

Rethink. Refocus. Restart.

THE BIG RESET

📅 23-25 October 2024

📍 RACV Cape Schanck




INTEGRATED PLANNING IN
THE MID 2020'S

The Big Reset - Introduction

‘Fix u up’: former suburban Melbourne mayor traded favours for cocaine, corruption watchdog finds

Councils await report on local government

Councils pitch flexible rates to tackle ‘alarming’ funding woes



Rachael Dexter

June 27, 2024 – 10.34am

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Cash-strapped Victorian councils say they will be forced to let roads deteriorate, sell off assets and ditch aged care and kindergarten services unless the state government loosens its grip over how much they can increase rates.

The peak body for councils wants to move to a “multi-year approach”, giving councils a rate cap over four years instead of one – and the ability to charge more in one year and less the next.

Birmingham, Britain's second-largest city, is being forced to dim lights and cut sanitation services due to bankruptcy

7.30 / By Michelle Rimmer in Birmingham
Posted Mon 17 Jun 2024 at 5:27pm, updated Tue 18 Jun 2024 at 6:20pm



Local Government Act 2020

- › There are five key principles that underpin the Act.
- › Each of these are important to how we implement strategy at a local government level.



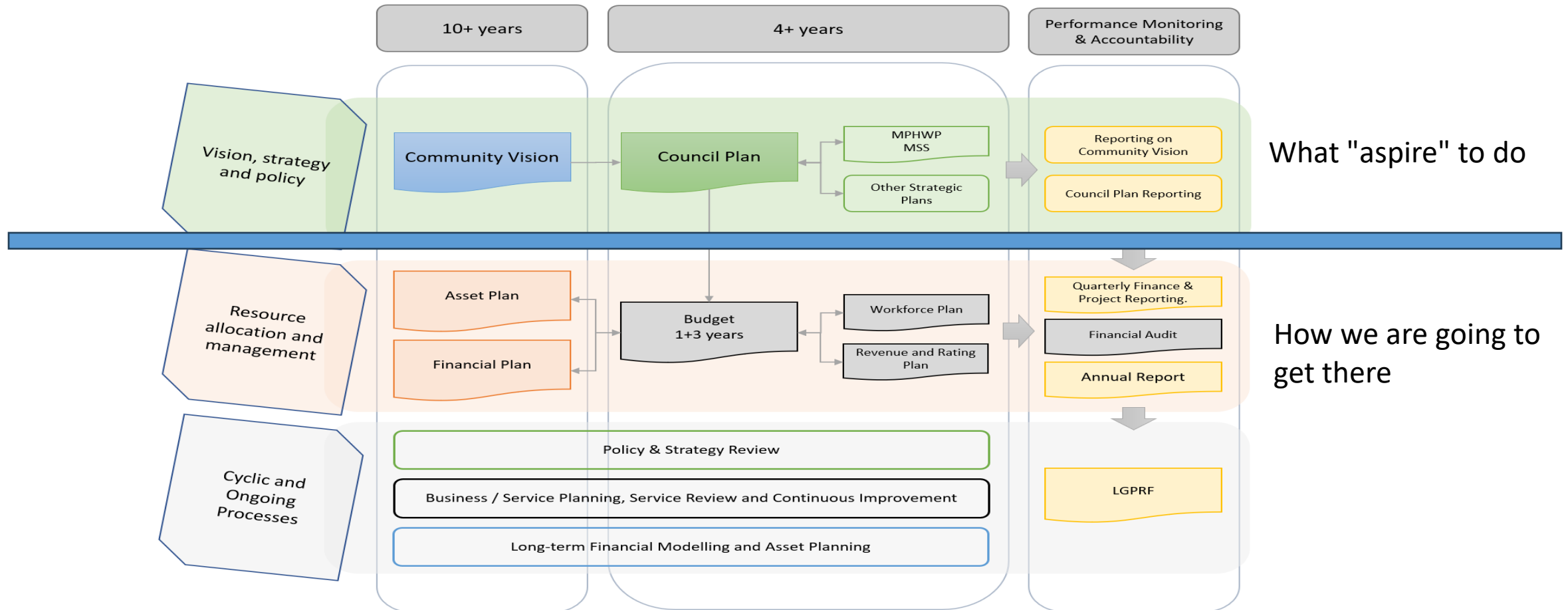
Strategic Planning Principle

Strategic Planning principle

- › Integrated Approach
- › Must address Community Vision
- › Resources needed for effective implementation
- › Identify and address risks
- › Ongoing monitoring of progress and regular reviews to identify and address changing circumstances.



