

Adelaide Economic Development Agency Review Implementation Plan Update

Strategic Alignment – Our Corporation

Public

Tuesday, 19 March 2024
**City Finance and Governance
Committee**
Program Contact:

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Approving Officer:
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EXECUTIVE SUMMARY

This report details the progress made in implementing the Adelaide Economic Development Agency (AEDA) Review Recommendations.

At its meeting on 24 October 2023, Council endorsed the AEDA Review Implementation Plan (the Plan) which outlines how each recommendation from the Deloitte and KPMG reviews of AEDA will be addressed. As part of that resolution, Administration committed to providing implementation update reports to Council in March 2024 and July 2024. Since presenting the Plan to Council in October 2023, it has been amended to reflect the recent incidental title change of AEDA Managing Director to AEDA General Manager.

This report provides an overview of the progress made in implementing the AEDA Review Recommendations up to mid-February 2024, with 18 out of the 36 actions now completed and the remaining 18 actions in progress.

RECOMMENDATION

THAT THE CITY FINANCE AND GOVERNANCE COMMITTEE

1. Notes the progress report on the AEDA Review Implementation Plan as outlined in Attachment A to Item 7.1 on the Agenda for the meeting of the City Finance and Governance Committee held on 19 March 2024.
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IMPLICATIONS AND FINANCIALS

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| City of Adelaide 2024-2028 Strategic Plan | Strategic Alignment – Our Corporation Strategic Alignment – Our Economy |
| Policy | Not as a result of this report |
| Consultation | Council and the AEDA Board discussed a range of matters on 30 January 2024 in a workshop that focused on recommendations that were strategic in nature. |
| Resource | Not as a result of this report |
| Risk / Legal / Legislative | Not as a result of this report |
| Opportunities | Not as a result of this report |
| 23/24 Budget Allocation | Not as a result of this report |
| Proposed 24/25 Budget Allocation | Not as a result of this report |
| Life of Project, Service, Initiative or (Expectancy of) Asset | Not as a result of this report |
| 23/24 Budget Reconsideration (if applicable) | Not as a result of this report |
| Ongoing Costs (eg maintenance cost) | Not as a result of this report |
| Other Funding Sources | Not as a result of this report |

DISCUSSION

Background

1. Council at its meeting on 22 August 2023, considered the findings of both AEDA reviews undertaken by KPMG and Deloitte and authorised the Chief Executive Officer to work with the AEDA Board and City of Adelaide (CoA) administration to implement the review recommendations.
2. The Plan identified the officer responsible for delivery and the action due date for each recommendation. The Plan was endorsed by Council at its 24 October 2023 meeting with an undertaking provided to holding another workshop between Council Members and AEDA to discuss the approach to several of the actions deemed to be strategic in nature.

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3. **Attachment A** provides an update on the recommendations within the Plan. Key actions taken to date are summarised below.
4. An administrative workshop on 7 December 2023 between AEDA and Governance staff discussed recommendations from the reviews regarding governance and accountability. Discussion outcomes were:
 - 4.1. Assurance Model (Action 4d – implementing an ongoing assurance model for AEDA).
 - 4.1.1. Outcome: Corporate Governance will conduct a strategic risk management review in Q3 of this financial year. This review will include the development of an Assurance Model for all City of Adelaide subsidiaries.
 - 4.2. Risk and Mitigation Strategies (Action 4b – clearly defining and agreeing on the level of risk and mitigation strategies that AEDA needs to report to the Audit and Risk Committee).
 - 4.2.1. Outcome: AEDA's quarterly reporting was reviewed in consultation with Corporate Services. It now includes updates on financials, current risks and opportunities, and reporting against BP&B Key Performance Indicators. In Q3 of this financial year, Governance will also review the Corporate Strategic Risk Register, which includes Council's subsidiaries.
 - 4.3. CoA Governance / AEDA Operational Processes (Action 4a – Deloitte's review recommended greater oversight by the CoA Governance Unit at the initial stages of key operational processes).
 - 4.3.1. Outcome: Governance confirmed that AEDA is included in their assurance reviews, which involve testing controls through audits and policy reviews, however a compliance register (based on the AEDA Charter and Schedule 2 of the *Local Government Act 1999 (SA)*) will be developed by Governance to assist with providing greater oversight.
5. The workshop held on 30 January 2024 between Council Members and AEDA Board Members discussed strategic actions from the review including the AEDA Strategic Plan, the CoA Economic Development Strategy (EDS), AEDA governance and accountability, and AEDA/CoA roles and responsibilities (including Mainstreets, Precincts etc.), and specific strategic AEDA projects. The workshop provided constructive discussions which resulted in the following outcomes:
 - 5.1. Economic Development Strategy (Actions 1 – 1a)
 - 5.1.1. The AEDA Board, at its 13 February 2024 Board meeting, provided input into the draft EDS and noted the draft strategy would be presented to Council in March 2024 to approve for public consultation.
 - 5.2. AEDA Strategic Plan (Actions 2 – 2d):
 - 5.2.1. The City of Adelaide 2024-2028 Strategic Plan, adopted by Council on 12 December 2023, and the impending EDS will be core to the development of AEDA's Strategic Plan which will provide a four year approach to how AEDA intends to discharge its responsibilities and functions articulated in the AEDA Charter.
 - 5.2.2. AEDA's Board, Advisory Committee and staff have workshopped economic priorities and opportunities for inclusion in the AEDA Strategic Plan, based on assessment of the economic environment.
 - 5.2.3. The AEDA Strategic Plan will be further progressed and finalised following Council's adoption of the EDS.

