CITY OF ADELAIDE

CITY FINANCE AND GOVERNANCE COMMITTEE
AGENDA & REPORTS
for the meeting

Tuesday, 18 April 2023
at 5.30 pm

in the Colonel Light Room, Adelaide Town Hall

Members – The Right Honourable the Lord Mayor, Dr Jane Lomax-Smith

Councillor Dr Siebentritt (Chair)

Councillors Abrahimzadeh, Couros, Davis, Elliott, Giles, Hou, Li (Deputy Chair), Martin, Noon and Snape

1. **Acknowledgement of Country**

At the opening of the City Finance and Governance Committee meeting, the Chair will state:

'Council acknowledges that we are meeting on traditional Country of the Kaurna people of the Adelaide Plains and pays respect to Elders past and present. We recognize and respect their cultural heritage, beliefs and relationship with the land. We acknowledge that they are of continuing importance to the Kaurna people living today.

And we also extend that respect to other Aboriginal Language Groups and other First Nations who are present today.'

2. **Apologies and Leave of Absence**

Nil

3. **Confirmation of Minutes - 21/3/2023**

That the Minutes of the meeting of the City Finance and Governance Committee held on 21 March 2023, be taken as read and be confirmed as an accurate record of proceedings.

4. **Workshops**

5. **Closure**

Strategic Plan Review

Committee Workshop

Strategic Alignment - Enabling Priorities

Public

Tuesday 18 April 2023

City Finance and Governance Committee

Presenter: Bree Goodchild

PURPOSE OF WORKSHOP

1. Outline the draft Strategic Plan Review project plan, deliverables and timeframes

2. Demonstrate the delivery of the Strategic Plan Review and how this will inform future Business Plan and Budgets

3. Provide example outputs for Elected Member consideration

4. Seek preliminary feedback from Elected Members about the approach and aspects of developing the Strategic Plan

KEY QUESTIONS

Do Council members have any feedback they would like to share at this early stage of Strategic Plan development?

- END OF REPORT -

Strategic Plan Review

Committee Workshop

18 April 2023

Attachment A

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Workshop Purpose & Content

Workshop Purpose

1. Outline the draft Strategic Plan Review project plan, deliverables and timeframes
2. Demonstrate the delivery of the Strategic Plan Review and how this will inform future Business Plan and Budgets
3. Provide example outputs for Elected Member consideration
4. Seek preliminary feedback from Elected Members about the approach and aspects of developing the Strategic Plan

Workshop Content

1. Purpose of a Strategic Plan
2. The Strategic Management Framework
3. Content & Structure of a Strategic Plan
4. Facilitating Development of the Strategic Plan
5. Proposed Timeline

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Key Question

What feedback would Members like to share at this early stage of Strategic Plan development?

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Purpose of a Strategic Plan

Council's Strategic Plan is one of the key documents of Council's Strategic Management Plans as required by the Local Government Act 1999.

The Strategic Plan provides a clear position on the direction that Council will prioritise for the community for at least the next 4 years.

A Strategic Plan enables Council to transparently:
1. Set a long term vision which takes note of emerging opportunities, issues and risks
2. Communicate its vision and focus to the community
3. Establish objectives, targets, measures and outcomes to be achieved
4. Create a framework to ensure the organisation delivers the plan
5. Regularly monitor, report and refine the delivery of the vision

The application of the Strategic Plan enables Council to effect change and future proof the community, city and organisation

A Strategic Plan can include measures of performance against commitments, then set adjustments based on various risks and opportunities

Local Government Act 1999
Chapter 8 – Administrative and Financial Accountability

Section 122 requires:

(1) A council must develop and adopt plans (which may take various forms) for the management of its area, to be called collectively the *strategic management plans*, which articulates:

- How Council will work with and relate its objectives to other Councils, State and Federal Governments
- How council will give consideration to, plan for and deliver on regional, state and national objectives relating to services relevant to the economic, social, physical and environmental development and management of its area

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Strategic Management Framework – A Related Deliverable

Strategic Management Framework

To meet legislative requirements, alongside the Strategic Plan review, the City of Adelaide has commenced the review of its Strategic Management Framework. This includes our approach to the:

- Long Term Financial Plan
- Asset Management Plans
- Service Delivery and Program Plans
- Business Plan and Budget
- Performance Assessment and Reporting
- Research and Insights
- Engagement and consultation
- Endorsed Strategies, Plans and Policies

Current State
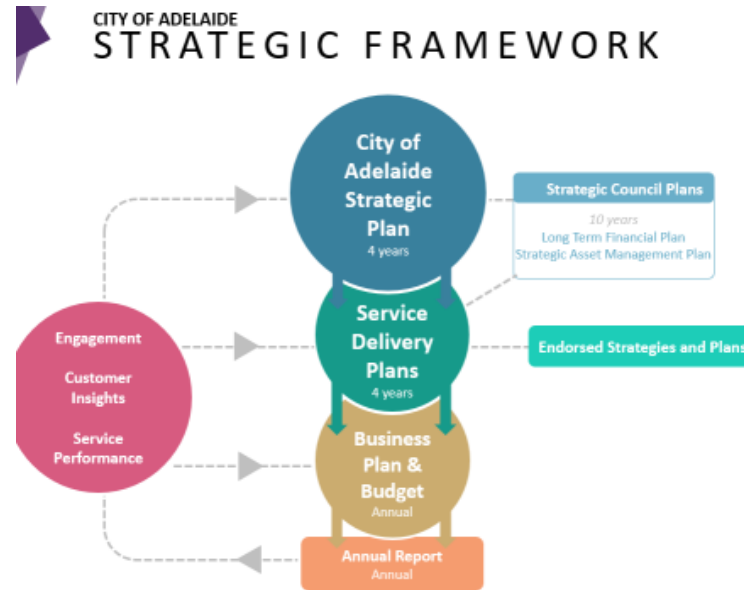
Future State

1. A revised **Strategic Management Framework** that integrates existing strategic documents and provides greater rigour for line of sight from strategic direction through to operational practice, including embedding strategy into service provision with clear monitoring and performance reporting.

2. A revised **Strategic Plan** which meets statutory requirements and provides improved direction on strategies priorities and measuring success, including streamlining and integrating plans.

3. A new **City Plan** which is in development to inform future spatial outcomes of the city.

4. A new **Corporate Plan** is proposed to support the CEO in steering Administration to deliver on Council's Strategic Plan.

Content of a Strategic Plan

The structure of a Strategic Plan will traditionally include:

(Note the concepts can be labelled differently depending on Council preference)

- **Message from the Lord Mayor**
- **Description of the City, demographics and characteristics**
- **Legislative requirements and Councils Strategic Management Framework**
- **Vision Statement** – brief description of the long term goal, aspirational in nature based on achievable deliverables
- **Outcomes, Themes and/or Statements** – the descriptor of what will be focused on to create community benefit, achievement or change in the knowledge, attitudes, skills or behaviours we expect to achieve the vision statement. They should be measurable and realistic/achievable.
- **Indicators of Success** – the narrative or descriptions (qualitative) of how we will know we have achieved the intention of the outcome and vision statement.
- **Targets** – what is the measure which we will work towards to know we have achieved – usually expressed as a number. Should be smart, measurable, achievable, realistic and time bound.
- **Measures** (including baseline data) – the quantitative method used to track and determine success or indicate if we have achieved the intention of the outcome and vision statements.
- **Monitoring, review and reporting cycles and actions**
- Other inclusions as required by Council (for example, corporate priorities, values, specific key projects, methods of delivery etc)

Facilitating Development of the Strategic Plan

Members will be guided through the process of developing the Strategic Plan in a number of ways:

'State of the City' Report & Workshops

Members will be provided with data and reports to provide a thorough understanding of the current & future state of the city. The State of the City reports will enable Council to understand how the city is currently tracking and provide scenarios to demonstrate how the city will evolve over time based on data. This will enable a foundation for evidenced-based decision-making on the vision and focus areas for the Plan and will include:
- City demographics, data, research and insights
- Projections and related external plans
- External scans of environment from a number of themes and perspectives

There are a number of considerations and complexities that are unique to being a Capital City Council, including balancing multiple objectives to reflect state and federal plans. These will feature as part of this review.