Integrated Planning Framework



The Golden Thread





Development of new Community Vision and Council Plan

Community Vision

- › Scope of at least the next 10 years
- › Describes the community's aspirations for the future
- › Outcome areas → key directions → achievement of the vision.
- › Developed with considerable community and stakeholder input for a 20-year time horizon.

Council Plan

- › Must include Council's strategic direction, strategic objectives, strategies, indicators, priorities and initiatives
- › The Council Plan plays a key role in shaping the budget and service priorities for the next four years.

Both the Community Vision and Council Plan must be

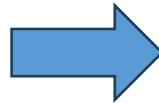
- › Developed with the community in accordance with Council's deliberative engagement practices
- › Must be adopted by 31 October in the year following a general election



Financial Plan (LTFP)

- By 31 October post election (First 12 mths)

This is a real juggling act, trying to develop a plan that summarises all the other plans,
possibly still being developed,
.....but you need this plan to provide the financial framework.



Financial Plan

What are the key components?

1 Legislative Requirements

- Integrated Strategic Planning & Reporting Framework
- Role of the Act & Regulations
- High level Principles of Financial Management
- Overarching Summary of Plan

2 Plan Context

- Internal/External Environment considerations
- Strategic intent or aims of the Plan
- Assumptions used in development of the Plan
- Engagement and Consultation

3 Financial Statements

- 6 Standard Statements X 10 Years minimum

4 Financial Performance Indicators

- KPI's X 10 Years minimum

5 Strategies & Plans

- Borrowing/Funding
- Reserves – if appropriate
- Other Strategies or Plans which may impact the Financial Plan



Financial Plan

- 2 different approaches to the use of the plan

Think about and discuss:

***Is this Plan a leader
.....or a follower?***

- Is this important?
- What's the difference?



Financial Plan – What approach?

Leader

- › **Sets** the direction for the next 10 years
- › The Statements and Ratios are set and articulated to define where Council wants to be financially at the end of the plan. i.e. they are the parameters to assist in decision making
- › Other plans (eg Revenue & Rating) follow these parameters and are developed to "fit in"
- › Annual Budgets are developed to "fit in" the parameters of the 10 Year Plan

Follower

- › Adjusted to reflect new data and assumptions as they are known – possibly annually
- › Reviews the long term picture ***in light of*** the new information and recalculates/confirms statements and ratios
- › The organisation reviews the 10 year plan annually and the Annual Budget is a result of this review

