Item 12.1

12 REPORT OF THE CHIEF EXECUTIVE OFFICER

12.1 Bi-monthly update: Strategic Finance & Governance Improvement Plan - May 2026

CSP Objective:	Outcome 5.3: Council has the right structures, technology, processes and procedures 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.

Summary

In response to receiving the varied Performance Improvement Order (PIO), Council adopted the Strategic Finance and Governance Improvement Plan at the extraordinary June 2024 meeting.

The varied PIO requires Council to provide bi-monthly reports to both the elected body and the NSW Office of Local Government (OLG) on the status of the implementation of all actions in the PIO.

To satisfy this requirement, a copy of the Strategic Finance and Government Improvement Plan was provided to the OLG following the extraordinary June 2024 meeting.

Bi-monthly implementation status reports are provided to the elected body and OLG.

Financial implication

Some of the work required to be undertaken has been included in the 2025-26FY budget as there are costs associated with completing the activities of the updated Plan.

Risk implication

There is a risk that if Council does not comply with the PIO and improve its operating position that further ministerial interventions will be imposed. Continuing to fail to meet OLG benchmarks for financial sustainability (performance ratios) is not an acceptable outcome.

There is also a risk that Council will perceive an opportunity to make different decisions or make new commitments beyond what Council can accommodate given the status and the requirements of the PIO. This PIO is proposed to manage that risk by spanning this and the future Council.

The onerous timeframe imposed by the PIO for balanced budgets presents a challenge in light of Council’s structural deficit and operational cash flow. When combined with accounting standards for depreciation, current liabilities associated with retirement village deposits, retirement village unit vacancies and capital grant dependencies, the operating position and task of achieving a balanced budget in the next budget is proving exceedingly challenging and a risk. This risk was discussed with Office of Local Government, ARIC, Major Projects and Finance Committee and Councillors during the months of February, March, April and again in May 2026.

Policy

Local Government Act 1993

Consultation (internal)

Councillors, Chairs and members of the Audit, Risk and Improvement Committee, the Finance Advisory Committee, and the Blue Haven Advisory Committee were informed of the intention to vary the PIO via the supplementary report at the Extraordinary Council meeting on 1 February 2024.

The following staff were consulted with and provided input into the preparation of the attached 'Strategic Finance and Governance Improvement Plan':

- Executive Leadership Team.
- Implementation Team.
- Manager Communications and Engagement.
- Human Resources Coordinator.
- Strategic Planning Coordinator.

Regular meetings are held between the OLG and Council to discuss the actions of the Strategic Finance and Government Improvement Plan and the varied PIO. Staff who attend the meetings are the Chief Executive Officer (CEO), Director Corporate & Commercial and Head of Implementation.

In April 2026, the Acting Mayor and CEO met in person with the OLG's Department Secretary and Head of Compliance. The CEO also met with the United Services Union on several occasions to discuss the PIO and draft budgets and to work in partnership to explore potential impacts of extensions.

In May 2026, the Mayor and the CEO met in person with the Minister of Local Government. Further meetings are planned for June.

Communication/Community engagement

The Strategic Finance and Governance Improvement Plan is operational in nature and therefore there is no need to seek community feedback on its content. However, to ensure ongoing transparency copies of the bi-monthly status reports are published on a dedicated page of Council's website.

Attachments
Nil

Enclosures

1 Strategic Finance and Governance action plan_update May 2026

RECOMMENDATION

That Council:

1. Receive the Strategic Finance & Governance Improvement Plan – Implementation Status Update – May 2026.
2. Note that the Chief Executive Officer, through the Implementation Team, will:
   a. provide a copy of the Implementation Status Update – May 2026 to the NSW Office of Local Government, and
   b. place a copy of the Implementation Status Update – May 2026 on Council's website.

Summary

In response to receiving the varied Performance Improvement Order (PIO), Council adopted their Strategic Finance and Governance Improvement Plan (the Plan) at the extraordinary June 2024 meeting.

