

13.4 Endorse for public exhibition: Integrated Planning and Reporting documents 2024-2025

CSP Objective: Outcome 5.1: Public funds and assets are managed strategically, transparently, and efficiently

CSP Strategy: 5.1.5 Council delivers the functions of local government sustainably and in accordance with community expectations. All services and functions delivered by Council will be reviewed in accordance with IP&R requirements within the 4-year cycle of council election.

Delivery Program: 5.1.5.1 The Community Strategic Plan and its associated documents are delivered in line with the Integrated Planning and Reporting Framework

Item 13.4

Summary

The purpose of this report is to seek Council endorsement to place the following draft documents for 2024-25 on public exhibition for a period of 28 days and invite submissions in accordance with the Local Government Act 1993:

- Delivery Program and Operational Plan
- Long Term Financial Plan (under separate report)
- Budget
- Fees and Charges

Also included in the Integrated Planning and Reporting (IP&R) suite are the Workforce Management Strategy and Strategic Asset Management Plan. These are not attached and will not be on the upcoming public exhibition as there have been no significant updates to the 2023-24 documents currently on Council's website.

The IP&R framework is the strategic context in which local government operates and outlines the vision, action, resources and budget that will be used on an annual basis to meet the activities and services of Council.

The compilation for the draft Budget and the Delivery Program and Operational Plan is one of the key functions performed by local government. Maintaining facilities and services to meet community expectations, while at the same time ensuring Council's short-term and ongoing financial sustainability, is a difficult challenge.

The preparation of the 2024-25 draft budget demonstrates a focus on Council meeting the requirements of the Performance Improvement Order and demonstrate the ability to remain a going concern. Structural deficit is a backdrop that has warranted attention and action.

Financial implication

The budget provided within the Delivery Program and Operational Plan as attached to this report show a current overall surplus of \$2.6M, which reduces to a loss of \$698K after allowing for capital grants of \$3.3M. As described in last years Financial Sustainability & Cash Flow Strategy and picked up by the Notice of Intention to Vary the PIO, asset sales in the short term will be used to assist with liquidity in the intervening period to 2026/27 before the operating efficiencies have taken full effect.

Report of the Chief Executive Officer

13.4 Endorse for public exhibition: Integrated Planning and Reporting documents
2024-2025 (cont)

Risk implication

The public exhibition of these draft documents is required in accordance with the Local Government Act 1993. It is also a requirement of all councils to complete and adopt the documents required within the IP&R Framework by the 30 June of each year. Failure to do so would be a breach of the Local Government Act.

The Draft Operational Plan and associated suite of documents are living documents that guide and reflect Councils priorities. They are reviewed regularly to ensure they remain current. Any significant impacts identified can then be incorporated.

The IP&R framework supports the integration of overarching strategic and operational priorities, enabling any risks identified through quarterly reviews of the budget, asset management and workforce management to identify risk and support appropriate response.

Policy

State issued Performance Improvement Order

Community Strategic Plan

Consultation (internal)

Organisation-wide consultation has occurred with all areas of Council providing input.

Communication/Community engagement

Council will publicly exhibit the document for a period of 28 days to allow stakeholder input and consideration of the proposed draft documents. The exhibition period is planned to occur between 22 May 2024 to 18 June 2024. All feedback is welcomed.

During this period, Council will actively promote feedback through digital channels including Council's website and social media pages.

A further report seeking final adoption will be provided to Council outlining any comments received and noting major changes made to the draft documents in response

Attachments

Nil

Enclosures

- 1 DRAFT Delivery Program and Operational Plan FY 2024-25⇒
- 2 DRAFT Fees and Charges 2024-25⇒

RECOMMENDATION

That Council:

1. Endorse the draft Delivery Program 2022-26 & Operational Plan 2024-25 and the draft Fees and Charges 2024-25 to be placed on public exhibition for a period of 28 days, calling for submissions.

Report of the Chief Executive Officer

13.4 Endorse for public exhibition: Integrated Planning and Reporting documents 2024-2025 (cont)

2. Receive a further report for consideration, if any relevant submissions are received or if any substantial changes are proposed for any other reasons, detailing the public exhibition outcomes and proposed changes with further recommendations regarding adoption
3. On the day after the completion of the public exhibition period, adopt the Delivery Program 2022-26 & Operational Plan 2024-25 and the draft Fees and Charges 2024-25, if there are no relevant submissions received and there are no substantial changes proposed for any other reasons.