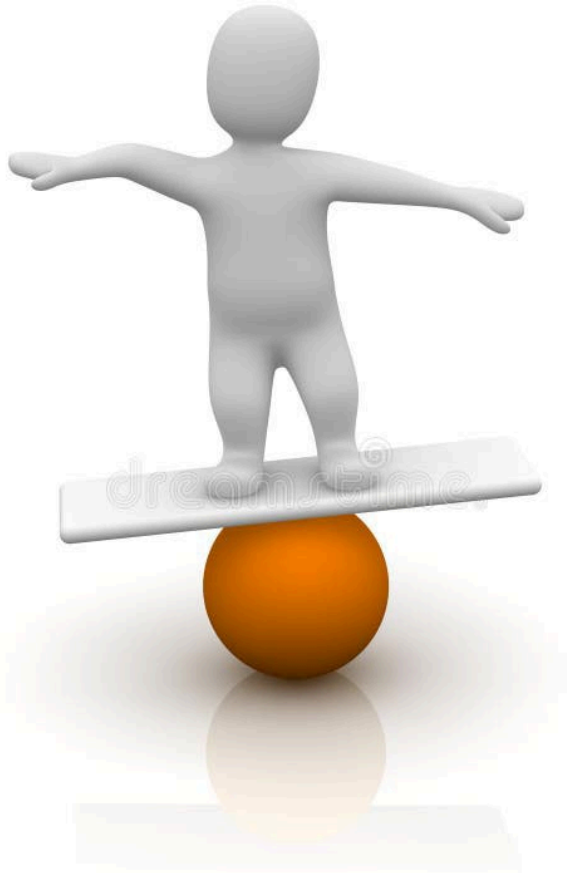
Financial Plan – Benefits of each

Leader

- › Clearly articulated outcomes
- › Assists with decision making and affordability decisions
- › 1 in 4 year work effort to re-work the data
- › BUT not necessarily flexible when circumstances change and data not necessarily the latest - a lot can happen in 4 years.
- › Budget and Financial Plan may not necessarily clearly align

Follower

- › Data is updated more regularly, therefore the 1 in 4 year work is reduced
- › Updated with latest financial data, calculations and predictions
- › As data matures throughout the organisation, the plan is adjusted to take these into consideration.
- › More accurate picture of Councils financial situation
- › Budget and Financial Plan Align
- › BUT – can be resource hungry if updating each year



Financial Plan – Tips

- Keep the language simple
- Structure the document to keep the recurrent information (the non changing legislation "stuff") at the front of the document
- Put the updatable tables, statements, figures at the back.
- Consider having a "standard" intro in the various plans that explain the Integrated Strategic Planning & Reporting Framework and its elements/context to avoid rework and consistency for the reader.

Asset Plan

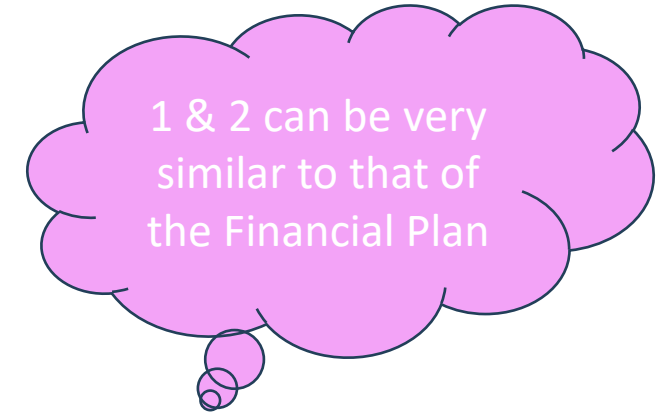
- By 31 October post election (First 12 mths)

- Aligning asset data and financial data sounds simple, but sometimes isn't



Asset Plan

What are the key components?



1 Legislative Requirements

- Integrated Strategic Planning & Reporting Framework
- Role of the Act & Regulations
- High level Principles of Asset Management
- Overarching Summary of Plan

2 Plan Context

- Internal/External Environment considerations
- Strategic intent or aims of the Plan
- Assumptions used in development of the Plan
- Engagement and Consultation

3 Principles of Asset Management

- Councils approach to Asset Management
- Renewal/New/Upgrade/Expansion
- Specific Asset Management issues
- Growth/stable/decline discussion

4 Specific Asset Content

- State of the Assets – Classes, condition and values
- Financial Analysis & linkage to Financial Plan
- Renewal Gap, Challenges and Choices

5 Strategies & Plans

- Borrowing/Funding/Grants/Developer Contributions
- Reserves – if appropriate
- Future Asset outlook
- Other Strategies or Plans which may impact the Asset Plan



