

2024/25 Business Plan & Budget Update

Strategic Alignment - Our Corporation

Public

Tuesday, 21 May 2024

**City Finance and Governance
Committee**

Program Contact:

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Approving Officer:

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EXECUTIVE SUMMARY

Council at its meetings on 9 April 2024 and 23 April 2024, made adjustments to the budget and projects for inclusion in the Draft 2024/25 BP&B for consultation, which required applying a savings target of \$3.159m applied to the budgets outlined in the draft BP&B for consultation.

Council asked Administration to identify and recommend savings to the City Finance and Governance Committee (CFG) no later than its meeting on 18 June 2024, to finalise the 2024/25 BP&B.

Council resolved support for specific budget items and required savings to be found to fund them, including:

- An allocation of 1.5% of rates revenue (estimated \$2.027m) to upgrade Park Lands Buildings. Council resolved that this allocation be funded for 2024/25 through a minor increase in rates revenue of approximately \$0.164m and operating savings of approximately \$1.863m to be identified during the consultation period, for inclusion in a finalised draft 2024/25 BP&B.
- Adjustments to the 2024/25 Business Plan and Budget to lower the proposed rates revenue increase from 6.9% to 5.9% (estimated \$1.296m) or less through a re-assessment of External Grant, Sponsorship and Strategic Partnerships programs.

Administration has identified potential savings within the draft 2024/25 Business Plan and Budget (BP&B) endorsed for public consultation, as requested by Council at its meeting of 23 April 2024.

The total \$3.159m has been found as follows:

- \$1.765m from within draft budgets for grants, sponsorships and strategic partnerships, to enable the 2024/25 BP&B to hold any proposed increase in rates revenue to 5.9% or less.
- \$1.394m in operational savings to support an allocation of 1.5% of rates revenue to upgrade Park Lands Buildings.

RECOMMENDATION

The following recommendation will be presented to Council on 28 May 2024 for consideration

THAT THE CITY FINANCE AND GOVERNANCE COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Notes the savings identified from the draft 2024/25 budgets for grant, sponsorship and strategic partnerships (Attachment A to Item 7.2 on the Agenda for the meeting of the City Finance and Governance Committee held on 21 May 2024), proposed strategic projects and operating savings, as requested by Council in Item 12.1 of the Agenda for the meeting of the Council held 23 April 2024 meeting.
2. Endorses the identified savings and notes that these will be applied to the final 2024/25 Annual Business Plan and Budget to be presented to Council for adoption in June 2024.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation Focus on budget repair and ensure responsible financial management through the principle of intergenerational equity while delivering quality services.
Policy	The draft 2024/25 BP&B has been prepared in accordance with Council's current Long Term Financial Plan (LTFP) assumptions and endorsed Financial Policies and Principles. The approved public consultation will be undertaken in accordance with Council's Public Communication and Consultation Policy.
Consultation	Public consultation on the Draft 2024/25 BP&B commenced at 9.00am on Friday 26 April 2024 and concludes midnight Sunday 19 May 2024.
Resource	The Draft 2024/25 BP&B identifies how Council's resources will be allocated in meeting the 2024/25 deliverables and objectives of the Strategic Plan and other related plans and strategies.
Risk / Legal / Legislative	Council's Draft 2024/25 BP&B is developed in accordance with section 123 of the <i>Local Government Act 1999 (SA)</i> (the Act), and sections 6 and 7 of the <i>Local Government (Financial Management) Regulations 2011 (the Regulations)</i> .
Opportunities	The Business Plan and Budget process is a key way in which Council shares information and seeks the views and feedback of the community to inform its decision making, supporting transparent and accountable governance.
23/24 Budget Allocation	Not as a result of this report
Proposed 24/25 Budget Allocation	The draft 2024/25 BP&B provides the proposed budget for 2024/25 financial year.
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. At its meeting on 23 April 2024, Council endorsed the Draft 2024/25 BP&B for public consultation. Public consultation commenced at 9.00am on Friday 26 April 2024 and concludes midnight Sunday 19 May 2024.
2. Council at its meetings on 9 April 2024 and 23 April 2024, made adjustments to the budget and projects for inclusion in the Draft 2024/25 BP&B, which required applying a savings target of \$3.159m applied to the budgets outlined in the draft BP&B for consultation. Council asked Administration to identify and recommend savings to the City Finance and Governance Committee (CFG) no later than its meeting on 18 June 2024, to finalise the 2024/25 BP&B.
3. Council resolved support for specific budget items and required savings to be found to fund them, including:
 - 3.1. An allocation of 1.5% of rates revenue (estimated \$2.027m) to upgrade Park Lands Buildings. Council resolved that this allocation be funded for 2024/25 through a minor increase in rates revenue of approximately \$0.164m and operating savings of approximately \$1.863m to be identified during the consultation period, for inclusion in a finalised draft 2024/25 BP&B.
 - 3.2. Adjustments to the 2024/25 Business Plan and Budget to lower the proposed rates revenue increase from 6.9% to 5.9% (estimated \$1.296m) or less through a re-assessment of External Grant, Sponsorship and Strategic Partnerships programs.
4. The total savings target to be found within the draft 2024/25 BP&B is therefore \$3.159m, with identified savings to be incorporated in the final draft 2024/25 BP&B presented to the 18 June 2024 meeting of the CFG.

