

AMENDED ITEM



Item No: 2.1
Title: Consideration of Submissions and Adoption of the Revised CSP, Delivery Program 2022-2025 (including Operational Plan 2022-23) and Resourcing Strategy, and Consideration of an SV Application
Department: Environment and Planning

3 February 2022 Extraordinary Council Meeting

Reference: F2021/01492 - D15018178
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Recommendation

- 1 That Council note that the following documents were publicly exhibited from Wednesday 22 December 2021 to Friday 21 January 2022:**
 - **Draft Revised Community Strategic Plan**
 - **Draft Delivery Program 2022-2025 (including Operational Plan 2022-23)**
 - **Draft Resourcing Strategy, which includes the Long-Term Financial Plan, Workforce Management Strategy, and Revised Asset Management Strategy**
 - **Draft Fees and Charges 2022-23**
- 2 That Council consider the submissions received during the public exhibition, as per Appendix 5 in Attachment 9.**
- 3 That Council note the amendments to the Draft Delivery Program 2022-2025, Draft Resourcing Strategy and Draft Fees and Charges 2022-23, as per Attachments 6, 7 and 10**
- 4 That Council adopt the following documents, in accordance with the Local Government Act 1993:**
 - **Revised Community Strategic Plan – Attachments 1 and 2**

2.1 Consideration of Submissions and Adoption of the Revised CSP, Delivery Program 2022-2025 (including Operational Plan 2022-23) and Resourcing Strategy, and Consideration of an SV Application (contd)

- *Delivery Program 2022-2025 (including Operational Plan 2022-23) – Attachment 3*
 - *Resourcing Strategy, which includes the Long-Term Financial Plan, Workforce Management Strategy, and Revised Asset Management Strategy – Attachment 4*
 - *Fees and Charges 2022-23 – Attachment 5*
- 5** *That Council authorise the Chief Executive Officer, subject to resolution 4, to make final editorial amendments to the Revised Community Strategic Plan, Delivery Program 2022-2025, Resourcing Strategy and Fees and Charges 2022-23 to ensure correctness and clarity.*
- 6** *That Council note the proposed amendments to the Fees and Charges 2022-23, as set out in Attachment 8, will be exhibited in April 2022*
- 7** *That Council note the outcomes of the community awareness and engagement program for the Maintaining Services and Rates, as set out in Attachment 9.*
- 8** *That Council note the community's lack of support for a reduction in the level or standard of services provided by Council.*
- 9** *That Council resolve to apply to IPART to maintain the temporary Special Variation of 15% (including the rate peg) for a further 7 years after 30 June 2024 to enable Council:*
- i. To generate the necessary annual surplus required to meet the annual principal repayments of the \$150 million in emergency loans obtained to resolve the financial crisis.*
 - ii. To secure Council's financial sustainability by maintaining the current level of services and to fund the ongoing maintenance of assets by addressing any deterioration of Council's existing asset base.*
 - iii. To continue to embed productivity improvements across the organisation, which are necessary in order to continue meeting increased internal and external expectations within a heavily restructured organisation.*
 - iv. To deliver key priorities as they get adopted in the future Community Strategic Plans and Delivery Programs.*
- 10** *That Council note, subject to resolution 9, that the completed IPART application forms will be submitted to IPART by 7 February 2022.*

2.1 Consideration of Submissions and Adoption of the Revised CSP, Delivery Program 2022-2025 (including Operational Plan 2022-23) and Resourcing Strategy, and Consideration of an SV Application (contd)

- 11 That Council note that the website will be updated with a link for community members to continue to provide feedback on the proposed SV application, while it is being assessed by IPART.**
- 12 That Council authorise the Chief Executive Officer to immediately proceed with the reduction in services, as listed in Table 2 of this report, should Council resolve not to apply to IPART to maintain the SV for a further 7 years after 30 June 2024**
- 13 That Council note a further exhibition of the following documents will occur in April 2022:**
- **Revised Community Strategic Plan**
 - **Delivery Program 2022-2025 (including Operational Plan 2022-23)**
 - **Resourcing Strategy**
 - **Fees and Charges 2022-23**
- 14 That Council note a Community Reference Group will be established for input into the Revised Community Strategic Plan and Delivery Program 2022-2025, and the feedback provided will inform the public exhibition in April 2022**

Report purpose

The purpose of this report is to:

- Consider submissions received during the public exhibition of the:
 - Draft Revised Community Strategic Plan
 - Draft Delivery Program 2022-2025 (including Operational Plan 2022-23)
 - Draft Resourcing Strategy, which includes the Long-Term Financial Plan, Workforce Management Strategy, and Revised Asset Management Strategy
 - Draft Fees and Charges 2022-23
- Detail the amendments to each of the documents as a result of submissions or due to other means
- Recommend the adoption of the following documents:
 - Revised Community Strategic Plan – Attachment 1 and 2

