







## Financial Sustainability Update

Quarter 1, 2023-24

## Financial Sustainability Program – Quarter 1, 2023-24



Code	Theme	Program	Initiative	Outcome	Status	Comments
FSP-1	Delivering Best Value to our Community	Asset management	Implementation of actions identified within Council's adopted Strategic Asset Management Plan (SAMP)	Better asset management practices that lead to improved financial performance, better asset decision making, a decrease in risk, an improvement in service outcomes, and therefore maximising the assets contribution to the community		<p>Asset Management System deployment is continuing in conjunction with the development and configuration of Assetic Works Management System. Phase 1 workshops have been held with operational staff to determine business requirements and final system configuration.</p> <p>The redevelopment of the Reflect Maintenance &amp; Inspection management system for roads and bridges is now deployed and being used operationally.</p> <p>A major data improvement project has commenced involving the infield data capture and condition assessments of council's stormwater drainage network. This project is expected to continue for the next 12 -18 months.</p>
FSP-2	Delivering Best Value to our Community	Community surveys	Future community surveys have an expanded focus on financial sustainability and associated impacts	Community survey feedback provides meaningful input into the development of future of Financial Sustainability Programs		<p>Community research has been completed and the results are informing future actions including the SRV investigation project.</p>

**Legend**


Code	Theme	Program	Initiative	Outcome	Status	Comments
FSP-3	Delivering Best Value to our Community	Development Contribution Plans	Develop rolling program of review and refinement of Developer Contribution Plans to ensure future development pays for growth related infrastructure.	Developer Contribution Plans are in place, up to date and balance the future costs of asset provision between the existing and future populations		<p>Draft Kempsey Local Infrastructure Contributions Plan went to the 27 June 2023 Ordinary Council meeting where it was adopted by resolution. The plan came into effect on 7 July 2023.</p> <p>A developer contributions register project is looking at products that provide whole of life process and workflow for developer contributions management.</p>
FSP-4	Delivering Best Value to our Community	Organisational structure	Undertake a review of the organisational structure	Council's organisational structure balances the objectives of delivering services to the community at the cost, quality and frequency they desire, and support the health, well-being and overall engagement of Council's employees, while being financially affordable		<p>An initial review of the organisational structure has been undertaken.</p> <p>Changes to the Corporate &amp; Commercial directorate have been implemented. These changes resulted in reporting line changes only which will improve service delivery outcomes but will not result in any material financial savings.</p> <p>A third directorate has been created to provide the required focus on water and sewer capital projects and Council's waste management services.</p> <p>Further incremental reviews of the organisational structure will continue as required.</p>



**Legend**

-  Completed
-  Commenced
-  Deferred
-  Behind Schedule
-  Not Started

Code	Theme	Program	Initiative	Outcome	Status	Comments
FSP-5	Delivering Best Value to our Community	Procurement & Contract Management	Develop a procurement strategy to support sustainable service delivery, reduction in 3rd party costs and improved supplier relationships	Improved supplier relationships and management, and reduced procurement and contract management risks, while driving down 3 <sup>rd</sup> party spend		<p>Council has adopted a new Procurement &amp; Contract Management Framework that has been designed specifically for NSW Local Government by ArcBlue.</p> <p>The framework has now been implemented and a new Sustainable Procurement and Contract Management Policy has been introduced. Accompanying streamlined procedures, user-friendly guidelines, and easy to use templates are now being developed, as well as an overall Sustainable Procurement Strategy. Procurement categories and spend has been analysed to identify potential panel contracts that can be implemented to reduce purchasing risk with no contract in place.</p>
FSP-6	Delivering Best Value to our Community	Service reviews	Development and implementation of a prioritised service review framework	A service review process that ensures service delivery is undertaken in the most efficient and effective manner, demonstrating value for money to the community		A framework, toolset and prioritised list of services has been drafted. The first pilot service review will not be completed until 2023-24 due to resource limitations.


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Code	Theme	Program	Initiative	Outcome	Status	Comments
FSP-7	Delivering Best Value to our Community	Special Rate Variation (SRV)	Commence planning for a SRV application to IPART to address Council's underlying financial sustainability issues	A detailed SRV report, detailing available options including potential rate rises and/or service reductions is reported to Council		<p>Council approved the investigation of a SRV at its April 2023 meeting.</p> <p>A report is being tabled in November 2023 with a recommendation for Council regarding whether to submit a SRV application or not.</p> <p>The project has now completed the investigation phase. Extensive community engagement has taken place over the last few months to ensure the community is aware of a potential SRV and to inform them of why it is required.</p> <p>Please see the SRV Council report for more information and associated recommendation(s) regarding this item.</p>
FSP-8	Excellence in Financial Management	Corporate governance	Audit, Risk & Improvement Committee (ARIC) scope is extended to include an increased focus on longer term financial sustainability outcomes	ARIC plays an active governance role in the delivery of Council's Financial Sustainability Program		<p>A paper was tabled at the October 2023 ARIC meeting outlining Council's improved financial governance and reporting as well as its current financial sustainability issues.</p> <p>A link to the full Council quarterly Corporate Performance report, of which this is one of the attachments, is also provided to ARIC quarterly to enable greater oversight by ARIC of financial sustainability issues and initiatives.</p>



