic Finance and Governance Report (i.e. SIP3). Given this work, an update on SIP2 actions is not being provided as part of this report, instead the required Strategic Finance and Governance Report (i.e. SIP3) will be reported to Council for endorsement following the receipt of the varied PIO.

Financial implication

The SIP2 outlines key activities to improve the long term sustainably and governance of the Kiama Municipal Council. Many actions within the document contain financial ramifications.

Risk implication

The primary focus of Council must be on addressing the actions of the State's PIO. Failure to do so could result in the Minister for Local Government intervening by suspending the Council under Chapter 13, Part 7 of the *Local Government Act 1993*.

Policy

Local Government Act 1993

Aged Care Act 1997

Performance Improvement Order – Nov 2022

Proposed Performance Improvement Order – Jan 2024

Strategic Improvement Plan 2

Report of the Chief Executive Officer

13.3 Performance Improvement Order (PIO) Implementation and Oversight Committee (cont)

Consultation (internal)

A series of executive meetings have been held over recent weeks to work through aspects of the PIO. Managers have been briefed and all staff meetings have been held where the PIO was discussed.

The PIO and Raynor Report were discussed with ARIC, FAC and Blue Haven Advisory Committee in their most recent meetings.

The SIP2 was endorsed by Council at the April 2023 meeting.

Communication/Community engagement

The PIO and Raynor report were previously reported to Council and the community in February 2024.

The CEO has communicated regularly with staff and the community regarding a wide range of matters currently affecting the organisation.

Attachments

- 1 draft Terms of reference - Performance Improvement Order (PIO) Implementation and Oversight Committee [↓](#)

Enclosures

Nil

RECOMMENDATION

That Council:

1. Adopt the Terms of Reference for the Performance Improvement Order (PIO) Implementation and Oversight Committee.
2. Note the establishment of the Implementation Team and their work schedule, including the ongoing preparation of the Strategic Finance and Governance Report.

Background

Council, at their Ordinary March 2024 meeting, resolved to establish a Performance Improvement Order (PIO) Implementation and Oversight Committee and requested that a report be provided on the establishment of the committee, which includes a draft term of reference and committee membership be provided.

The resolution of Council requested that this report examine additional areas of remit of the PIO Implementation and Oversight Committee, including:

- a. Unexpected and unanticipated financial costs on council.
- b. Ongoing costs of legal action involving council.
- c. Insurance matters and risks.

Report of the Chief Executive Officer

13.3 Performance Improvement Order (PIO) Implementation and Oversight Committee (cont)

- d. Other issues as recommended or provided by Council’s Audit, Risk and Improvement Committee (ARIC), and Finance Advisory Committee (FAC) for examination by the committee.
- e. The dilapidation report for Blue Haven Terralong.
- f. Council restructure and size of the organisation.

As Council would be aware, on 30 January 2024, Council received a Notice of Intention to vary the PIO from the Minister of Local Government, the Hon. Ron Hoenig MP. As part of the Minister’s Notice a Proposed PIO which includes proposed/updated actions required to improve Council’s performance. These actions are summarised below:

Item 13.3

Part A: Council’s Financial Management	
1.	Regularly and continuously review Council’s financial situation with a view to becoming financially sustainable by 2026-27.
2.	Review and update the SIP2 to focus on the challenges faced by Council by: <ul style="list-style-type: none"> a. Being rebranded as the “Strategic Finance and Governance Improvement Plan”. b. Emphasising the urgency needed to address the financial and governance issues facing Council. c. Report monthly to the Council on the financial position of the organisation and bi-monthly on the governance and other actions in the Plan. d. Set out actions to be taken over the next two budget cycles (FY 2024-24 & FY 2025-26) to break the practice of adopting deficit operating budgets without relying on property sales. e. Include a three-year financial strategy which will culminate in Council increasing its unrestricted cash balance to a sustainable level by FY 2026-27.
3.	Continue to improve compliance with accounting principles.
4.	Immediately review the timing for service reviews and revenue opportunities to ensure Council can move to surplus operating budgets and ensure its long term financial security.
5.	Continue to investigate and pursue opportunities to benefit from property holdings and investments.
Part B: Blue Haven Aged Care Facility	
1.	Address issues associated with Blue Haven Terralong including, but not limited to: <ul style="list-style-type: none"> a. Completing and making public a dilapidation/building report Terralong and Havilah.

Report of the Chief Executive Officer

13.3 Performance Improvement Order (PIO) Implementation and Oversight Committee (cont)

<p>b. Examining options to retain and refurbish Terralong to conform to contemporary independent living units.</p>
Part C: Council's Financial Accounting and Management Systems
<ol style="list-style-type: none"> 1. Fully implement Technology One by mid-to-end of 2025. 2. Implement the governance recommendations from the Hopwood Report and the Auditor's Letter from the 2021/22 audit. 3. Restructure the presentation of the draft and published budgets to: <ol style="list-style-type: none"> a. Detail programs and activities compared to current and previous years. b. Detail funding sources for each capital project.

Item 13.3

Points 3. a-c of Council's 19 March 2024 resolution (24/073OC) are covered by the actions 1 and 3 under Part A, as summarised above. The points of Council's resolution to include the Blue Haven Terralong dilapidation report and Council's structure and size are also covered by the proposed PIO via the Blue Haven specific actions and ultimately by the need to undertake service reviews across the organization (i.e. action 4 under Part A, as summarised above).

In light of this, it is considered that the attached Terms of Reference capture and address the objectives of Council Council's 19 March 2024 resolution (24/073OC).