2.1 **Consideration of Submissions and Adoption of the Revised CSP, Delivery Program 2022-2025 (including Operational Plan 2022-23) and Resourcing Strategy, and Consideration of an SV Application (contd)**

- Delivery Program 2022-2025 (including Operational Plan 2022-23) – Attachment 3
- Resourcing Strategy, which includes the Long-Term Financial Plan, Workforce Management Strategy, and Revised Asset Management Strategy – Attachment 4
- Fees and Charges 2022-23 – Attachment 5

- Present the outcomes of the comprehensive engagement program undertaken for the *Maintaining Services and Rates* as set out in Attachment 9

- Recommend that Council apply to IPART to maintain the temporary Special Variation of 15% (including the rate peg) for a further 7 years after 30 June 2024

Executive Summary

Exhibition of the Integrated Planning and Reporting (IP&R) documents

The following IP&R documents were publicly exhibited for a period of 31 days, from Wednesday 22 December 2021 to Friday 21 January 2022:

- Draft Revised Community Strategic Plan
- Draft Delivery Program 2022-2025 (including Operational Plan 2022-23)
- Draft Resourcing Strategy, which includes the Long-Term Financial Plan, Workforce Management Strategy, and Revised Asset Management Strategy
- Draft Fees and Charges 2022-23

During exhibition, Council received a total of 66 submissions across all the IP&R documents. Key items raised in those submissions included:

- Support for the Special Variation
- Objections to the Special Variation
- Suggestions / Comments on the overall CSP, including wording changes / inclusions to the Objectives, layout and format of the document
- Concerns for the service levels and need to ensure they are maintained
- Commentary on accountability and transparency
- Comments on alternative solutions / scenarios
- General queries / comments on Council functions
- Request for projects to be brought forward or for additional projects and activities to be included

2.1 **Consideration of Submissions and Adoption of the Revised CSP, Delivery Program 2022-2025 (including Operational Plan 2022-23) and Resourcing Strategy, and Consideration of an SV Application (contd)**

- Questions and comments of Fees and Charges to be included or reduced / restructured

A summary of those submissions and whether amendments have been made to the documents as a result, is detailed in Appendix 5 of the Consultation Summary Report (Attachment 9). As a result of submissions received during public exhibition and internal review, a table of amendments is detailed in Attachment 10.

A number of minor amendments are proposed to Fees and Charges 2022-23. These amendments are minor typographical changes, editorial corrections and clarifications that do not require re-exhibition. These are contained in Attachments 6 and 7. Attachment 8 details those fees that will need to be exhibited due to a change in the fee amount or where a new fee is being proposed. These fees will be exhibited in April 2022.

Community Awareness and Engagement Program

The community awareness and engagement program for the *Maintaining Services and Rates* initiative was conducted from 28 September to 21 January 2022. The consultation was undertaken via two phases:

- **Phase 1 – Community awareness and information.** This included issuing newsletters, media releases, setting up a dedicated web page, meeting with business and industry leaders and community group members to detail the proposal and consultation process
- **Phase 2 – Consultation.** This included a representative community telephone and online survey to explore usage and satisfaction in services and whether future investment should be more / same / less; and identification of services that could be reduced, if they needed to be.

During this time 71 submissions / queries were received via the *Maintaining Services and Rates* engagement page on Council's website. These were categorised as:

- Objection to the Special Variation
- Support for the Special Variation
- General enquiries / comments on Council functions, such as:
 - Rate Harmonisation
 - CEO / Senior staff remuneration
 - Accountability and transparency
 - Public Inquiry
 - Amalgamation

2.1 **Consideration of Submissions and Adoption of the Revised CSP, Delivery Program 2022-2025 (including Operational Plan 2022-23) and Resourcing Strategy, and Consideration of an SV Application (contd)**

- Question about the community engagement program
- Specific enquiries about projects or other Council initiatives / matters
- Affordability

Details of the survey results, workshops, community reference group inputs, and a summary of submissions / queries and Council's response is detailed in the Consultation Summary Report, as per Attachment 9.