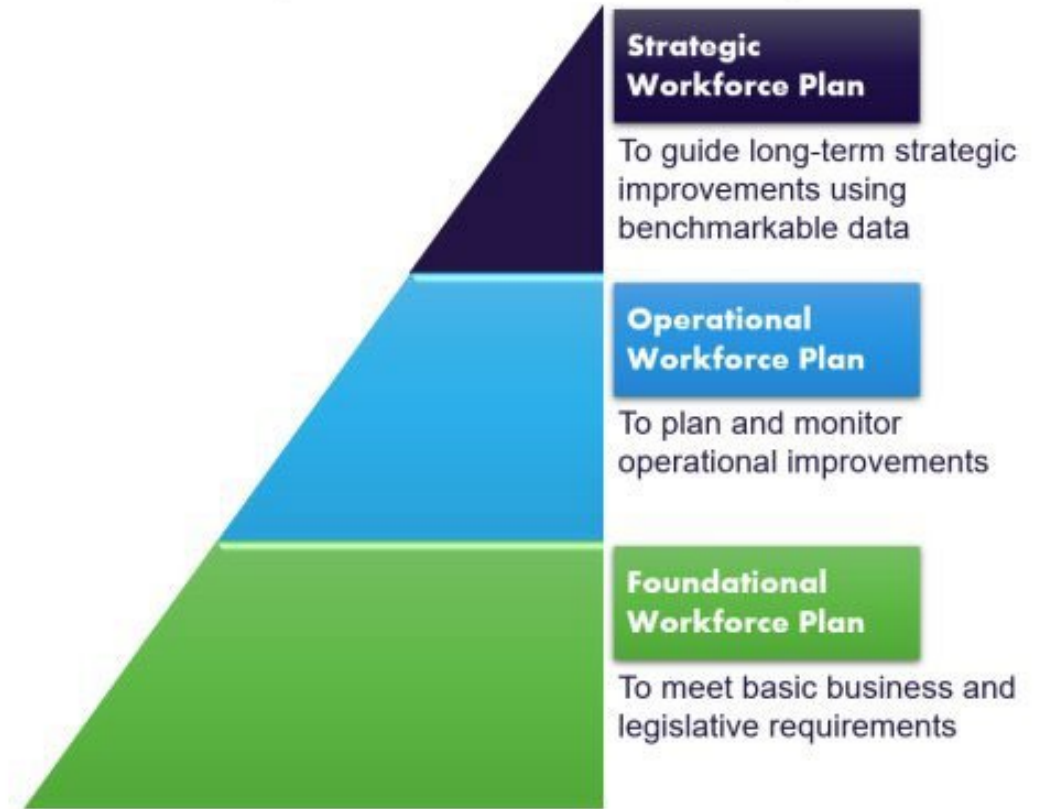
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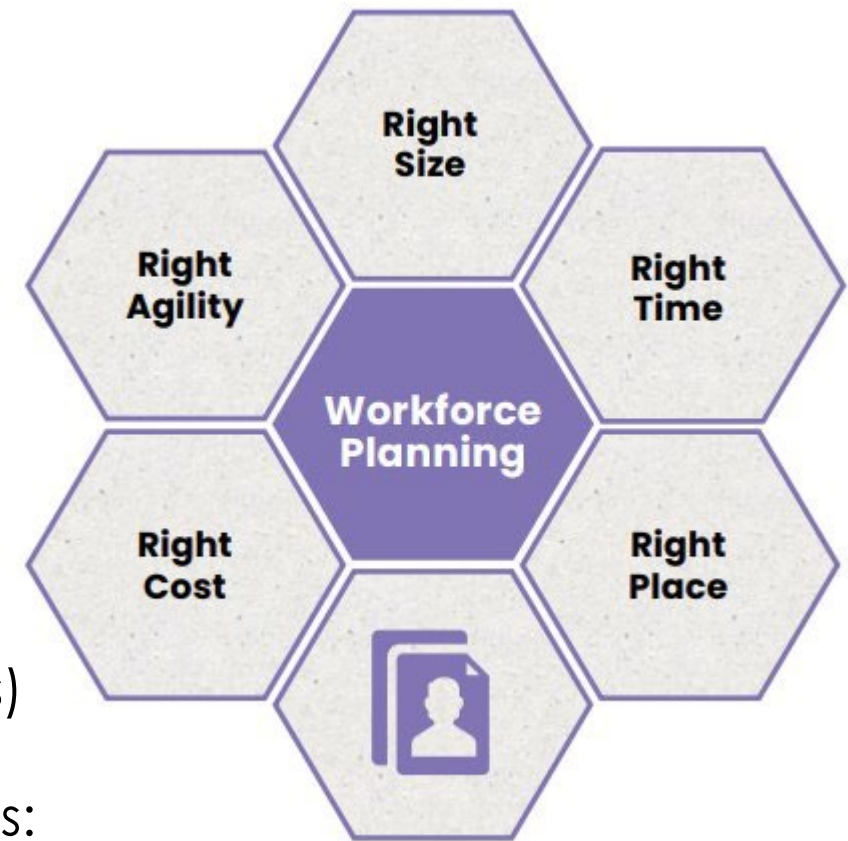
Workforce Plan