Item 13.4

Background

Integrated Planning and Reporting is required by all NSW Council’s under the Local Government Act 1993 (the LG Act). The intent of the framework and documents are to set planning for our organisation with a clear understanding of the community’s expectations and priorities, balanced with Council’s financial position, resources and ability to deliver the services and actions that the community seek. The framework is integrated and includes ongoing monitoring, reporting and review.

Council reports annually on the framework and our progress to achieving the actions for the operational financial year through 6 monthly progress reports and the Annual Report provided to Council at the end of each year.

The framework is shown in Figure 1 below.

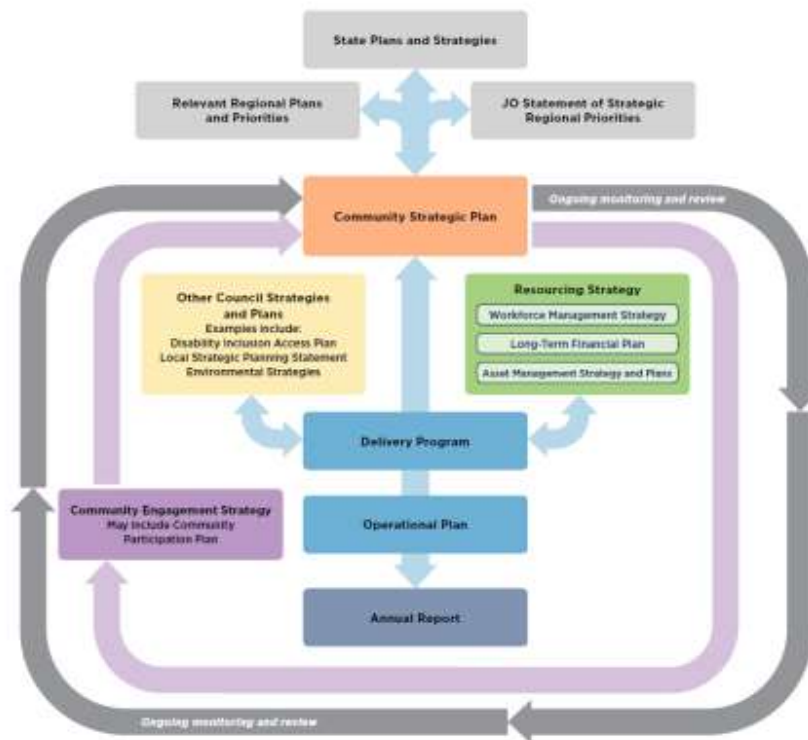


Figure 1: Integrated and Reporting Framework

Report of the Chief Executive Officer

13.4 Endorse for public exhibition: Integrated Planning and Reporting documents 2024-2025 (cont)

Draft Delivery Program and Operational Plan

The combined Draft Delivery Program and Operational Plan (DPOP) 2022-26 outlines Council's activities, projects, and programs to be delivered to support the achievement of the Kiama 2032: Community Strategic Plan (CSP).

The Delivery Program is designed as the single point of reference for all principal activities undertaken by the Council during its term of office. All plans, projects, activities and funding allocations must be directly linked to this Program. Within the DPOP Council also identifies the projects, programs and activities that will be undertaken each year to meet Council's and the community's priorities.

The 4-year Delivery Program was adopted by Council in 2022. There have been some changes made to the Delivery Program since this time to reflect the strategic priorities of the organisation. These are the result of a forced governance and financial focus on short and long term sustainability, liquidity and satisfying going concern requirements not only for NSW Audit Office and OLG perspectives but also for Council generally and the local community. Accordingly recent and current priority directions cover the Performance Improvement Orders, internal Strategic Improvement Plan priorities, and outcomes of various external governance audits and investigations into some areas of Council operations.