Background

Council resolved at its Extraordinary Meeting of 28 September 2021 the following:

241/21 Resolved

- 1 That Council endorse the making of an application to the Independent Pricing and Regulatory Tribunal to maintain the Special Variation (SV) increase that was implemented in the 2021-22 year for another 7 years.*
- 2 That the funds raised from this Special Variation are to continue to fund the financial commitments that enabled Council's financial sustainability.*
- 3 That Council notify IPART accordingly.*
- 4 That Council staff update the integrated planning and reporting documents with information relevant to the proposed SV application.*
- 5 That Council staff undertake community consultation in relation to service levels to inform the proposed SV.*
- 6 That Council undertake recruitment of a representative sample, of randomly selected rate payers, to participate in a Community Reference Group in relation to the proposed SV application to commence by late October 2021.*
- 7 That a budget of \$150,000 be set aside from general ledger 10.11202.870030.000.00000 to fund the community engagement program.*

Further to the above, Council resolved at its Extraordinary Meeting on the 20 December 2021 the following:

320/21 Resolved

2.1 Consideration of Submissions and Adoption of the Revised CSP, Delivery Program 2022-2025 (including Operational Plan 2022-23) and Resourcing Strategy, and Consideration of an SV Application (contd)

- 1 *That Council endorse the following documents for the purposes of public exhibition from Wednesday 22 December 2021 to Friday 21 January 2022 and invite public submissions in accordance with the Local Government Act 1993:*
 - *Draft Revised Community Strategic Plan (Attachments 1 and 2).*
 - *Draft Delivery Program 2022-2025 (including Operational Plan 2022-23) (Attachment 3).*
 - *Draft Resourcing Strategy, which includes the Long-Term Financial Plan, Workforce Management Strategy, and Revised Asset Management Strategy (Attachment 4).*
 - *Draft Fees and Charges 2022-23 – (Attachment 5).*

- 2 *That Council authorise the Chief Executive Officer to make appropriate amendments to the draft documents, to correct numerical or typographical errors.*

- 3 *That Council consider submissions and adoption of the following documents at a meeting of the Council on 3 February 2022 for the purpose of meeting IPART's requirements:*
 - *Draft Revised Community Strategic Plan.*
 - *Draft Delivery Program 2022-2025 (including Operational Plan 2022-23).*
 - *Draft Resourcing Strategy, which includes the Long-Term Financial Plan, Workforce Management Strategy, and Revised Asset Management Strategy.*
 - *Draft Fees and Charges 2022-23.*

- 4 *That Council note the Draft Micromex Research Report contained in Attachment 6, and that a final report is to be provided at a meeting of Council on 3 February 2022.*

This report responds to the above resolutions with community consultation undertaken, the Integrated Planning and Reporting (IP&R) documents developed and / or updated and public exhibition concluded.

This report provides details on the results of the community engagement program and consideration of submissions. The report also recommends:

2.1 Consideration of Submissions and Adoption of the Revised CSP, Delivery Program 2022-2025 (including Operational Plan 2022-23) and Resourcing Strategy, and Consideration of an SV Application (contd)

- The IP&R documents (which includes the Revised Community Strategic Plan, Delivery Program 2022-2025, Resourcing Strategy, and Fees and Charges 2022-23) are adopted;
- That Council apply to IPART to maintain the temporary Special Variation 15% (including the rate peg) for a further 7 years after 30 June 2024; and

Current Status

The following Integrated Planning and Reporting (IP&R) documents were publicly exhibited for a period of 31 days, from Wednesday 22 December 2021 to Friday 21 January 2022:

- Draft Revised Community Strategic Plan
- Draft Delivery Program 2022-2025 (including Operational Plan 2022-23)
- Draft Resourcing Strategy, which includes the Long-Term Financial Plan, Workforce Management Strategy, and Revised Asset Management Strategy
- Draft Fees and Charges 2022-23

Following exhibition, the final IP&R documents have been prepared and include:

- Amendments made as a result of submissions
- Amendments based on internal review
- Minor wording or corrections to provide better clarity

Appendix 5 of the Community Consultation Report (Attachment 9) details the summary of submissions and recommended changes as a result of these submissions. Attachment 10 details the amendments that have been made to the Delivery Program 2022-2025 and Resourcing Strategy, while Attachments 6 and 7 details the amendments to the Fees and Charges.

Presentation of these final documents is as follows:

- The final Revised Community Strategic Plan (CSP) is presented in Attachment 1 and 2 and should be noted that no further changes have been made as a result of submission or internal review.
- The final Delivery Program 2022-2025 (Including Operational Plan 2022-23) is presented in Attachment 3 and includes those amendments detailed in Attachments 10.
- The final Resourcing Strategy (which includes the Long Term Financial Plan, Asset Management Strategy and Workforce Management Strategy) is presented in Attachment 4 and includes those amendments detailed in Attachments 10.

2.1 **Consideration of Submissions and Adoption of the Revised CSP, Delivery Program 2022-2025 (including Operational Plan 2022-23) and Resourcing Strategy, and Consideration of an SV Application (contd)**

- Fees and Charges 2022-2023 is presented in Attachment 5 and includes those amendments detailed in Attachments 6 and 7.