- No public engagement necessary
- No requirement for Council adoption (but pr best practice)
- CEO must prepare plan that:
 - Describes org structure
 - Projects staffing (at least 4 years)
 - Sets measures that "seek to ensure":
 - Gender Equality
 - Diversity
 - Inclusiveness
- Must "have regard" to the Gender Equality Act
- Act directs that CEO must inform Council and consult staff before any organisational restructure



Workforce Plan

- Org Chart
- Workforce profile, broken down by:
 - FTE numbers
 - Employment type (FT/PT/Casual and Perm/Temp)
- A statement of projected staffing numbers (at least 4 years)
- A summary of any appropriate workforce analytics, such as:
 - Skills shortages
 - Hours worked
- A statement of the measures in place to capture gender equality, diversity and inclusiveness
- A summary of any key actions council intends to implement or address meeting associated timelines



Workforce Plan

Key takeaways:

- **Growth is real. Allow for it.**
 - Think Compliance (new legislation or regulation)
 - Think Non-Discretionary (service growth)
 - Think Discretionary (Council plan strategic actions)
- **Focus on future**
 - Act says 4 years at a minimum. What is your Council committing to?
 - New aquatic centre/stadium
 - HACC and Childcare Services growing
 - EBA and Award increases, super guarantee, costs to attract/retain staff
- **The Golden Thread**
 - Supporting the strategic plan actions and outcomes
 - Think about service reviews / business decisions / keeping relevant
 - Call out the challenges

Revenue and Rating Plan

- By 30 June following election
- Best practice recommendations:
 - Background discussion/research on Council's rating past rating practices and challenges
 - Council's objectives and rationale for setting its rating structure and fees and charges
 - An impact statement regarding rates and fees and charges on the municipality
 - Clear explanations to justify Council's decisions
- Have a mature discussion with the community
 - Inform the community on the purpose or rates, fees and charges
 - Openly consider the impacts and trade-offs of decisions

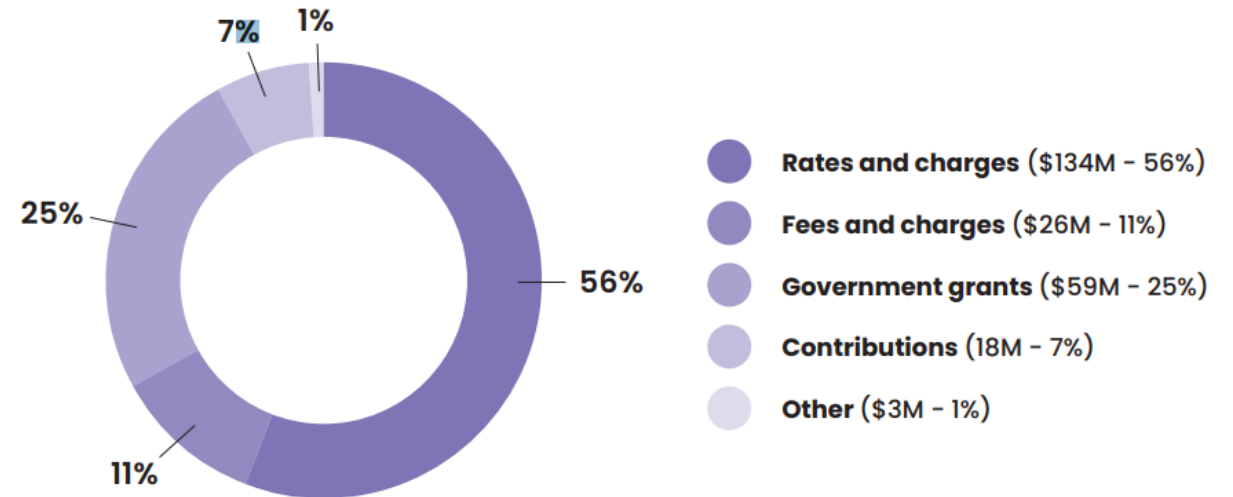
The plan should also have regard to the financial management and service performance principles contained in the act.