- 5.3. AEDA governance performance and accountability (including grants management, risk assurance) (Actions 4 – 4f):
 - 5.3.1. It was confirmed AEDA is included in CoA assurance review processes, testing controls, audits and policy reviews including for grant funding, procurement, and risk assessments.
 - 5.3.2. A draft funding policy has been developed and was presented to the City Community Services and Culture Committee on 6 February 2024. This policy provides a framework to ensure a consistent approach to the administration of funding across the organisation, including its subsidiaries. This policy will also provide greater clarity to Council Members around where funding sits within Council and its subsidiaries, and a consistent approach to the approval process of funding as per Council's Financial Delegations and Procurement Approvals.
 - 5.3.3. The adequacy of AEDA's current reporting requirements was discussed and there was general support for the current approach. However, views were put that it would be enhanced by greater inclusion of economic outcome assessments, while noting the difficulties of doing this in general, and in particular for small scale projects, where there are multiple partners and where outcomes may not be achieved until well after an intervention has been provided.
 - 5.4. Clarify AEDA-CoA roles and responsibilities (including Mainstreets, Precincts and Place Coordination functions) (Actions 5 – 5e):
 - 5.4.1. The Council Members and AEDA Board Members that attended the workshop were supportive of an in-depth review to be led by the CoA with the support of AEDA on how Council and its subsidiaries support placemaking and local economic activity within the City of Adelaide (including Mainstreets, Precincts, Associations etc.).
 - 5.4.2. The review will also inform how a previous decision of Council regarding an annual increase to Precinct Group funding will be progressed.
 - 5.5. Council was informed regarding specific projects and services including byADL, Wellfest Adelaide, Experience Adelaide Visitor Centre, and small business support (Actions 9 – 9d). The City Finance and Governance Committee, at its meeting on 20 February 2024, received a report on the Experience Adelaide Visitor Centre.
6. Of the 36 actionable recommendations, 18 have now been completed.
 - 6.1. The 18 completed actions are:
 - 6.1.1. Develop streamlined and structured approval between the Board and the CoA, and Review and simplify Executive reporting structures between AEDA and the CoA (Action 3).
 - 6.1.2. AEDA General Manager and/or Board Chair to be invited to present the quarterly progress report to the City Finance and Governance Committee (Action 3a).
 - 6.1.3. Lord Mayor to share insights regarding AEDA Board discussions with Councillors and encourage attendance at Board meetings (Action 3b).
 - 6.1.4. Ensure more targeted AEDA reporting to Council (relevant and aligned to economic activities and with sufficient evidence support) (Action 3c).
 - 6.1.5. Ensure CoA Governance has greater oversight at initial stages of key AEDA operational processes (Action 4a).
 - 6.1.6. Define risk-based requirements for justifying key grant, sponsorship and campaign financing decisions (systematising risk-assessment of funding decisions) (Action 4c).
 - 6.1.7. Undertake an internal audit on AEDA's administration of grant allocation (Action 4e).
 - 6.1.8. Provide a detailed breakdown of budget allocation that aligns actions to progress and accountability (Action 4f).
 - 6.1.9. Establish clear terms of reference for cross-over business units (eg. marketing, grant administration functions within CoA) (Action 5a).
 - 6.1.10. Articulate and document AEDA and CoA marketing units respective roles, responsibilities and collaboration principles (Action 5b).
 - 6.1.11. Ensure CoA is acknowledged as the key funding body for large events and campaigns (Action 6b).
 - 6.1.12. Review, expand, and strengthen alliances with key strategic partners (Action 7a).

- 6.1.13. Increase stakeholder access to baseline demographic and economic metrics (to better support their investment and commercial decisions) (Action 7c)
 - 6.1.14. Conduct a review of the purpose and value of the AEDA Advisory Committee (Action 7e).
 - 6.1.15. Review effectiveness of outsourced small business service functions to support new and emerging businesses, to inform future operating and contracting models (Action 9a)
 - 6.1.16. Identify obligations of ByADL contract and investigate options to continue or exit (Action 9b).
 - 6.1.17. Reassess ambition and contractual obligations for Wellfest Program (Action 9c).
 - 6.1.18. Revisit the original plan and approach for the new Experience Adelaide Visitor Centre (Action 9d)
- 6.2. Further information on these recommendations can be found in the updated AEDA Review Implementation Plan (**Attachment A**).
7. Recommendations involving the development of a CoA EDS and AEDA Strategic Plan (Actions 1-1a to 2-2d) were originally due for completion in March and May 2024 respectively. Council at its 14 November 2023 meeting requested administration seek additional advice from industry experts to develop a revised draft of the EDS, and additional consultation meant completion was delayed. Consequently, the AEDA's Strategic Plan (strongly informed by the EDS) is also delayed. The City of Adelaide Chief Executive Officer in late 2023 granted an extension to June 2024 and August 2024 respectively for completion of these actions.
 8. Actions related to additional or re-allocated staffing between CoA and AEDA (Actions 5c-d, and 8-8a) were also pushed back from February 2024 to April 2024, to ensure adequate time for the Council and Executive to consider any potential structural changes.
 9. An update report on the implementation of the AEDA Review Recommendations was provided to the Audit and Risk Committee (ARC) at its meeting on Friday 16 February 2024 for noting.
 10. Implementation of actions is monitored and managed via the City of Adelaide Promapp system, with the next update to Council scheduled for July 2024.

ATTACHMENTS

Attachment A – AEDA Review Implementation Plan Update

- END OF REPORT -