A robust and comprehensive community engagement program was undertaken and known as the *Maintaining Services and Rates* initiative. This commenced from 28 September and concluded on 21 January 2022. Attachment 9 details the results of the community awareness and engagement program, including approach, submissions and queries received during this time, and the other activities undertaken, including the survey, workshops and community reference group meetings.

The Special Variation (SV) application is composed of two parts. Part A is a data excel workbook on the proposed temporary SV of 15% (including the rate peg) and Part B is a written submission. The written submission requires the following points to be addressed:

- Need for the variation
- Community awareness and engagement
- Impact on ratepayers
- Exhibition of IP&R documents
- Productivity improvements and cost containment strategies.

If Council is to apply to IPART to maintain the temporary Special Variation of 15% (including the rate peg) for a further 7 years after 30 June 2024, it must submit its application to IPART by the 7 February 2022.

Report

Amendments to the Integrated Planning and Reporting (IP&R) documents

Attachment 10 details the amendments that have been made to each of the IP&R documents since public exhibition and the reasons for the amendments.

Maintain SV Proposal

The purpose of the funds being sought under the proposed, Maintain Special Variation scenario is to repay the outstanding balance of the \$150 million in emergency loans obtained to resolve the financial crisis (noting that the repayment of loan principal occurs from the operating surplus line in Council's Income Statement, not from the SV revenue line) and to secure Council's financial sustainability by maintaining the current SV for a further seven years from 2024-25 onwards to 2030-31.

Maintaining the SV for a further seven years will allow Council:

2.1 Consideration of Submissions and Adoption of the Revised CSP, Delivery Program 2022-2025 (including Operational Plan 2022-23) and Resourcing Strategy, and Consideration of an SV Application (contd)

- To generate the necessary annual surplus required to meet the annual principal repayments of the \$150 million in emergency loans obtained to resolve the financial crisis.
- To secure Council's financial sustainability by maintaining the current level of services and to fund the ongoing maintenance of assets by addressing any deterioration of Council's existing asset base.
- To continue to embed productivity improvements across the organisation, which are necessary in order to continue meeting increased internal and external expectations within a heavily restructured organisation.
- To deliver key priorities as they get adopted in the future Community Strategic Plans and Delivery Programs.

Securing the current rate income for a further seven years means that Council can maintain the current service levels, as Council continues to find more service efficiencies and pay back the loans that are part of our financial recovery plan.

Council's Financial Recovery Plan put in place in October 2020 has been successfully executed and Council has met all major milestones and targets.

As outlined in Council's 2021-22 SV application on proposed actions, Council has:

- Implemented cost management measures including employee costs (\$30 million structurally removed within six months of which \$26.1 million is from Council's General Fund) and materials and contracts (\$20 million structurally removed of which \$13.6 million is from Council's General Fund) over the same period. Capped capital works programs at \$175 million annually, selling at least \$60 million in property assets, which is on track to be achieved.
- In addition, Council has made wholesale changes to the executive and management teams, implemented tighter budget management controls and delivered a vast array of productivity improvements.
- Council secured \$150 million in emergency loans to resolve the financial crisis and to reimburse the restricted funds that had been spent unlawfully on projects that the community had benefited from. These loans must be repaid within 10 years.

The results of the change are being felt across our community with expectations communicated and increases in representations from MPs on behalf of residents and requests for maintenance and improvements to the amenity of our suburbs, town

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centres, road reserves, and the development approval process. Our community have indicated that the level of service has dropped, whilst Managers and staff are seeking to deliver the same service more efficiently and finding productivity solutions, the reality is that sustaining such a dramatic reduction in a short period has inevitably impacted service levels.

Some members of the community communicated their expectation that Council needs to fix the financial mismanagement and deliver improved productivity and efficiency savings. However, \$120 million of the \$200 million restricted deficit was spent maintaining Water and Sewer service levels, that were not reimbursed by the community as a result of IPART’s determination and \$69 million was spent on additional capital projects that the community benefited from earlier than should have occurred.

The cost management measures delivered by Council made up 70% of what Council needed to do to satisfy the external lenders that Council’s finances were getting back on track. The other 30% came from the temporary 15% (including the rate peg) rate increase approved by the Independent Pricing and Regulatory Tribunal (IPART) in May 2021 and implemented from 1 July 2021 for three years only, expiring in June 2024.

Based on the immediate and long-term financial position of Council, if the SV does not proceed, significant service cuts to Council services will be required to commence immediately with a further reduction of \$14.5 million in employee costs and \$9.7 million in materials and services in 2024-25, as outlined in the Deteriorate scenario, to demonstrate to support requirements of the \$150 million in emergency loans.