A copy of the varied PIO was placed on Council's website in accordance with section 438D(2) of the *Local Government Act 1993.*

The adopted Strategic Finance and Government Improvement Plan has been prepared to fulfil the requirements of the varied PIO. This Plan responds directly to the requirements of the varied PIO, including compliance with the cycle of reporting to Council and the Office of Local Government.

At all times, the Plan demonstrates how each of its actions relates to the actions of the varied PIO. The Plan incorporates the matters identified by the Audit Office of NSW's Management Letter for the 2022-23 Financial Year Audit, the 2024 Todd Hopwood 'Report on Review of Kiama Municipal Council Governance Arrangements' and Council's submission to the Federal Government's inquiry into Local Government sustainability.

The Plan provides the background for Council's current financial situation, defines financial sustainability and identifies the following eight levers for achieving financial sustainability:

1. Sustainable cash reserves and responsible borrowing
2. Optimised revenue opportunities
3. Well planned assets
4. Reviewed and efficient service landscape
5. Investment in transformation
6. Robust financial management
7. Prioritising advocacy and partnerships
8. Ensure good governance.

Any outstanding Strategic Improvement Plan 2 actions have been incorporated into the Strategic Finance and Government Improvement Plan. Where possible, these actions have been consolidated and rationalised. Rather than focusing on operational outputs, the Plan seeks to identify and establish organisational outcomes for achieving financial sustainability.

In a similar fashion to Council's Delivery Program and Operational Plan, each Strategic Finance and Government Improvement Plan action has been assigned to an individual business unit.

Reporting and transparency

The varied PIO requires Council to provide bi-monthly reports to both the elected body and the NSW Office of Local Government (OLG) on the status of the implementation of all actions in the PIO. The Implementation Team will continue to liaise with the OLG on a regular basis to ensure the State Government is comfortable with the approaches being taken to achieve financial sustainability.

All Strategic Finance and Governance Improvement Plan actions have been loaded into Council's Pulse software solution to enable regular reporting to occur within a regulated system rather than via excel spreadsheets.

Some actions require the preparation of new/updated Council policies, reviewing level of services, reviewing operating models and master planning key catalyst sites. Council will undertake community consultation process, in line with the adopted Community Engagement Strategy, for these projects.

May 2026 actions update

This report is the progress on all other actions of this plan that will be reported to the elected body and OLG bi-monthly.

The following actions have been completed since the last report:

- The CEO and Councillors will attend the NSW Government community cabinet on the 19 May 2026 and have requested to discuss financial sustainability and the Performance Improvement Order with the Minister. All Councillors were given an opportunity to attend.
- The demolition of the Blue Haven Terralong nursing home (Havilah Place) has been completed.
- The dilapidation/ condition building report for Terralong has been completed and made publicly available during the April council meeting.
- The strategic review/ management plan for Blue Haven Terralong has been completed.
- The liquidity plan schedule for divestment of property has been completed and presented to the ELT.

The following actions are left to action on the Strategic Finance and Governance Improvement Plan:

- Commence review of individual Asset Management Plans to include forward maintenance and renewal requirements for individual asset types.

- Prepare business cases and masterplans to identify revenue opportunities associated with the following catalyst sites.
- Revalue land improvements (non-depreciable and depreciable), other structures, swimming pools, open space and recreational assets, library books and other assets within ‘Infrastructure, property, plant and equipment’ to bring Council closer to verifying all IPPE balances.

There is a total of three (3) actions left to complete on the Strategic Finance and Government Improvement Plan.

Progress to date

Total progress on the implementation of the Strategic Finance and Governance Improvement Plan is 95%.

The action plan in the enclosures provides a progress update on all actions since the Plan was endorsed in June 2024.

To ensure ongoing transparency copies of the bi-monthly status reports will be published on a dedicated page of Council’s website.