Multiple Community Consultation and Engagement activities

Two distinct engagement periods are proposed for the development of this Strategic Plan:
- Initial engagement to obtain broad community input, which will inform the development of the Plan
- Once a draft Strategic Plan is developed, a second, more targeted engagement exercise will seek community feedback on the proposal

A number of engagement methods to drive participation will be included in each phase

Facilitated workshops with Members

To deliver a Strategic Plan before the next Business Plan & Budget cycle, a number of workshops and discussions need to be facilitated. It is expected some will need to be outside the standard Committee/Council meeting cycle.
Administration will use these discussions to gather thoughts and develop draft Plans to submit to Members for feedback and review in an iterative process

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Proposed Project Timeline

Based on an intent to adopt a Strategic Plan prior to the next Annual Business Plan & Budget process

November/December/January/February	March	April	June	July	August	August	September	October	November
Strategic Management Framework	**Finances, Services, & Assets Discussion**	**Proposed Project Approach and Preliminary structure**	**State of the City data and presentation**	**Vision and Preliminary Themes** **Engagement with Community**	**Refining Strategic Plan and impact on Strategic Management Framework**	**ADOPT Pre Engagement Feedback**	**ADOPT Draft for Community engagement**	**ADOPT Community Engagement Feedback**	**ADOPT Final Document**
30 Nov, 24 Jan, 7 and 20 Feb	**4 March**	**18 April**	**20 and 27 June**	**11 and 18 July** Engage 14 July -11 Aug	**15 and 22 August**	**22 August**	**12 September** Engage 15 Sept–13 Oct	**24 Oct or 7 Nov**	**22 November**
Elected Member Portal, Training and Workshops	Elected Member Portal, Training and Workshops	Elected Member Portal, Training and Workshops	Elected Member Portal Committee Workshop/ Council Decision	Elected Member Portal Committee Workshop and Council Decision	Committee / Council Decision	Committee / Council Decision	Council Decision	Council Decision	Committee / Council
Workshops Focus	**Workshop Focus**	**Workshop Focus**	**Workshop Focus**	**Workshop Focus**	**Workshop Focus**	**Meeting Focus**	**Workshop Focus**	**Meeting Focus**	**Meeting Focus**
Introduction to: • Strategy, Finance and Assets • Strategic Plan and Services • Strategic Management Framework • Research and Engagement	Introduction to: • Services and Program Plans • Asset Management Plans and Capital projects • Budgets, revenue, borrowings and debt • Long Term Financial Plans	Provision of the proposed Strategic Plan project approach and timelines Community Engagement discussion	Administration to present data, insights and analysis on the city that will support planning for strategic outcomes. Early discussion on key themes/focus areas	Vision & theme development discussions Endorsement of initial community engagement approach	Refine Vision and Themes Discuss Key Actions or Measures Endorse structure for the Strategic Plan and seek input including measures and review. Council feedback on: service, program, finance and asset impact of strategic plan	Consider community feedback and analysis Adopt engagement feedback and consider how this impacts Strategic Plan	Further refine the Vision, Themes, Key Actions and Measures as a result of feedback Endorse the Draft Strategic Plan for Community Consultation from 15 September to 13 October	Consider community feedback and analysis Adopt engagement feedback and consider how this may impact the formation of the Strategic Plan Discuss the impact of proposed changes to Strategic Plan Draft based on community feedback	Council feedback and endorsement of the Final Draft Strategic Plan
		*Administration will continue with Project delivery in May	*Likely to require out of session workshop	*Likely to require out of session workshop	*Likely to require out of session workshop		*Likely to require out of session workshops		

Key Question

What feedback would Members like to share at this early stage of Strategic Plan development?

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Next Steps

- Incorporate Committee Workshop feedback into project planning and timeline

- Develop inputs for 'State of the City' data analysis and workshops

- Continue progressing related projects while being mindful of the Strategic Plan project timeframes, such as the Business Plan & Budget, Long Term Financial Plan, City Plan & policy reviews

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Community Engagement Review

Committee Workshop

Strategic Alignment - Enabling Priorities

Public

Tuesday 18 April 2023
City Finance and Governance Committee

Presenter: Bree Goodchild

PURPOSE OF WORKSHOP

This workshop seeks feedback from Members on desired changes in our approach to engaging and consulting with our community, to help shape the development of a revised Community Engagement Framework, Strategy and Policy.

KEY QUESTIONS

What changes would Members like to see in the way CoA conducts community engagement?

- END OF REPORT -

Enabling
Priorities

Community Engagement Review

18 April 2022

CITY OF ADELAIDE

Workshop Purpose

This workshop seeks feedback from Members on desired changes in our approach to engaging and consulting with our community, to help shape the development of a revised Community Engagement Framework, Strategy and Policy.

Workshop Content

1. **Roles and responsibilities**

   Our legislative requirements and current strategic framework

   The IAP2 Public Participation Framework

2. **Current state analysis**

   ▪ The City of Adelaide context

   ▪ The 'Your Say' online platform

   ▪ Strengths & Opportunities

3. **Council Case Studies**

   ▪ Approaches to conducting community engagement in other Councils

4. **Next Steps**

   ▪ How we will engage Members during the process

Glossary

Policy: The purpose of the Community Consultation Policy is to ensure we meet our legislative requirements, outline our approach and commitment to community engagement and provide a high level guide.

Engagement Framework: The City of Adelaide's Community Engagement Framework is a guide for engaging with the community and provides a structured approach to engaging with the community, with the aim of creating opportunities for dialogue, collaboration, and co-design, whilst being transparent and inclusive.

Community Engagement Strategy: The Strategy aims to provide a best practice approach in all community engagement activities. The Engagement Strategy ensures both stakeholders and the community have the opportunity to provide feedback and inform the decisions made by Council.
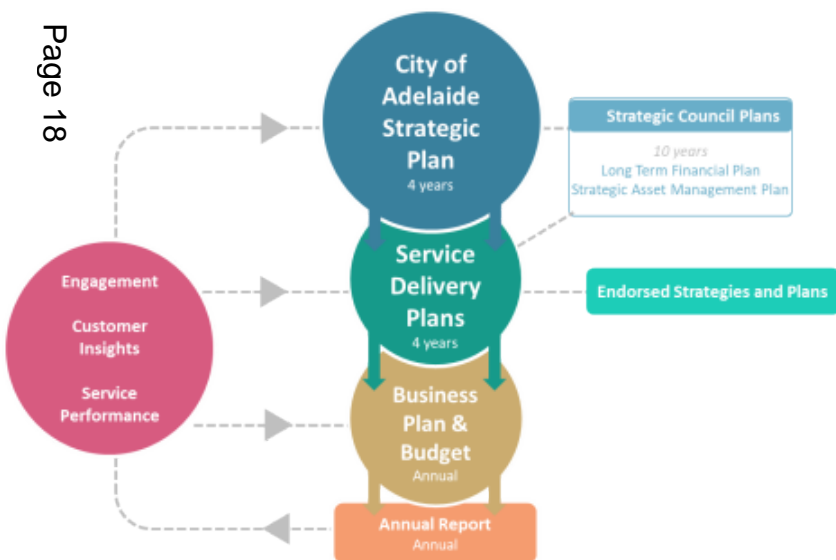
Key Question

What changes would Members like to see in the way CoA conducts community engagement?