The following table details the proposed service level changes, which was publicly exhibited in the Draft Delivery Program 2022-2025 on page 29 and in the Maintaining Services and Rates Brochure.

Table 1.

Service	CSP Theme	Proposed Service Level Change
<ul style="list-style-type: none"> Community Grants and Sponsorships Community Education 	Belonging	<ul style="list-style-type: none"> Reducing annual funding for some partnerships and community education programs Reducing community grants
<ul style="list-style-type: none"> Beach Safety 	Belonging	<ul style="list-style-type: none"> Reducing patrols at some beaches and baths
<ul style="list-style-type: none"> Multiple Services 	Responsible	<ul style="list-style-type: none"> Outsourcing some services to private operators
<ul style="list-style-type: none"> Community Facilities Management Parks and Playgrounds 	Liveable	<ul style="list-style-type: none"> Selling some community facilities, parks and reserves

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Service	CSP Theme	Proposed Service Level Change
<ul style="list-style-type: none"> • Visitor Economy 	Smart	<ul style="list-style-type: none"> • Reducing destination marking and tourism industry services and economic development services
<ul style="list-style-type: none"> • Parks and Playgrounds • Wharves and Jetties 	Liveable	<ul style="list-style-type: none"> • Removing some playgrounds, wharves and jetties
<ul style="list-style-type: none"> • Streetscapes 	Responsible	<ul style="list-style-type: none"> • Reducing roadside mowing in public area and laneways
<ul style="list-style-type: none"> • Town Centre and City Centre Management 	Smart	<ul style="list-style-type: none"> • Reducing contracted town centre services and placemaking activities
<ul style="list-style-type: none"> • Roads • Drainage Network • Shared Pathways 	Responsible Liveable	<ul style="list-style-type: none"> • Stopping proactive investigation and repairs of roads, drains, potholes, shared paths, footpaths
<ul style="list-style-type: none"> • Traffic Safety and Regulation 	Responsible	<ul style="list-style-type: none"> • Stopping proactive traffic management • Increasing response times for traffic and safety issues, approvals permits, signage and line marking
<ul style="list-style-type: none"> • Environmental and Sustainability Education 	Green	<ul style="list-style-type: none"> • Ceasing coordinating volunteer programs
<ul style="list-style-type: none"> • Waterways and Coasts 	Green	<ul style="list-style-type: none"> • Reducing water quality monitoring of rivers, waterways, beaches and estuaries • Changing the dredging program of The Entrance channel
<ul style="list-style-type: none"> • Customer Service • Communications 	Responsible	<ul style="list-style-type: none"> • Increasing wait times for customer, councillor, MP enquiries

Service reductions are difficult to manage across the range and diverse service portfolio of Council. The complexity is based on the diverse customer base that drives Council's service portfolio and the mix of mandatory and discretionary/essential drivers of a service.

As an indication over two thirds of Council's service portfolio is classed as discretionary/essential. The mandatory services are smaller in number but the mandatory costs are uncontrollable.

Application to IPART

Engagement and discussions on the Long Term Financial Plan and a potential SV application have been conducted through workshops with staff, briefings to the

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Administrator, discussion with banks and feedback received from community members or groups seeking support from Council or requests for more spending. From May 2021, following the IPART determination, and through to Council's decision to notify IPART of its intention to apply again in 2022-23 on 28 September 2021, ongoing dialogue of what can be done or is needed has ensued.

Both briefings and workshops have uncovered a variety of issues which have provided the background for Council to develop the proposal for the community's consideration and the application to IPART. These are:

- Productivity and efficiencies delivered to date and setting future targets
- Administrator briefings on Commercial Lenders concerns and likely impacts
- IPART determination for temporary SV for only 3 years and impact on LTFP
- Administrators "Submission in reply to public inquiry" dated 10 November 2021. This report presents timelines impacting Council, key points in relation to Council's financial situation and a number of recommendations
- Analysing alternative revenue streams
- Impact analysis of Council's infrastructure backlog which is likely to increase due to increased impact on operational load with no extra revenue source. The current infrastructure backlog sits at approximately \$166.6 million as at 30 June 2021 Of which \$50.1 million is attributed to General Fund infrastructure.
- Comparisons of Group 7 Council rate structures
- Comparisons of surrounding Council residential and other rating categories
- Business Unit Managers engaged on service level and cost containment strategies in development of service plans and budgets that inform Operational Plan and Delivery Program. Key efficiency measures built into the Long Term Financial Plan
- Productivity Improvement Plan developed, and costs savings reviewed.
- Analysis of the service delivery and program impacts, including the Workforce Management Strategy and Asset Management Strategy impacts of no SV beyond June 2024

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- Community consultation undertaken from December 2020 to February 2021 for the Securing Your Future program
- Previous Customer Experience Surveys undertaken in preceding years
- Community feedback on the proposed scenarios and expectations on service levels, as well as future investment in services and new assets.