The work outlined in the Operational Plan [balances](#) both the Community Strategic Plan (CSP) "Strategic Choices for a Sustainable Future" as well as areas of focus identified in the Performance Improvement Order and the external governance audits. However, the immediate focus is financial sustainability, liquidity and satisfying going concern requirements. Key documents supporting the Operational Plan 2024/25 include:

- NSW OLG Notice of Intention to Vary the Performance Improvement Order
- Previous Strategic Improvement Plan (2) and upcoming Strategic Financial Governance Policy
- Previous Financial Sustainability and Cashflow Strategy and recently adopted Finance and Governance Report
- Financial Sustainability Strategy
- Strategic Asset Management plan including Divestment Opportunities
- Workforce Strategy

The sale Blue Haven Bonaira Aged Care and Retirement Village Operations was a significant strategic decision, which was welcomed by external regulators and over the past 12 months with the Expression of Interest and Request for Tender processes, now sees Council in direct negotiation with the preferred tenderer. Current budgets and forecasts has the sale completion in June 2024 along with the repayment of the \$15M TCorp debt.

As such, financial information presented in the draft 2024-25 budget excludes Blue Haven Bonaira operations. It is important to note that if a timing difference around the key date 30 June 2024 does eventuate, the final budget can be updated if required and/or the first Quarterly Budget Review of 2024/25 can adjust for any carry over impact.

Report of the Chief Executive Officer

13.4 Endorse for public exhibition: Integrated Planning and Reporting documents 2024-2025 (cont)

Council continues to deliver the business of local government including:

- Libraries and community facilities
- Domestic and Commercial Waste
- Road Maintenance
- Environmental protection initiatives
- Planning and delivering landuse planning
- Compliance and regulatory activities.

Some of the projects listed in the plan span over a number of years, such as the Hindmarsh Park project, the Coastal Walk, Corporate Emissions Strategy, Coastal Management Strategies and many more.

Service Reviews will be conducted on:

- Kiama Coastal Holiday Parks
- Kiama Waste Services
- Tourism and Events
- Parks and Gardens.

Additional service reviews may also be undertaken following feedback on the Business Improvement Program from the Audit, Risk and Improvement Committee and the Finance Advisory Committee, and endorsement of the same by the Executive Leadership Team by December 2024.

The review of Council services and structure continues, to ensure we remain sustainable and well managed into the future. We have commenced and organisational restructure to ensure we have the right structures and staffing to meet the needs of Council now and into the future. This has included the introduction of an Implementation Team for the next two years to oversee our approach to and compliance with the Performance Improvement Order. We also maintain our focus on ensuring the implementation of technology to support a capability lift in Council, including increasing oversight and reporting functions.

The budget and priority actions contained in this document demonstrate a commitment to financial sustainability. The budget for 2024-25 was developed in alignment with and based on the Financial Sustainability and Cashflow Strategy and Finance and Governance Report (adopted by Council on 19 March 2024).

Parameters and strategies set in this budget also incorporate key requirement and recommendation of the Notice of Intention to Vary a Performance Improvement Order (NPIO) dated 30 January 2024 and a Report to the Minister for Local Government – Review of Kiama Municipal Council - prepared by John Rayner (January 2024).

A budget, information about our rating structure and revenue policy are included in the document. Details around the budget are provided in the section below.

This plan is also presented in an updated and streamlined format to providing a more digestible format for readers. A new section has been included to provide an overview

Report of the Chief Executive Officer

13.4 Endorse for public exhibition: Integrated Planning and Reporting documents
2024-2025 (cont)

of teams within Council and their business-as-usual activities and deliverables. This has allowed us to reduce the number of discrete actions included to those that focus on discreet projects, reviews and implementations, rather than the significant amount of business-as-usual work that occurs each and every year. We have also included updated measures wherever possible to assist in tracking our performance and progress to the completion of the actions specified. These measures will continue to be enhanced and developed as Council's organisational capacity and capability improves over time.

Draft Community Engagement Strategy

All Councils in NSW are required to develop and implement a Community Engagement Strategy under the Local Government Act of 1993. Additionally, all councils are required to develop a Community Participation Plan under the Environmental Protection Act & Regulation 2000.

The requirements of both the IP&R framework, as well the Environmental Protection Act public participation plan are met in this single document. The intent of the document is to create a strong framework that enables an overarching engagement perspective to be developed. Integration of both ensures a consistent engagement approach in line with the guiding principles identified in this document.

The Draft Community Engagement Strategy has previously been presented to Council, and as such is not included in this package.