Identifying savings

5. Three sources were considered in identifying the required savings:
 - 5.1. External Grant, Sponsorship and Strategic Partnerships programs
 - 5.2. Discretionary elements of operating budgets
 - 5.3. Strategic projects proposed in the draft 2024/25 Business Plan and Budget
6. The proposed savings breakdown presented in Attachment A, and in the summary of operational savings below are indicative to provide Portfolios with guidance in terms of the total allocation of savings to their respective budgets. Portfolio areas may fine-tune how they allocate the overall savings target, enabling them to fund strategic priorities and stakeholder partnership commitments, whilst still meeting the required overall savings target.

External Grant, Sponsorship and Strategic Partnerships budgets

7. The proposed 2024/25 program budgets for grants, sponsorships and strategic partnerships with external organisations (which captures incentive schemes and other contributions Council provides) were assessed to identify potential savings. The methodology considered all relevant programs to estimate a new collective base budget, by:
 - 7.1. removing planned CPI and other increases
 - 7.2. excluding from consideration any non-discretionary items (but including pre-committed funds for multi-year agreements)
 - 7.3. recognising savings already handed up in developing the draft budget to date.
8. The resulting base figure was used to proportionately allocate grants and sponsorships programs administered by each portfolio, with a savings target derived for each. This approach enables portfolios to fine tune their savings and fund strategic priorities and stakeholder partnership commitments, whilst still meeting the required overall savings target.
9. Proposed savings of \$1.765m have been identified within the external grant, sponsorship and strategic partnerships program (**Attachment A**).

Proposed strategic projects budgets

10. Potential sources of budget savings have been identified in strategic projects proposed in the draft 2024/25 budget – namely from the \$0.500m AEDA Commercial Events Funding Program, and \$0.148m from the proposed City Activations program. As these amounts are accounted as External Grant, Sponsorship and Strategic Partnerships they thus form part of the \$1.765m referred to above in section 9.

Operational budgets

11. Proposed savings of \$1.394m have been identified from within the discretionary components of Portfolio operating budgets, in proportion to the relative size of the discretionary component within each portfolio's budget – summarised below.
 - 11.1. City Services – \$0.677m, which includes reductions in
 - 11.1.1. Consultancy/professional services
 - 11.1.2. Maintenance
 - 11.1.3. Software/IT systems
 - 11.1.4. Luminaire upgrades
 - 11.2. City Shaping – \$0.270m, which includes reductions in
 - 11.2.1. Temp staff
 - 11.2.2. Consultancy/professional services
 - 11.2.3. Consumables and catering
 - 11.3. Corporate Services – \$0.428m, which includes reductions in
 - 11.3.1. Consultancy/professional services
 - 11.3.2. Software/IT systems
 - 11.3.3. Legal fees
 - 11.4. Office of the CEO and LM – \$0.019m, which includes
 - 11.4.1. Town Hall open day.

ATTACHMENTS

Attachment A – Savings identified from grants, sponsorships and strategic partnerships program budgets

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