With the need to address the restructure impacts from December 2020 through to June 2021, and to deliver an operating surplus, the direction to Council's leadership team is to identify opportunities for efficiencies and productivity gains to support the continued delivery of infrastructure and services to the community and to manage service levels. The outcome is seeking ways to reinvest these gains back into service delivery in the medium to longer term.

It is recommended that Council apply to IPART to maintain the temporary Special Variation of 15% (including the rate peg) for a further 7 years after 30 June 2024 based on the issues considered, analysis and actions already undertaken to address the financial sustainability and immediate risk and further impacts to current service levels, which is something the community told Council they don't wish to see.

Consultation

Exhibition of the Integrated Planning and Reporting (IP&R) documents

The following IP&R documents were publicly exhibited for a period of 31 days, from Wednesday 22 December 2021 to Friday 21 January 2022:

- Draft Revised Community Strategic Plan
- Draft Delivery Program 2022-2025 (including Operational Plan 2022-23)
- Draft Resourcing Strategy, which includes the Long-Term Financial Plan, Workforce Management Strategy, and Revised Asset Management Strategy
- Draft Fees and Charges 2022-23

These were publicly available on Council's online engagement platform (Your Voice Our Coast), with a page dedicated to each document (noting that the Draft Fees and Charges 2022-23 was provided under the Draft Delivery Program page). Hard copies were also available at Council's Wyong Administration Office and the Gosford Customer Service Centre.

During exhibition, Council received a total of 66 submissions across all documents. The results of the public exhibition is detailed in the table below.

2.1 Consideration of Submissions and Adoption of the Revised CSP, Delivery Program 2022-2025 (including Operational Plan 2022-23) and Resourcing Strategy, and Consideration of an SV Application (contd)

Table 2.

Document / Project	YVOC* visits	Max visits per day	YVOC document downloads	Submissions Received	
				YVOC	Other means (Ask / Post)
Revised Community Strategic Plan	35	7	105	14	2**
Delivery Program (including Operational Plan) and Fees and Charges	60	12	173	33	5**
Resourcing Strategy	26	6	69	12	0
Total:				59	7
				66 received in total	

* YVOC – Your Voice Our Coast (Council’s online engagement platform)

** 2 late submissions were received in total. These were accepted and considered along with all the submissions.

A summary of those submissions and whether amendments have been made to the documents as a result, is detailed Appendix 5 of the Consultation Summary Report (Attachment 9).

Council has had to unavoidably exhibit these IP&R documents over the December 2021 and January 2022 holiday period. However, given the importance of these documents and to ensure the community is able to view and have their say a further exhibition will occur in April 2022, with adoption to follow in June 2022. A Community Reference Group will also be established. This will help ensure that Council actively seeks advice and guidance from the community prior to the exhibition in April 2022. The contribution of the CRG members will ensure that the Revised CSP and Delivery Program 2022-2025 is appropriate, effective and focuses on the needs of the residents of the Central Coast.

Community Awareness and Engagement Program

A community awareness and engagement strategy for the special variation was developed.

The implementation of the strategy and program followed significant communication and engagement with the Central Coast community over the previous 12 months about Council’s financial crisis. Therefore, there was a very high rate of community awareness and interest in this proposal. and the background of Council’s financial situation.

In addition to surveys, stakeholder meetings and direct submissions, Council undertook a process to work with a Community Reference Group (CRG) who helped shape the messaging and information provided to the community. Both the CRG members and Council found the process invaluable to aid understanding of different viewpoints.

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Purpose of the CRG was not to measure whether participants supported a reduction in services or an SV extension, as this had been thoroughly quantitatively explored in the separate phone/online quantitative surveys.

Council commenced the process to seek community input around service levels and an SV proposal, following that feedback Council developed three (3) scenarios for consideration in the publicly exhibited draft Draft Delivery Program 2022-2025 (including Operational Plan 2022-23) and Draft Resourcing Strategy, which includes the Long-Term Financial Plan, Workforce Management Strategy, and Revised Asset Management Strategy. Information was gathered from seven sources:

- Community Reference Group (CRG)
- Business Leaders Roundtable
- Administrators Open Office Meetings
- Representative Phone Survey and Re-Contact Survey
- Follow-up survey to CRG participants
- Online Open survey on Your Voice Our Coast
- Written submissions.