Roles and Responsibilities

Our legislative requirements and current strategic framework

The Local Government Act 1999 sets out the requirement for Councils to have a public consultation policy (section 50).

50(2)   A public consultation policy—

(a)   must set out steps that the council will follow in cases where this Act requires that a council must follow its public consultation policy; and

(b)   may set out steps that the council will follow in other cases involving council decision-making.

Consultation is an essential part of Council's Strategic Management Framework. The reform of the Local Government Act 1999 requires the development of a standard Community Engagement Charter for Councils (which the City of Adelaide will adhere to once the Charter is gazetted).

There are many other relevant legislative requirements, including (but not limited to):

- City of Adelaide Act 1998 (SA)

- Adelaide Park Lands Act 2005 (SA)

- Disability Discrimination Act 1992 (SA)

- Freedom of Information Act 1991 (SA)

- Public Interest Disclosure Act 2018 (SA)

- Road Traffic Act 1961 (SA)

- Planning, Development and Infrastructure Act 2016 (SA)

Roles and Responsibilities

The IAP2 framework for guiding best practice community engagement

The IAP2 Public Participation Spectrum from the International Association of Public Participation (IAP2) is intended to help with decisions on the level of involvement that establishes the public's role in any community engagement program.

The IAP2 framework underpins our current policy, platform and approach.

	Goal	The approach for Councils	Community Role
Inform	One way communication to provide balanced objective information to assist understanding about something that is going to happen or has already happened	We will share information about a decision or direction	**Listen**
Consult	Two way communications designed to obtain feedback on ideas, alternatives and proposals to inform our decision making	We will explore options, gain feedback and an understanding of your concerns and preferences	**Contribute**
Involve	Participatory process designed to help identify issues and views to ensure that concerns and aspirations are understood and considered prior to our decision making	We will involve you in the process so your ideas, concerns and aspirations are reflected in the alternatives developed or the final decisions	**Participate**
Collaborate	Working together to develop an understanding of all issues and interests to work out alternatives and identify preferred solutions for join decision making	We will collaborative with you so your advice, innovation and recommendations are included in the final decision that we make together	**Partner**
Empower	To place final decision making in the hands of the community	We will implement what you decide	**Decide**

Current state analysis
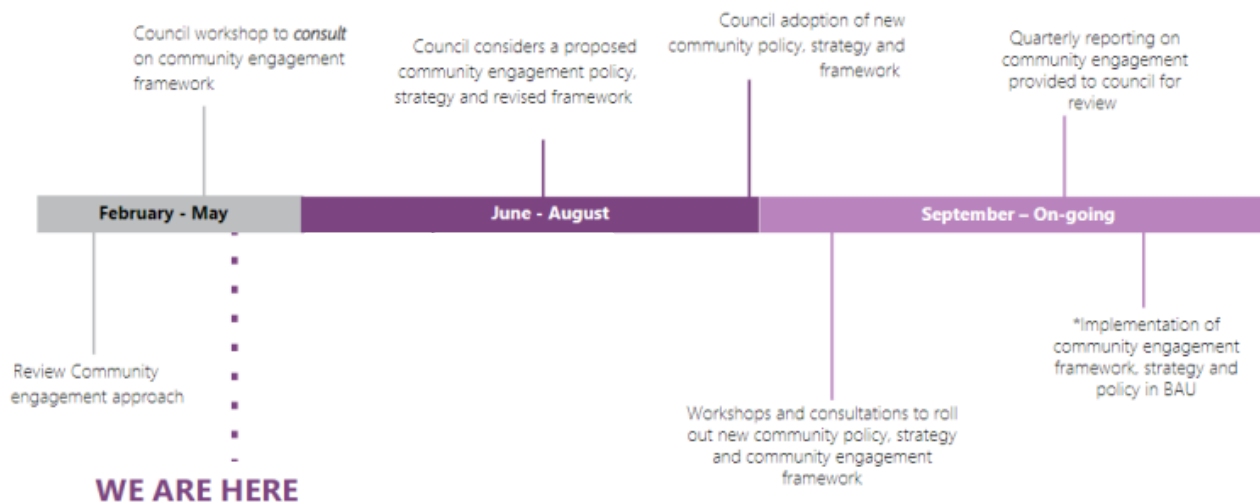## The City of Adelaide context
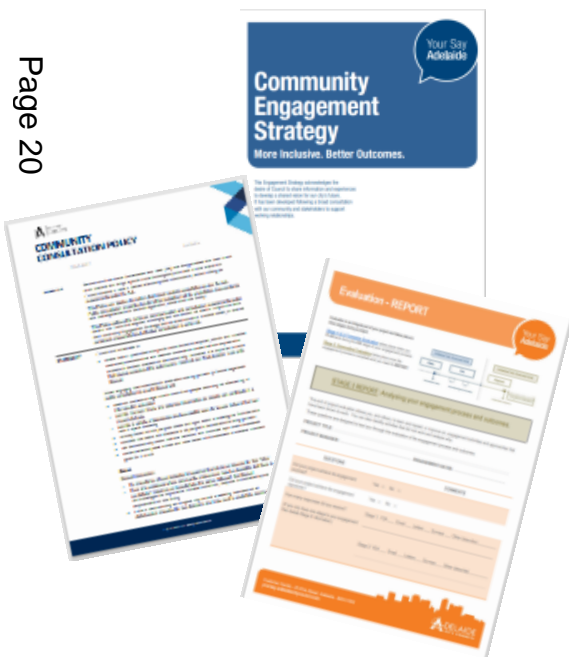
Reviewing our Approach

Council's Community Consultation policy was adopted in 2019, with the strategy established in 2017.

A holistic review is now underway, encompassing the development of a revised community consultation and engagement framework, strategy, policy and practice that meets the intent of Council and the community.

Council will be engaged at multiple stages during this process, however preliminary feedback is sought through this workshop to guide the early stages of work.

Timeframes

Council workshop to *consult* on community engagement framework

Council considers a proposed community engagement policy, strategy and revised framework

Council adoption of new community policy, strategy and framework

Quarterly reporting on community engagement provided to council for review

February - May | **June - August** | **September – On-going**

Review Community engagement approach

WE ARE HERE

Workshops and consultations to roll out new community policy, strategy and community engagement framework

*Implementation of community engagement framework, strategy and policy in BAU

Current state analysis
The City of Adelaide context

Council's Policy

The City of Adelaide Community Consultation Policy outlines the communication and consultation requirements under Section 50 of the Local Government Act 1999 (SA) (the Act). In addition to legislative requirements, the Community Engagement Policy outlines Council's expectations and commitment to ensure consistent, meaningful and effective consultation is achieved.

Current Policy Statement

When engaging the community in a decision-making process (of which legislated public consultation is a part) Council will:

- seek out and encourage contributions from people who may be affected by or interested in a decision

- provide relevant, timely and balanced information so people can contribute in a meaningful way

- provide a variety of appropriate and accessible ways for people to have their say and to speak honestly

- actively listen so that people's ideas and input assist in making the final decision

- consider the needs and interests of all people in the decision-making process

- tell the community about the final decision, and how their input was considered

- collaborate with peak bodies and other levels of Government to achieve common goals for Council.

