

2024/25 Business Plan & Budget Update

Tuesday, 28 May 2024

Special City Finance and
Governance Committee

Strategic Alignment - Our Corporation

Program Contact:

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Public

Approving Officer:

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EXECUTIVE SUMMARY

Council at its meetings on 9 April 2024 and 23 April 2024, requested adjustments to the budget and projects for inclusion in the Draft 2024/25 Business Plan & Budget (BP&B) to achieve savings of \$3.159m to the budgets outlined in the Draft BP&B.

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 identified 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 BP&B 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 of \$3.159m to be applied to the Draft 2024/25 BP&B that was endorsed for public consultation, as requested by Council at its meeting on 23 April 2024. They are as follows:

- \$1.765m from within draft budgets for grants, sponsorships and strategic partnerships and
- \$1.394m in operational savings.

Details of these proposed saving were presented to the City Finance and Governance Committee on 21 May 2024 with Committee resolving:

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. *Notes the Committee feedback regarding the savings that have been proposed including the desire to retain funding in areas supporting AEDA, heritage and homelessness and the request for administration to identify additional operational savings to achieve the desired savings targets.*

Noting the discussion and feedback provided at CFG on 21 May 2024, Administration has identified two alternative options for CFG consideration to deliver the requested \$3.159m (refer to **Attachment A**).

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. Endorses the identified savings as per Option 1 of **Attachment A** to item 3.1 and on the Agenda for the meeting of the Special City Finance and Governance Committee held 28 May 2024 for the purposes of the final 2024/25 Business Plan and Budget to be presented to Council for adoption on 25 June 2024.

or

2. Endorses the identified savings as per Option 2 of **Attachment A** to item 3.1 and on the Agenda for the meeting of the Special City Finance and Governance Committee held 28 May 2024 for the purposes of the final 2024/25 Business Plan and Budget to be presented to Council for adoption on 25 June 2024.

IMPLICATIONS AND FINANCIALS

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| 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 was 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 concluded 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 concluded 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 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 identified 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 BP&B 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. Administration has put forward two options for the proposed savings breakdown as presented in **Attachment A**. 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.

Option 1

7. The proposed Option One (refer **Attachment A**) 2024/25 program budgets savings include:
8. Proposed savings of \$1.765m identified within the external grant, sponsorship and strategic partnerships program.
9. Proposed savings of \$1.394m identified from operational expenditure.

Option Two

10. The proposed Option Two (refer **Attachment A**) 2024/25 program budgets savings include:
11. Proposed savings of \$1.552m identified within the external grant, sponsorship and strategic partnerships program.
12. Proposed savings of \$1.607m identified from operational expenditure.

ATTACHMENTS

Attachment A – 2024/25 Business Plan & Budget - savings update

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