Revenue and Rating Plan

Components of a good revenue and rating plan:

- Legislative requirements
- Taxation principles
- Rates:
 - Valuation principles
 - Differential rates
 - Municipal Charge
 - Service rates and charges*
 - Special rates and charges
 - Supplementary rates
 - Payment settings
 - Hardship/rebates/deferment and waivers

> 2.1 Revenue Sources



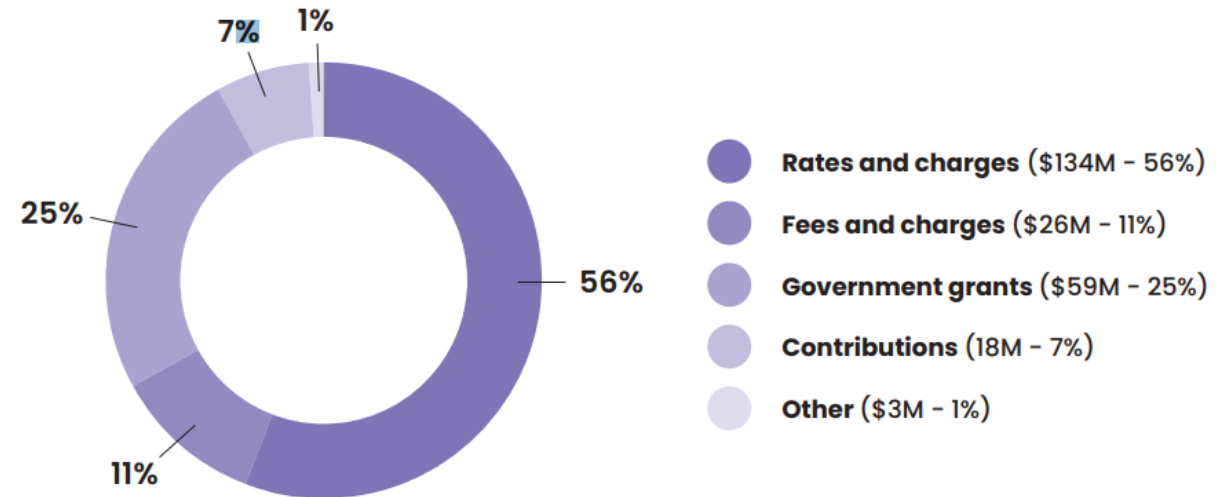
*Waste charges will need to be considered – stay tuned

Revenue and Rating Plan

Components of a good revenue and rating plan:

- Fees and Charges
- Pricing Policy
 - Equity versus subsidy
 - Community value
 - Competitive Neutrality
- Statutory fees and fines
 - Registration fees and permits
- User fees
 - Market price vs cost recovery vs subsidy
- Other revenue – grants/contributions/interest

> 2.1 Revenue Sources



Revenue and Rating Plan

Key takeaways:

- **Give it the time it needs.**
 - Consider your rating and revenue challenges in the past 4 years. How can you address these?
 - Invest in training your leadership:
 - Councillors (start the discussion as early as possible)
 - Management and staff
- **Focus on future**
 - Is your council growing? - how will supplementary rates change the landscape.
 - Shift in farming, commercial or industrial sectors – how will this affect differentials
 - Have an informed conversation with your community
- **The Golden Thread**
 - Everyone involved in council revenue and rate setting should fully understand the impact of their decisions and be able to explain and justify them to the public
 - This includes the link to strategic goals

Other Plans

- What else needs to be considered?



Procurement
Policy



Road Management
Plan



Service Plans



Health & Wellbeing
Plan




Community
Engagement Policy


Budget

- By 30 June – Each Year

So.....



The Budget is ultimately an "output" or short term view of all the other documents in the framework.



A 1 + 3 year view of the intent captured within the longer term framework

3 Take Aways

TR - The Golden Thread

BJ - Keep it simple and if
you lose focus, go back to
the framework to re-
focus

JB - Start now!

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