Current state analysis

The City of Adelaide context

Recent Engagement Activities & Volume

In 2021 – 2022 CoA conducted 55 engagement activities (over one per week) through our Your Say platform, 17 face-to-face engagements and had approximately 3,000 people participate online.

We have multiple engagement options for connecting with, and gaining feedback from, our community.

Engaged participants through Your Say and regular surveys:
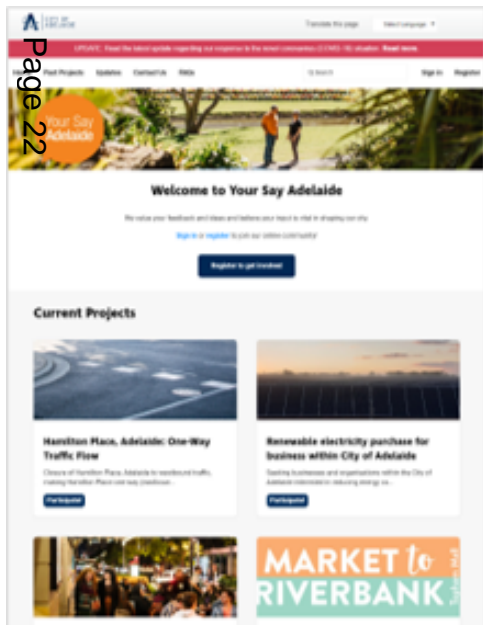
YourSay Adelaide	Resident Survey	Business Insights Survey	City User Profile Survey
In 2021 – 22: • Engaged on 55 different projects, • 30 legislated and 25 non-legislated • Just under **3,000 people participating online**	In 2022: • **More than 1,400 residents** completed the online survey • Covered topics from wellbeing to main streets, Park Lands, and actions taken at home to be 'greener'	In 2021: • For business owners and operators • **245 responses,** mostly from small and micro businesses and those in the retail and hospitality industries	In 2022: • **2,000 people** are approached on the streets and in the Park Lands and asked why and how often they come to the city • Survey was undertaken by McGregor Tan Research on behalf of the City of Adelaide

3,000   **1,400**   **245**   **2,000**

Current state analysis

Your Say – Council's current online platform

Since 2011, City of Adelaide has utilised **Your Say**, an online engagement platform that is powered by Bang The Table.

Over 90 councils are currently branded as Your Say, with 54 using Bang the Table, the same online engagement platform provider as the City of Adelaide.

bangthetable.

In addition to the City of Adelaide, 5 other capital states use bang the table for their online engagement and three are branded as Your Say.

Engage — City of Perth

Engage — CITY OF DARWIN

Your Say — City of HOBART

Your Say — Brisbane City Council

Your Say — CITY OF ADELAIDE

THE HIVE

The City of Melbourne and the ACT Government use THE HIVE as their online engagement provider.

Your Say — ACT Government

Participate — CITY OF MELBOURNE

The City of Sydney does not use an external provider to support their online engagement activities. They have integrated their community engagement projects into their main website and not as a stand alone solution.
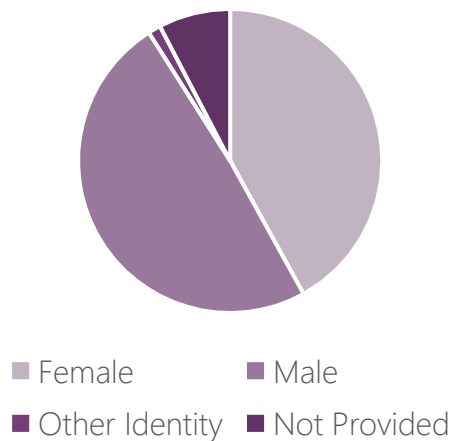
Your Say — CITY OF SYDNEY

Current state analysis
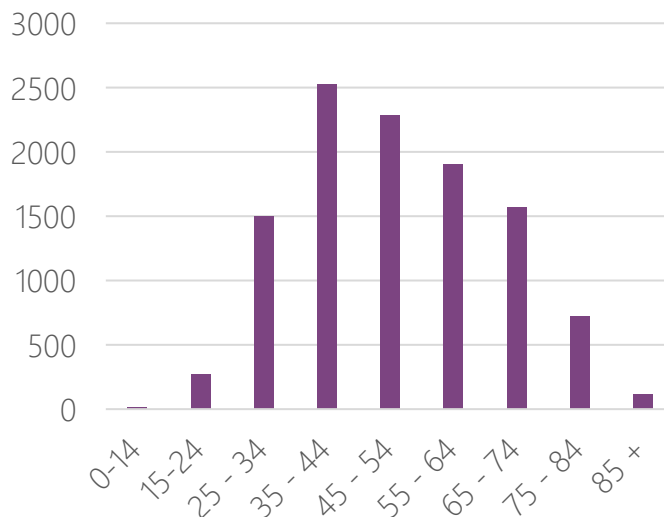
Your Say – Council's current online platform

Councils Your Say platform reflects the principles of Council's policy and IAP2 Public Participation Spectrum. There are currently over 12,000 active participants registered on City of Adelaide's Your Say engagement platform, who have made over 16,000 contributions.
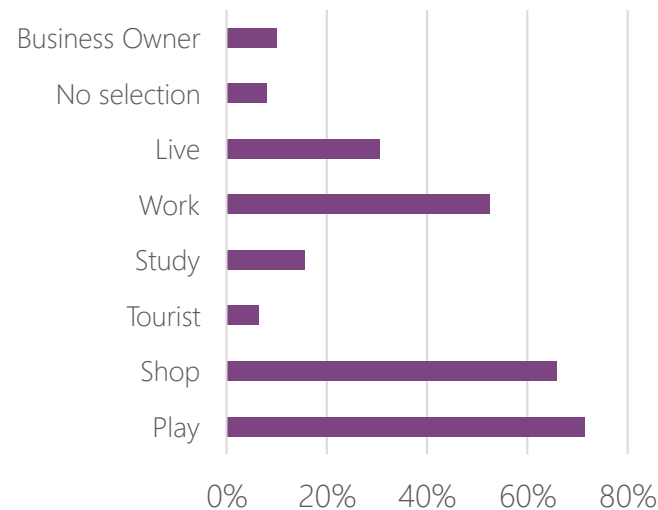
Gender

- Female
- Male
- Other Identity
- Not Provided

Age Range

0-14, 15 - 24, 25 - 34, 35 - 44, 45 - 54, 55 - 64, 65 - 74, 75 - 84, 85 +

Participation in city life

Business Owner, No selection, Live, Work, Study, Tourist, Shop, Play

0% 20% 40% 60% 80%

Participants of Your Say can select more than one response to how they can participate in city life.

Current state analysis

Assessment of our current approach

CoA's engagement model is project-based, with varied tools, messages, timeframes and reporting. This can result in duplication of effort and confusion from the community, along with limited visibility on how often we approach our community or their preferences.