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Code	Theme	Program	Initiative	Outcome	Status	Comments
FSP-9	Excellence in Financial Management	Financial management	Continuous improvements are made to Council's budgeting and forecasting processes	Surplus budgets are progressively worked towards; the capital program is sized appropriately to meet the capability and capacity of the workforce; and asset renewal and maintenance is prioritised over new builds within the budget in accordance with the Strategic Asset Management Plan.		<p>Strong budgeting and forecasting governance is now embedded in the organisation.</p> <p>The next phase is to develop rolling capital programs based on asset management data and integrate program size and timing with resource planning.</p>




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Code	Theme	Program	Initiative	Outcome	Status	Comments
FSP-10	Excellence in Financial Management	Grants	Grant funding strategy, policy and framework is developed to clearly align with long-term financial sustainability objectives	All grant applications are prioritised, align with adopted Delivery Programs and Operational Plans, consider impact on the LTFP and are approved by ELT, and where required Council, prior to submission		<p>This item only started this calendar year and is behind schedule due to resourcing availability and annual financial statements commitments.</p> <p>A working group has been established that has identified gaps to be addressed. A work breakdown structure has been developed and some tasks have already been completed.</p> <p>A dedicated resource is focussed on financial year end to ensure grants are accounted for correctly and accurately including their impact on Council's cash reserves at 30 June 2023.</p> <p>Furthermore, a grants framework and procedures are being reviewed with the aim of rolling them out across Council during the 2023-24 year to achieve the required outcomes for this initiative.</p>
FSP-11	Excellence in Financial Management	Treasury management	Establish and adopt a Restricted Assets policy	An appropriate level of cash and reserves is available to fund working capital requirements and internally restricted reserves are supported by Council resolutions to ensure optimal use of available cash		<p>This item has not yet commenced as the structural changes that were implemented (refer FSP-4 above) temporarily impacted resourcing. The recent recruitment of the Group Manager Corporate Services and Finance Manager will allow this initiative to commence in the 2023-24 year</p>

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Code	Theme	Program	Initiative	Outcome	Status	Comments
FSP-12	Excellence in Financial Management	Treasury management	Develop a Debt Policy outlining how debt will be used, linking intergenerational equity and the consumption of assets across the useful life	The use of debt is understood and accepted by Council and the community as a way of funding long term assets that are consumed by current and future residents, thereby balancing asset costs across generations		As per FSP-11 above this is expected to commence in the 2023-24 year.
FSP-13	Excellence in Financial Management	Treasury management	Develop an Investment Strategy that outlines how Council will invest available resources	Investment strategy is developed that maximises the investment returns to Council		As per FSP-11 above this is expected to commence in the 2023-24 year
FSP-14	Striving to Deliver Better Practices	Innovation portal	Develop and implement an innovation portal to allow capture and refinement of business improvement initiatives from staff across the organisation, inclusive of cost reduction opportunities.	Innovation is seen as a key attribute across Council, staff are empowered to identify and nominate improvement opportunities and the improvements are delivering value across the organisation.		Innovation portal development and implementation is scheduled for 2023-24.

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FSP-15	Striving to Deliver Better Practices	Own source revenue	Investigate opportunities for new and increased own source revenue streams	New or increased own source revenue streams are identified and subject to assessment and appropriate approval processes implemented to increase income and reduce the operating deficit	<p>No change to the below comments from last quarter.</p> <p>Sub initiatives achieved to date:</p> <p>Outsourcing of the saleyards.</p> <p>Installation of solar on the civic centre and Slim Dusty Centre will reduce future energy costs.</p> <p>Holiday Park business improvements include the rationalisation of annual licences and a diverse product range, designed to increase revenue earnings from the parks.</p> <p>The holiday park capital improvement program continues to progress and is achieving increased revenue as evidenced with the new cabins at the Crescent Head Holiday Park.</p> <p>A waste services review and long-term strategy options have commenced to improve the efficiency and productivity of the waste management centre.</p> <p>A detailed review of Council's property rental procedure has been completed which will achieve rental equity amongst community groups and market-based rental for commercial operators.</p> <p>Renegotiation of 2 x leases have resulted in material income increases.</p>
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**Legend**



Completed



Commenced



Deferred



Behind Schedule




Not Started

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						<p>Cemeteries Strategy has now been completed which resulted in fee structure being reconfigured to better meet 'in perpetuity' costs.</p> <p>The Water and Sewer business is being assessed through the IWCM (Integrated Water Cycle Management) project.</p>

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Code	Theme	Program	Initiative	Outcome	Status	Comments
FSP-16	Striving to Deliver Better Practices	Project Management	Embed the Project Management Office (PMO) and improve project management outcomes across the organisation	Improved project management resulting in the delivery of projects on time, within budget and to the quality standard required		<p>The PMO now consists of a team of nine, who are working to a consistent project management framework and procedures.</p> <p>Excellent project outcomes have already been delivered such as the Armidale Road slips work, new or refurbished community buildings, improvements in holiday park infrastructure, as well as advances in the large ~\$250M water and sewer program.</p> <p>Other infrastructure projects and programs not directly within the PMO are also being monitored and reported on a monthly basis including the ~\$25M Fixing Country Bridges program, the waste cell construction, the airport program and sports related construction projects.</p> <p>A monthly portfolio report of the above is being produced and presented at the ELT meetings providing oversight of these major capital works projects.</p> <p>The next phase is to refine the Project Management Framework and roll it out more broadly across all other infrastructure projects in Council.</p>

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