Key take outs from the quantitative surveys were:

- Overall the quantitative surveys showed there was support for Council to maintain services, likewise this was the same with the open survey.
- Overall in the quantitative surveys there was division on the preferred solution to Council's financial situation. Respondents to the Opt-In Open survey were more likely than the Online Recontact respondents to prefer that Council reduce services in order to address Council's financial situation
- Differences in results between survey representative samples and opt-in respondents can be because opt-in respondents may have vested interest in the topic being surveyed, or heightened awareness. This is why Council decided to include an opt-in open survey as it was important to engage with these community members too.
- However again, the opt-in respondents were at odds, with a clear majority (between 70-72%) indicating on separate questions that overall, they want Council to invest the same/more in services.

Details of the three surveys are included in the Consultation Summary Report, as per Attachment 9, which includes appendices for each of the consultation activities noted above.

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As part of Phase 1, a Maintaining Services and Rates page was set-up through Council's online engagement platform, Your Voice Our Coast. During the awareness and engagement program, a total of direct customer queries were received, 47 of these were received between the 28 September 2021 and 21 December 2021, 18 were received between the 22 December 2021 and 21 January 2022 (i.e. the public exhibition of the Integrated Planning and Reporting documents), and 6 were received and accepted after the awareness and engagement program concluded. Formal responses have been provided back all 71 customer queries.

Details of the customer queries and response is included in Appendix 4 of the Consultation Summary Report (Attachment 9).

Financial Considerations

At its meeting held 19 October 2020, Council resolved the following:

1108/20 That any motions put before Council for the remainder of this term of Council that have financial implications require the Chief Executive Officer to provide a report on how those additional costs will be met.

The following statement is provided in response to this resolution of Council.

In May 2021, the Independent Pricing and Regulatory Tribunal (IPART) approved a 15% (including the rate peg) Special Variation (SV) for three years, starting from the 2021-2022 financial year. The final Delivery Program 2022-2025 (Attachment 3) provides a summary of the proposed budget of Council for 2022-2023 and the following two financial years. It should be noted that whilst the approved SV provides Council short term stability for three years, it does not provide for long term financial sustainability beyond 2024-25 and a further SV will be required.

The Maintain SV scenario in the table below assumes Council will apply and be awarded a temporary 15% SV (including the rate peg) increase for a further seven years at the expiration of the current three-year SV. The Deteriorate scenario in the table below assumes that Council is not awarded a temporary 15% SV (including the rate peg) and will need to make further structural reductions to employee costs of \$14.5 million and \$9.7 million materials and services to achieve the required surpluses to service the \$150 million in emergency loans. NB: Figures subject to rounding.

2.1 Consideration of Submissions and Adoption of the Revised CSP, Delivery Program 2022-2025 (including Operational Plan 2022-23) and Resourcing Strategy, and Consideration of an SV Application (contd)

Financial Summary	2022-23	2023-24	Maintain	Deteriorate
			SV Scenario	Scenario
	2024-25	2024-25		
	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Operating Income	636,496	641,388	649,909	625,696
Operating Expenditure *	596,733	605,292	617,542	593,395
Net Operating Result (excluding Capital Grants and Contributions)	39,763	36,076	32,367	32,301
Capital Grants and Contributions	81,530	62,425	57,565	57,565
Net Operating Result (including Capital Grant and Contributions)	121,293	98,521	89,932	89,866

* Includes net internal revenue and expense

Link to Community Strategic Plan

Theme 4: Responsible

Goal G: Good governance and great partnerships

R-G4: Serve the community by providing great customer experience, value for money and quality services.

Risk Management

The exhibition of the Integrated Planning and Reporting (IP&R) documents has complied with the requirements of the *Local Government Act 1993* and the relevant IP&R Guidelines. Submissions received during exhibition have been considered and included in this report, with any amendments included in the final documents (Attachments 1, 2, 3, 4 and 5).

It is considered that the Delivery Program 2022-2025 and Resourcing Strategy as per Attachment 3 details five scenarios, with the Maintain SV scenario ensuring a financially sustainable position.

The actions, projects and activities detailed in the Delivery Program 2022-2025 have been considered based on budget and resourcing. The inclusion of these respond to the Community Strategic Plan and are in best interest of the Central Coast community.

2.1 Consideration of Submissions and Adoption of the Revised CSP, Delivery Program 2022-2025 (including Operational Plan 2022-23) and Resourcing Strategy, and Consideration of an SV Application (contd)

The Fees and Charges 2022-23, as per Attachment 5, have been carefully considered and based on benchmarking, service levels, cost increases and other relevant factors deemed to be reasonable.

Council's emergency loan repayment proposal was predicated on securing the 15% SV (including the rate peg) for 10 years, alongside property sales, \$30 million in employee cost savings and \$20 million in material and services savings from structural changes over those 10 years.