Future considerations:

Continue to foster...
- A clear principle-based policy underpinned by the IAP2 Public Participation Spectrum
- A consultation and engagement experience that involves our community in decision making
- Strong community partnerships with local organisations, community groups, and businesses
- A large database of community members

Focus on opportunities that...
- Streamline engagement efforts to create process efficiencies and maximise the return on the valuable time our community dedicates to participating/engaging with us
- Close the loop to ensure our community are aware how their feedback has informed outcomes
- Increase the volume of participation in consultation and engagement activities
- Utilise emerging methods and technologies to reach diverse and broader ranges of community members
- Create longer term relationships and partnerships with the community about outcomes and themes rather than transactional engagement activities
- Leverage existing customer feedback, data and research to inform decision making

Council Case Studies

How other councils are conducting community engagement
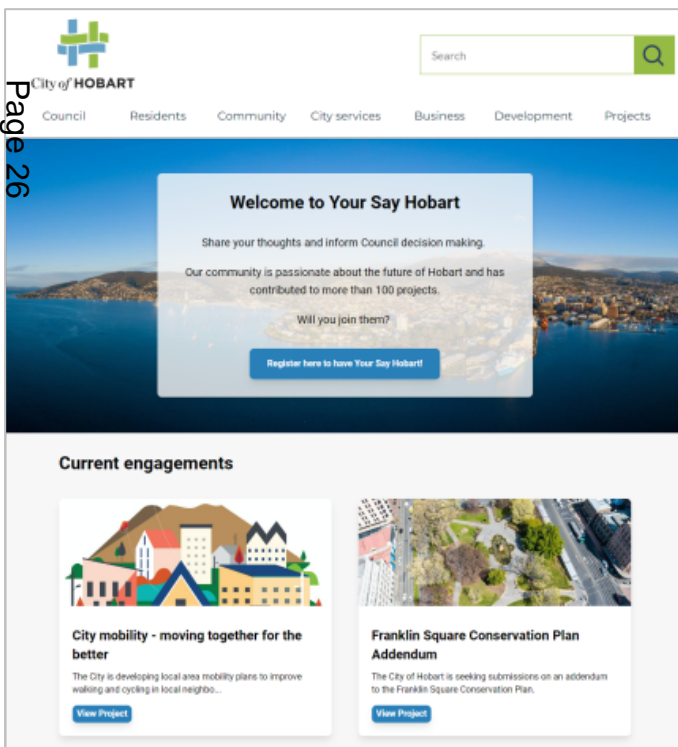
The City of Hobart uses a range of tools and methods to inform and bring the community and stakeholders into decision-making and the delivery of services: Your Say Hobart; Local community conversations, stakeholder meetings, workshops, round tables; Advisory and Reference Groups; Listening Posts, social media; Relationship management system and customer requests system; Door Knocking; Elector Polls; Placemaking.

City of Hobart utilises a CRM (customer relationship management) to determine who should be involved and to have an understanding of who should be involved. It also partners with leading organisations to further the needs if the community.

Example:

A Relationship Management System records interactions with community members, particularly those who become stakeholders in a project, to communicate with them more consistently and determine who is impacted by the project and should be involved.

Example:

CityTalks is a partnership between the City of Hobart and the University of Tasmania. The public events focus on a topic relevant to the environment and feature community leaders, international and national keynote speakers.

Example:

THE20: The City of Hobart interviewed 214 people who live, work and play in Hobart to define their vision followed by community members and business people attending a forum and workshops that helped shape the strategic plan.

Council Case Studies

How other councils are conducting community engagement
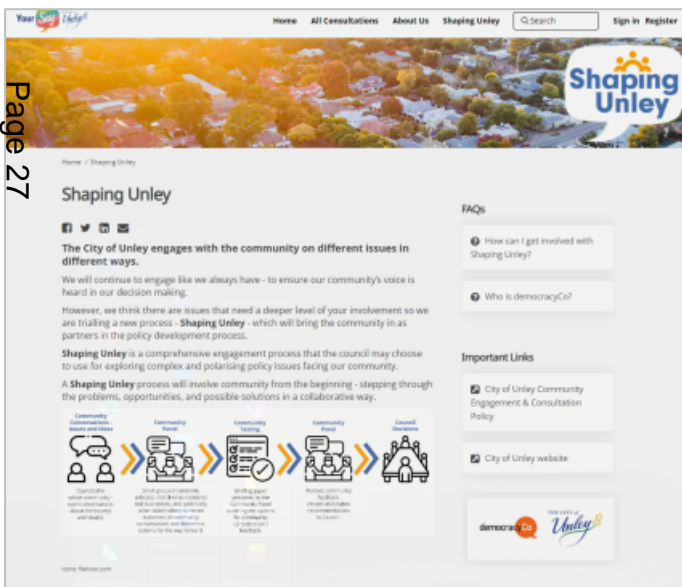
The City of Unley engages with the community on different issues in different ways and is using a new process to ensure our community's voice is heard in decision making. 'Shaping Unley' brings the community in as partners in the policy development process. It is a comprehensive engagement process that council may use for exploring complex and polarising policy issues facing our community (e.g. the redevelopment of Unley Oval). A Shaping Unley process will involve community from the beginning - stepping through the problems, opportunities, and possible solutions in a collaborative way.

Shaping Unley provides the whole community with the opportunity to be involved in decision making. It invests in large scale community engagement activities that require budget, planning, resources and external consultants.

Community Conversations - issues and ideas
Open to the whole community - open conversations about the issue(s) and idea(s).

Community Panel
Small group of randomly selected, and diverse, residents and businesses, and potentially other stakeholders to review outcomes of community conversations and determine options for the way forward.

Community Testing
Briefing paper prepared by the Community Panel outlining the options for community consideration / feedback.

Community Panel
Reviews community feedback, revises and makes recommendations to Council.

Council Decisions

Council Case Studies

How other councils are conducting community engagement

The City of Melbourne has three key ways for community to join the conversation:

Melbourne Conversations

Brining experts, leaders and community members together to discuss issues and topics of interest to all Melbourne community members.

Melbourne Knowledge week

Brings the community together to share ideas, challenge assumptions and spark new ways of thinking. Held annually the program includes, performance, workshops and interactive exhibitions.
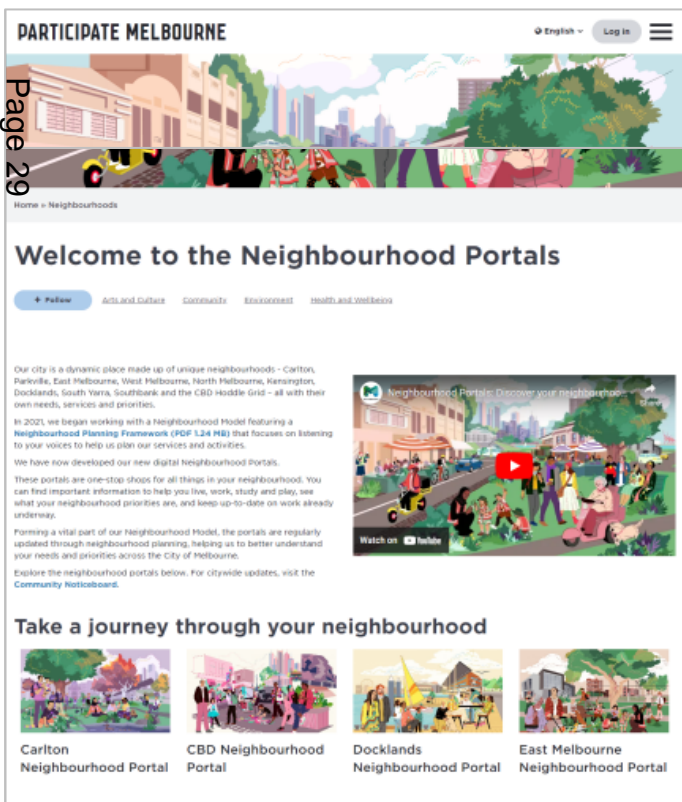
Neighbourhood Portals

A Neighbourhood Planning Framework, dividing the city into unique Neighbourhoods, each provided with a digital one stop shop with tailored information.