Strategic Asset Management Plan

The strategic asset management plan was adopted by Council in 2022 for the period 2022/23 – 2031/2032, as part of the comprehensive IP&R suite.

Strategic asset management has been a priority of Council and significant work has been undertaken to understand the lifecycle and strategic value of councils' physical assets. This has included the development of the draft Property Plan and Divestment Strategy to inform the update of the Long Term Financial Plan that enables the funding of the works programs.

The individual supporting strategies have been developed and adopted separately by Council as a part of improving the financial sustainability of the organisation. Over the 2023/24 planning cycle, these components strategies will inform a review of the Strategic Asset Management Plan to determine any changes that are necessary based on the LTFFP and adopted budget. As no significant changes have been made to this document since the 2023-24 adoption, this document is not included in this package.

Draft Workforce Management Strategy

The Workforce Management Strategy was adopted by Council in 2022 as part of the IP&R suite. In 2023-24 it was updated to incorporate the strategic direction of the organisation, including the organisational realignment and supporting the strategic priorities of the SIP2 to increase capability and capacity. This included a focus on supporting learning and development, change management, building leadership capability, and recruiting and retaining the workforce needed to meet the business needs of Council. The document reflects the separation of Kiama Council and Blue

Report of the Chief Executive Officer

13.4 Endorse for public exhibition: Integrated Planning and Reporting documents 2024-2025 (cont)

Haven into two separate business units and is intended to address the needs of the local government workforce. The Blue Haven workforce is supported through their business planning documents. As no significant changes have been made to this document since the 2023-24 adoption, this document is not included in this package.

Budget

The budget for 2024-25 was developed in alignment with and based on the Financial Sustainability and Cashflow Strategy and Finance and Governance Report (adopted by Council on 19 March 2024).

Parameters and strategies set in this budget also incorporate key requirement and recommendation of the Notice of Intention to Vary a Performance Improvement Order (NPIO) dated 30 January 2024 and a Report to the Minister for Local Government – Review of Kiama Municipal Council - prepared by John Rayner (January 2024).

Sale of Bonaira site and services component of Blue Haven and a repayment of \$15 million TCorp loan by the end of 2023-24 financial year is a key assumption for this budget. As such, financial information presented in 2024-25 budget excludes Blue Haven Bonaira operations.

Key strategies outlined in the budget include:

- Optimisation of Operational Expenditures: Minimising spending on materials and services, including consultancy and contractor costs. This may result in reduced number of projects.
- Implementation of Budget Efficiencies: Through centralisation of services and rightsizing organisational corporate services, budget efficiencies are aimed for.
- Review of Service Provision: Assessment of non-essential/desirable services provided by the Council, potentially discontinuing or temporarily suspending those deemed non-essential, and re-evaluation of operational models for essential services.
- Natural attrition and reduced staff establishment where possible to better align staff to revenue ratios.
- Focus of Capital Works Program: Prioritisation of reserve-funded projects with minimal allocation from unrestricted cash in the Capital Works Program.
- Supplement unrestricted cash inflow by proceeds from sale of assets over next three years in order to build up unrestricted cash balance.
- Establish capital renewal reserve for Terralong ILUs with the annual transfers to the reserve of \$2 million, in line with the deemed annual depreciation. The reserve to be used for required upcoming capital works.

The budget for 2024-25 prioritises sufficient funding for asset maintenance and ensures a consistent level of service provision to the community. The Council's ongoing service reviews and operational efficiencies will be integrated into future planning cycles outlined in the Long-Term Financial Plan.

Report of the Chief Executive Officer

13.4 Endorse for public exhibition: Integrated Planning and Reporting documents 2024-2025 (cont)

While the consolidated result shows a surplus of \$2.6M, excluding capital grants and contributions reveals a loss of \$698K. Furthermore, excluding both capital grants and contributions and the impact of asset sales, the result indicates a deficit of \$5.8M. This is an improvement of over \$2M compared to last year and further improvements over coming years will progress to breakeven or balanced budgets at 2026/27.

The Council aims to deliver \$13.9 million worth of capital works in the next financial year, primarily funded by grants and reserves.

Overall, the budget projection for the upcoming year suggests that the Council will continue to operate at a loss until 2026-27.

For more details around budget assumptions and projected long-term results, please refer to the *Long Term Financial Plan 2024-25 – 2033-34* document.