Council's \$150 million in emergency loans are scheduled for refinancing in this order:

- The \$100 million emergency loan comes up for refinancing in December 2023, while
- The \$50 million emergency loan comes up for refinancing in November 2025.

Any SV approvals that are of temporary nature and end before 2030-31 place Council's financial sustainability at immediate risk because Council will not be able to generate the operating surpluses required to meet the \$110 million in principal repayments without another significant organisational restructure, which will further stop or reduce many of the current service levels, which is something the community told us they don't wish to do.

If Council is to apply to IPART to maintain the temporary Special Variation of 15% (including the rate peg) for a further 7 years after 30 June 2024, it must submit its application to IPART by the 7 February 2022. Not proceeding to this deadline would mean delaying for the 2023/24 financial year submissions cycle to open and additional modelling and community consultation costs.

Options

Integrated Planning and Reporting Documents

- 1 Adopt the Revised Community Strategic Plan, Delivery Program 2022-2025, Resourcing Strategy and Fees and Charges 2022-23 as set out in Attachments 1, 2, 3, 4 and 5. The draft IP&R documents have been publicly exhibited. Submissions have been considered and a number of amendments have been made as a result, as well as other necessary amendments through internal review. The final Revised Community Strategic Plan, as presented in Attachment 1 and 2, acknowledges the community's sentiment on the financial situation and reflects Council's responsibility. The final Delivery Program 2022-2025, as presented in Attachment 3, is a responsible and fair plan, that will continue to deliver a range of projects, programs and actions to the community. The final Resourcing Strategy, as

2.1 **Consideration of Submissions and Adoption of the Revised CSP, Delivery Program 2022-2025 (including Operational Plan 2022-23) and Resourcing Strategy, and Consideration of an SV Application (contd)**

presented in Attachment 4, considers five scenarios, with the Maintain SV scenario ensuring that Council will continue to deliver a range of projects, programs and actions to the community within its money, people and assets. The final Fees and Charges 2022-2023, as presented in Attachment 5, are reasonable and have been carefully considered based on benchmarking, service levels and other relevant factors. **This is the recommended option.**

- 2 Resolve not to adopt the Revised Community Strategic Plan, Delivery Program 2022-2025, Resourcing Strategy and Fees and Charges 2022-23. If Council resolves to apply for an SV, failure to adopt the IP&R documents will impact on the application process and IPARTs consideration of an SV. This is not the recommended option.

Application to IPART

- 3 Resolve to apply to IPART to maintain the temporary Special Variation of 15% (including the rate peg) for a further 7 years after 30 June 2024 to enable Council:
 - To generate the necessary annual surplus required to meet the annual principal repayments of the \$150 million in emergency loans obtained to resolve the financial crisis.
 - To secure Council's financial sustainability by maintaining the current level of services and to fund the ongoing maintenance of assets by addressing any deterioration of Council's existing asset base.
 - To continue to embed productivity improvements across the organisation, which are necessary in order to continue meeting increased internal and external expectations within a heavily restructured organisation.
 - To deliver key priorities as they get adopted in the future Community Strategic Plans and Delivery Programs. **This is the recommended option.**
- 4 Resolving not to proceed with the IPART application to maintain the SV for a further 7 years after 30 June 2024 will result in the need for Chief Executive Officer to immediately proceed with a restructure and a reduction in services across the service areas as identified in this report

Critical Dates or Timeframes

If Council resolves to apply for an SV, the application to IPART is due to be submitted by 7 February 2022. Not proceeding to this deadline would mean delaying for the 2023-24 financial year submissions cycle to open and additional modelling and community consultation costs.

2.1 Consideration of Submissions and Adoption of the Revised CSP, Delivery Program 2022-2025 (including Operational Plan 2022-23) and Resourcing Strategy, and Consideration of an SV Application (contd)

Attachments

1	Revised Community Strategic Plan	Provided Under Separate Cover	D15025547
2	Summary of Revisions to the Community Strategic Plan	Provided Under Separate Cover	D15025551
3	Delivery Program 2022-2025 (including Operational Plan 2022-23)		D15028456
4	Resourcing Strategy		D15028473
5	Fees and Charges 2022-23	Provided Under Separate Cover	D15021317
6	Amendments to the Fees and Charges (non-discretionary)	Provided Under Separate Cover	D15021316
7	Amendments to the Fees and Charges (typographical)	Provided Under Separate Cover	D15021315
8	Fees and Charges proposed for Exhibition	Provided Under Separate Cover	D15021310
9	Consultation Summary - Maintaining Services and Rates January 2022	Provided Under Separate Cover	D15025537
10	Amendments to the IP&R documents post Exhibition	Provided Under Separate Cover	D15025556