Council Case Studies

How other councils are conducting community engagement

The City of Melbourne uses 'neighbourhood portals' as one-stop shops for all things in the neighbourhood. You can find important information to help you live, work, study and play, see what your neighbourhood priorities are, and keep up-to-date on work already underway in Melbourne. Forming a vital part of our Neighbourhood Model, the portals are regularly updated through neighbourhood planning, helping the council to better understand needs and priorities across the City of Melbourne.

Neighbourhood portals provide a one stop shop for residents, businesses, students and visitors and information and resources that are specific to their needs.

More detail on this initiative is provided on the following slide.
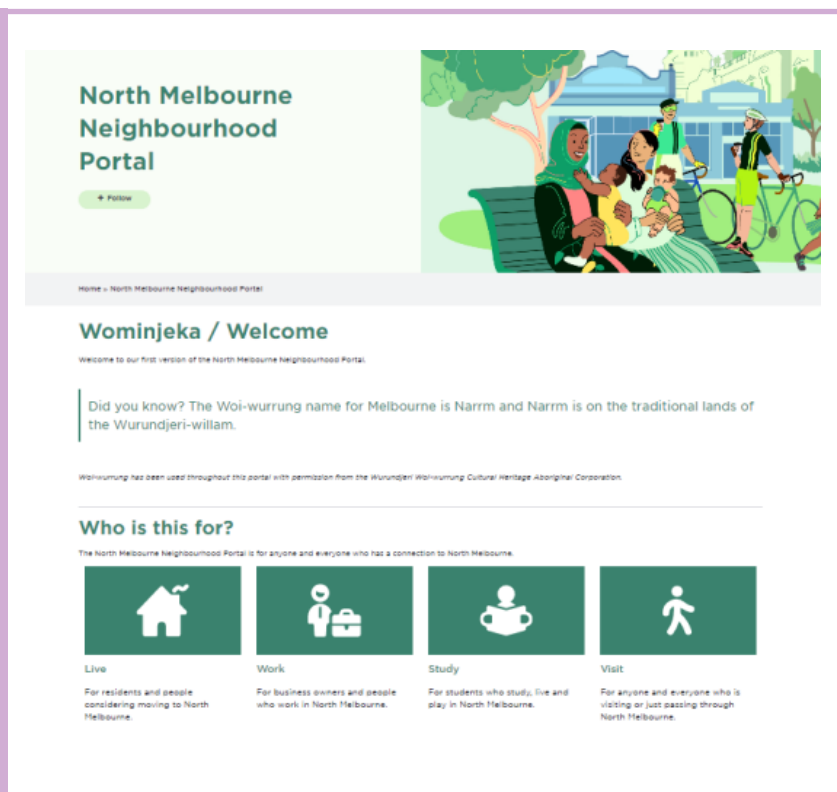
Workshop Question

Key Question

What changes would Members like to see in the way CoA conducts community engagement?

Next Steps

- Seek Member feedback during today's workshop

- Present a revised Policy to Council for consideration in mid-2023

- Implement changes to our community engagement practice based on the new Policy

- Continue to monitor for the gazettal of a new Consultation Charter under the Local Government Act 1999

Budget Scenarios and Project Update

Workshop

Strategic Alignment - Enabling Priorities

Public

Tuesday 18 April 2023
City Finance and Governance Committee

Presenter: Anthony Spartalis

PURPOSE OF WORKSHOP

This workshop continues the series of sessions building the draft 2023/24 Annual Business Plan and Budget. The workshop seeks feedback from Members on a range of budget scenarios and parameters. Feedback gained will be used to build draft budgets for consideration and eventual endorsement for public consultation.

KEY QUESTIONS

- What are Members views on the amount of new capital (excluding renewal) investment for the 2023/24 year?
- What are Members level of comfort with regards to debt to fund new capital projects?
- What are Members views on the mix of funding sources required to achieve the outcomes from the previous questions?

- END OF REPORT -

City of Adelaide
2023/24 Business
Plan and Budget

Budget Scenarios and Projects Update
18 April 2023

Workshop Focus
- Review potential Budget Scenarios to inform the Draft 2023/24 Business Plan and Budget
- Update on Projects (Terminology and Categories)

COUNCIL ROLE:
- Discuss and provide feedback on Budget Scenarios

Attachment A

Key Questions
for today's workshop

KEY QUESTION

New capital

What are Council Members' views on the amount of new capital (excluding renewal) spend/investment for the 2023-24 year?

KEY QUESTION

Debt levels

What are Council Members' levels of comfort with regards to debt, to fund new capital projects?

KEY QUESTION

Funding sources

What are Council Members' views on the mix of funding to achieve the outcomes from the first 2 questions?

Understanding and Building a Business Plan and Budget
Council's journey to date

Context	☑	Onboarding training on Strategy, Finance and Assets
	☑	Priorities, opportunities, ways of working
	☑	How we plan and budget guide and online research library
	☑	Functional Directory and Program Guides
Building Planning Knowledge	☑	Legislative requirements
	☑	Capital, Asset Management and Integrated Planning
	☑	Service Planning
	☑	Financial Planning
Building Budget Knowledge	☑	Organisational Finance update (history and current state)
	☑	Discretionary responsibilities – understanding short and long term abilities
	☑	Operating, Capital, Revenue/Income, Expenditure breakdown
	☑	Fees and Charges, Rates, Borrowings – utilising financial levers
Building the 2023/24 Business Plan and Budget	☑	Principles and Parameters
	April	Budget scenario building - proposed rates, fees and charges
	April	Consider Priorities and Projects
	April	Feedback from Audit and Risk Committee and proposed budget
	May	Draft budget – proposed expenditure (priorities, capital and strategic projects and services) for consultation
	May	Draft budget – proposed income (rates, fees and charges) for consultation
	May	Community Consultation and feedback
	June	Adoption of Final 2023/24 Business Plan and Budget

3

Budget Scenarios
Building Council's 2023/24
Business Plan and Budget

Page 35

- Principles to build the BP&B
- Strategically linking budget components
- Concepts and assumptions
- Budget Scenario options

Principles
How they are addressed in the Budget

Principle	How addressed in Budget
General	
1. Maintain an operating surplus	Propose to use 75% of rate revenue from new rateable properties as the basis for the amount of target surplus (this can be higher to increase capital expenditure and service the associated debt)
Operating Expenditure	
2. Council will continue to deliver a minimum of the current suite of services and asset maintenance	Zero-based budgeting is the first step and complies with this principle, and assumes any new, enhanced or changed services will be presented to Council for approval
3. Index costs in line with Consumer Price Index (CPI)	Part of zero-based budgeting where each budget line is assessed for changes (increases, decreases or status quo) recognising that costs may need to increase (but pegged where possible to CPI or less)
4. Fund new or enhanced services, assets or maintenance requiring increased operating costs from adjustment of priorities, rate or other revenue increases and/or savings	Considers appropriate funding sources for increased costs associated with new initiatives or changes, given that there is limited capacity to simply absorb them recognising the savings achieved in recent years

Principles
How they are addressed in the Budget

Principle	How addressed in Budget
Operating Revenue	
5. Set fees and charges based on their nature and intent	Different fees and charges seek to address different objectives and behaviours, which are considered when setting individual fees each year
6. Maintain the current rating system for the 2023/24 Budget	There will be no structural changes to the way we rate however this does not preclude mass valuations and changes to the RID (if required)
7. Adjust rate revenue to achieve desired budget (as per Principle 1), only after consideration of all other budget components	All budget components (except rate revenue) will be finalised, based on addressing budget objectives set by Council, and only then will rate revenue be considered to meet the operating surplus target
8. Rate revenue growth will fund servicing new rateable properties and new borrowings	25% of new rate revenue growth allocated to operating budget to service new rateable properties, leaving 75% to service new debt drawn to fund new capital projects
9. Consider new and different revenue streams and the approach to our commercial businesses	Any new revenue streams identified and realised will be incorporated into the base budget to offset the need to increase other revenue components (eg Rates and Fees and Charges)