While the attached Terms of Reference clearly outline that the PIO Implementation & Oversight Committee will operate as a sunset advisory committee, with its term running for the length of the PIO, the term of the four Councillor members will cease at the commencement of the caretaker period for the NSW Local Government Elections 2024 (i.e. 16 August 2024) and following being sworn in the new Council will need to elect members for this committee.

Implementation Team

As outlined in the Item 18.1 of the 19 March 2024 Business Papers, an Implementation Team has been established, with both the Head of Implementation and Legal & Governance Services Implementation Lead having now commenced in their roles.

The Implementation Team consists of:

- the Head of Implementation, reporting directly to the CEO
- the Legal & Governance Services Implementation Lead
- the Business Transformation Lead
- a Project Support Officer

The Implementation Team is responsible for overseeing the implementation of the actions of the PIO, with the priorities at this stage being:

1. Continued preparation of the "Strategic Finance and Governance Improvement Plan", including assisting in the preparation of an updated Hopwood Report.

Report of the Chief Executive Officer

13.3 Performance Improvement Order (PIO) Implementation and Oversight Committee (cont)

2. Facilitating workshops with Managers to collectively identify savings to reduce project budget deficits.
3. Review the following service reviews and commence preparation of business cases, including action plans, and/or master plans:
 - a. Kiama Leisure Centre
 - b. Kiama Coast Holiday Parks
 - c. The Pavilion Kiama
 - d. Waste Business Unit
 - e. Kiama Library Services
4. Engage with the Finance Advisory Committee, Audit, Risk and Improvement Committee and Council to determine and sequence subsequent service reviews.
5. Engage with the Finance Advisory Committee, Audit, Risk and Improvement Committee and Council to determine the sequencing of business cases for the development of the following key catalyst sites:
 - a. Council Administration Centre, 11 Manning Street, Kiama
 - b. Old Retirement Village, Havilah Place, Kiama
 - c. Council Works Depot, Belvedere Street, Kiama
 - d. Council Waste Depot, Riverside Drive, Minnamurra
 - e. Blue Haven Terralong precinct, Kiama
 - f. Spring Creek precinct, Kiama
6. Commence consolidation of the organisation's legal services.
7. Commence review of Council policies, procedures and templates associated with inducting new Councillors.

At the time of writing this report, Council is yet to receive a formal variation to the PIO from the Minister. Once a varied PIO is received the draft the "Strategic Finance and Governance Improvement Plan" will be finalised and reported to Council for endorsement as a matter of priority.



Terms of Reference

Committee:	Performance Improvement Order (PIO) Implementation and Oversight Committee
Status:	Committee of Council <input type="checkbox"/> Statutory committee <input type="checkbox"/> Sunset Advisory committee <input checked="" type="checkbox"/> End date: 30 June 2026
Purpose:	Role of the Committee is to: <ul style="list-style-type: none"> • Provide oversight of the implementation of all requirements of the Performance Improvement Order (PIO), for the length of the PIO, and • Provide oversight on legal expenses and insurance matters with risks.
Objectives:	Objectives of the Committee are to: <ul style="list-style-type: none"> • provide oversight on the implementation of all PIO actions.
Committee Meetings:	Meetings are held every two months on the second Tuesday of the month.
Venue:	Meetings will be held at the Kiama Council Chambers, other suitable venues as required or online.
Membership:	<ul style="list-style-type: none"> • Mayor, Councillor Neil Reilly • Deputy Mayor, Councillor Imogen Draisma • Councillor Stuart Larkins • Councillor Mark Croxford • Chief Executive Officer • Chief Operating Officer • Head of Implementation • Legal & Governance Services Implementation Lead • Business Transformation Lead All Councillors can attend meetings as an observer.
Term of membership	Council membership of the Advisory Committee will be for the length of a Council term. NB: a specified term does not preclude an incumbent from reapplying to serve on consecutive terms.
Chairperson	The Mayor, or in the Mayor's absence the Deputy Mayor, will be the chairperson.
Meeting quorum:	A Quorum will be deemed to have been met under the following criteria: <ol style="list-style-type: none"> 1. minimum of 50% of the voting members plus 1 2. or per statutory requirements (if required).
Meeting	<ul style="list-style-type: none"> • Meetings are to be chaired by the Chairperson or their alternate.

23/88296

2

Committee:	Performance Improvement Order (PIO) Implementation and Oversight Committee
administration:	<ul style="list-style-type: none"> • Minutes will be taken by a representative of Council. • Minutes are required to be submitted for the next Ordinary Meeting of Council immediately following the committee meeting. • Minutes and agendas will be circulated no less than seven days prior to a scheduled meeting.
Responsibility	<p>Committee members will:</p> <ol style="list-style-type: none"> 1. provide oversight and to assist with the implementation of all requirements of the Performance Improvement Order (PIO) for the length of the PIO, including, but not limited to the following three (3) parts of the PIO: <ol style="list-style-type: none"> a Council's Financial Management b Blue Haven Aged Care Facility c Council's Financial Accounting and Management Systems 2. Monitor and report on legal expenses and insurance matters with risks.
Code of Conduct	<ol style="list-style-type: none"> 1. at all times committee members must comply with Council's Code of Conduct for Council committee members, delegates of Council and Council advisers, including managing conflicts of interests, 2. at all times contribute in a positive and respectful manner, and 3. at all times avoid disruption, contrary conduct or being wasteful of time and resources.
Termination of membership	<p>Councillor member positions will be declared vacant/terminated via a resolution of Council.</p>

Item 13.3

Attachment 1