Principles
How they are addressed in the Budget

| Principle	How addressed in Budget
Capital Expenditure	
10. Capital expenditure requires corresponding operating costs	5% of new capital costs included in the operating budget (to cover costs such as maintenance, depreciation, insurances, etc)
11. Capital renewal expenditure will be based on asset management plans	Renewal expenditure assumed as per proposed (approximately $50m for 23-24 budget)
12. Capitalise on external funding, fast-tracking related projects, with the potential need for increased borrowings to respond to external funding opportunities	Projects that attract external funding are prioritised to be delivered when required in accordance with the conditions associated with the external funding
13. Consider the disposal, purchase and/or repurposing of property assets	Any sales, purchases or repurposing of assets, as endorsed by Council, will be incorporated into the appropriate part of the budget (which, where appropriate, will supplement the Future Fund)

Principles
How they are addressed in the Budget

Principle	How addressed in Budget
Borrowings	
14. Borrowings only used to fund new and upgrade projects (which include major projects)	Proposed level of new capital spend (say, $10m), assumed funded by drawing debt based on serviceability stemming from 75% of new rates revenue from growth
15. Borrowings not be used to fund operations, expenses or renewal projects	Operating cashflow to remain positive to ensure debt is not required to fund operating expenditure or capital renewal projects
Transparency	
16. Demonstrate transparency in decision making	Annual Business Plan will clearly and simply explain the decisions around setting the 23-24 Budget

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Budget Scenarios
Linking budget components strategically

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New capital investment
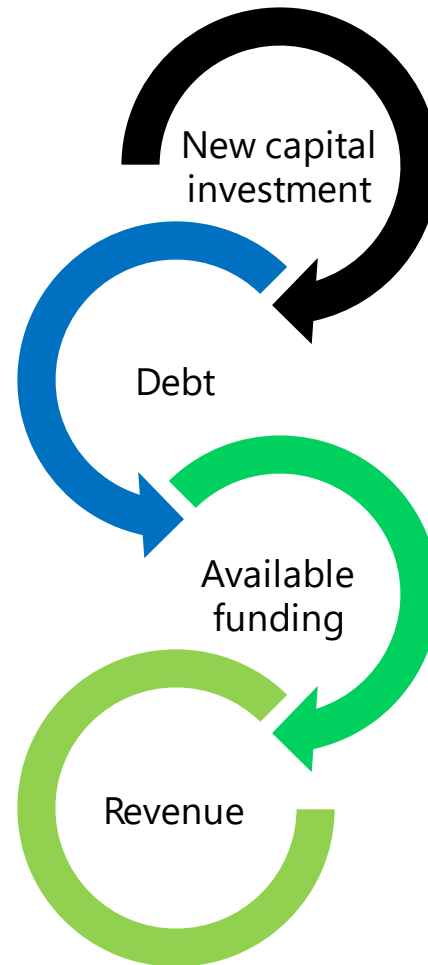
The amount of new capital to be funded over a given period…

Debt

…impacts the level of debt required (within prudential limits)…

Available funding

…which impacts the amount of interest that needs servicing and the amount of principal that needs to be repaid…

Revenue

…which predominantly comes from revenue sources (Rates, Fees and Charges).

Budget Scenarios
Assumptions

	Description	**Principles**
Current Base Budget	Zero-based budgeting (price and volume changes only). Does not assume any changes to services, any increase to Strategic Projects (> $5.4m) and excludes growth revenue, costs to service new rateable properties and/or operating costs associated with new capital projects	Principle 2 Principles 3 & 5
Adjusted Base Budget	Includes additional requirements as proposed by Council to be included in the budget for community consultation	Principles 4 & 10
Rate revenue increase %	Balancing item after all other items tested & adjusted	Principle 7
Rate revenue from growth	Assumed at 1% of rate 22/23 revenue ($1.2m) with 25% allocated to servicing new rateable properties and, 75% driving the annual surplus (as a minimum) and to service new debt	Principle 8
Surplus ($)	Set, as a minimum operating surplus, at 75% of growth revenue ($935k)	Principle 1
New capital (funded from debt & serviced from growth)	Net growth revenue of $935k (75% of total) can service $10m in debt for new capital (assumed at 6% interest rate over 20 years to reflect useful lives of different infrastructure and assets) – additional capital spend > $10m will require additional funding from increased revenue, cost savings or re-prioritisation	Principle 14
Operating expenditure for new capital	Assumed at 5% of new capital expenditure funding ($500k based on $10m)	Principle 10
Operating expenditure to service new properties	Assumed at 25% of total growth revenue ($312k) to cover the marginal cost of servicing new rateable properties)	Principle 8

Budget Scenarios
Options

Item	Status Quo Zero-based Budget	Scenario 1 Lower Fees	Scenario 2 Increased Fees	Comments
Rate revenue increase	●	⇧	⇩	Varies according to scenario
Outdoor dining fees	■	■	●	Reinstate fees fully (2)
Event fees	■	■	●	Reinstate fees fully (2)
Parking enforcement	⇦⇨	⇩	⇧	Resourcing increased somewhat more (2)
Off-street parking	⇦⇨	⇩	⇧	
On-street parking	⇦⇨	⇩	⇧	Increase by more than current (3) or reduce (3)
Other fees? (at CPI)	⇦⇨	⇩	⇧	
Target surplus	●	●	●	Surplus will be set subject to Capital Scenario
Growth allocation to operating	●	●	●	Will not vary in any scenario
Capital related costs	●	●	●	Will vary subject to Capital Scenario

■ Not included   ● Included (in line with Principles)   ⇦⇨ As supplied by business

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Budget Scenarios
Capital options

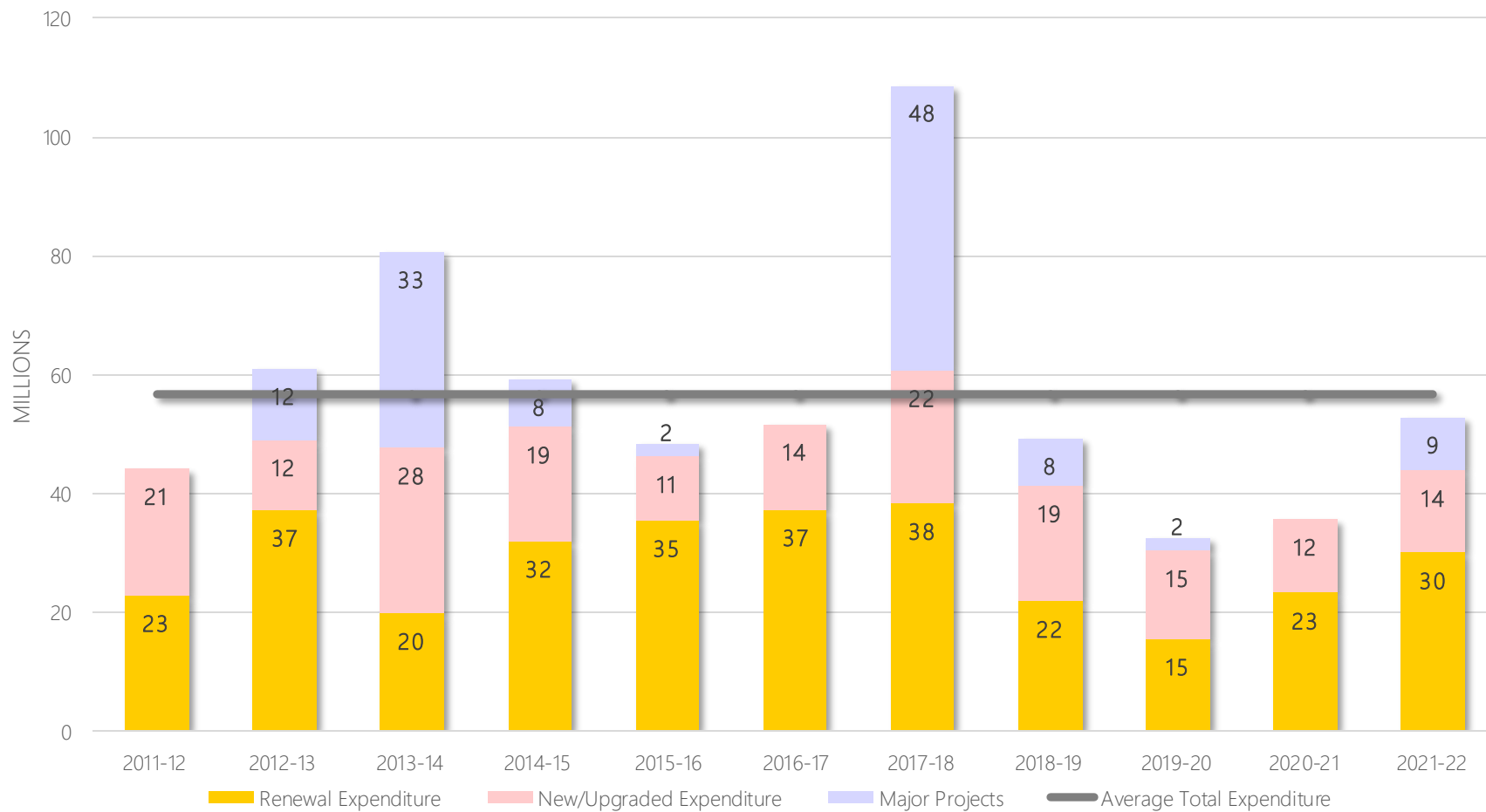| Item	$10m	$20m	$30m	Assumptions/Comments
Required servicing $ amount	$0.9m	$1.7m	$2.6m	Assumed to be operating position surplus
Additional servicing amount > 75% of growth ($935k)	Nil	$0.8m	$1.7m	Assumed at 1% of 22-23 rate revenue ($1.246m)
Rate impact of additional servicing amount	Nil	0.65%	1.35%	Additional servicing as a percentage of 22-23 rate revenue
Peak debt	$154m	$165m	$165m	Assumes year on year delivery and drawdown Prudential limit = $165m
Timing of peak debt	Year 10	Year 5-6	Year 3-4	Assumed over 10 year period or once prudential limit reached
Related operating costs	$0.5m	$1.0m	$1.5m	Assumed at 5% of capital projects
Total rate revenue increase	5.1%	6.2%	7.3%	To achieve surplus of required servicing amount (holding all else constant)

Additional assumptions:
1. Based on "Status Quo" scenario
2. Interest on borrowings at 6% per annum and principal paid back over 20 years
3. Same amount spent/debt drawn each year for 10 years, unless prudential limit reached
4. Entire renewal budget is spent each year

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Budget Scenarios
Historic Capital Budget Spend

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MILLIONS

Year	Renewal Expenditure	New/Upgraded Expenditure	Major Projects
2011-12	23	21	
2012-13	37	12	12
2013-14	20	28	33
2014-15	32	19	8
2015-16	35	11	2
2016-17	37	14	
2017-18	38	22	48
2018-19	22	19	8
2019-20	15	15	2
2020-21	23	12	
2021-22	30	14	9

Renewal Expenditure   New/Upgraded Expenditure   Major Projects   Average Total Expenditure

Budget Scenarios
Key Questions

KEY QUESTION

New capital

What are Council Members' views on the amount of new capital (excluding renewal) spend/investment for the 2023-24 year?

KEY QUESTION

Debt levels

What is Council's level of comfort with regards to debt, to fund new capital projects?

KEY QUESTION

Funding sources

What are Council Members' views on the mix of funding to achieve the outcomes from the first 2 questions?

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Projects Update

Building Council's 2023/24
Business Plan and Budget

- Background

- Project types and terminology

Project Planning
Background

- A key area of focus when building the business plan and budget is on the services (BAU operations) we deliver for the community (about 60% of expenditure) and rates, fees and charges (about 80% of income)

- Another key component of Council's delivery is across <u>Capital and Strategic Projects</u>

- In our next session with Members we will detail the Strategic and Captial Projects proposed or scheduled for 2023/24

- The following slides provide a brief introduction to how these projects have been developed and categorised, ahead of a more detailed discussion in the next session

Sequence of activities in building our Projects:

- Our Strategic, Service and Asset Plans provide guidance

- Council resolutions seeking new projects are identified

- Administration articulate projects from our plans, community insights and from resolutions of Council as project briefs

- Each project is categorised and assessed through a prioritisation framework

- Draft projects are provided to Council Members for consideration and to identify other opportunities

- Council Members provide guidance on project expenditure parameters

- A list of projects is endorsed for public consultation, and subject to consultation feedback, adopted

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Project Type
Capital and Operating Budgets and Council discretion

Type	Description	Budget	Discretion
Major Projects	Complex Projects that are valued over $4m	Capital Budget	*Full discretion in the short and long term*
New and Upgrade	Installation of new infrastructure and upgrades to existing infrastructure, identified through Council strategies and plans	Capital Budget	*Full discretion in the short term*
Renewals	Renewal of existing assets, where the functionality and service the assets provides is considered fit-for-purpose	Capital Budget	*Limited discretion in the short term*
Strategic Projects	Support the delivery of a Strategic Plan and have arisen due to either Council decisions or partnerships. They are generally 'one off' activities that have been prioritised to be delivered within a specific timeframe.	Operating Budget	*Full discretion in the short term*
Service Change	A service change is defined as an ongoing change to the level or way a service or function is delivered (including resource and budget changes).	Operating Budget	*Some discretion in the short term*

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Project Prioritisation
Terminology of how projects have been assessed

Category 1 (Priority funding)	Category 2 (additional funding)	Category 3 (everything)
Business Critical Projects (Safety/ Contracted / Legislated) Asset Renewal Decisions of Council External Funding – Committed: Where an agreement to deliver a project has already received committed external funding, which may or may not require Council funding Projects in Progress: Ongoing Projects with approved funding	Category 1 Projects Current Multi Year Projects: These are projects which have received funding in the current year and require approval for future funding Revenue Opportunity: To enable Council to fund the purchase of future income generating assets and to invest in strategic capital projects (LTFP Principle) (Future Fund)	Category 1 and 2 Projects External Funding – to Seek: Where a project is identified as being able to be delivered, if funding is found from another source. This can also support Council's advocacy to government for co-funding. New Projects: Projects which have identified funding for one year only New Multi Year Projects: Projects which have identified funding for multiple years

Next Steps

Building Council's 2023/24
Business Plan and Budget

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<u>Next Session</u>	<u>CEO Briefing</u> Strategic and Capital Projects in detail
<u>May</u>	<u>Special Committee and Council</u> Draft Business Plan and Budget (including Subsidiaries) Fees and Charges
May/June	Public Consultation
June	Receive results of Public Consultation Adopt Final Business Plan and Budget