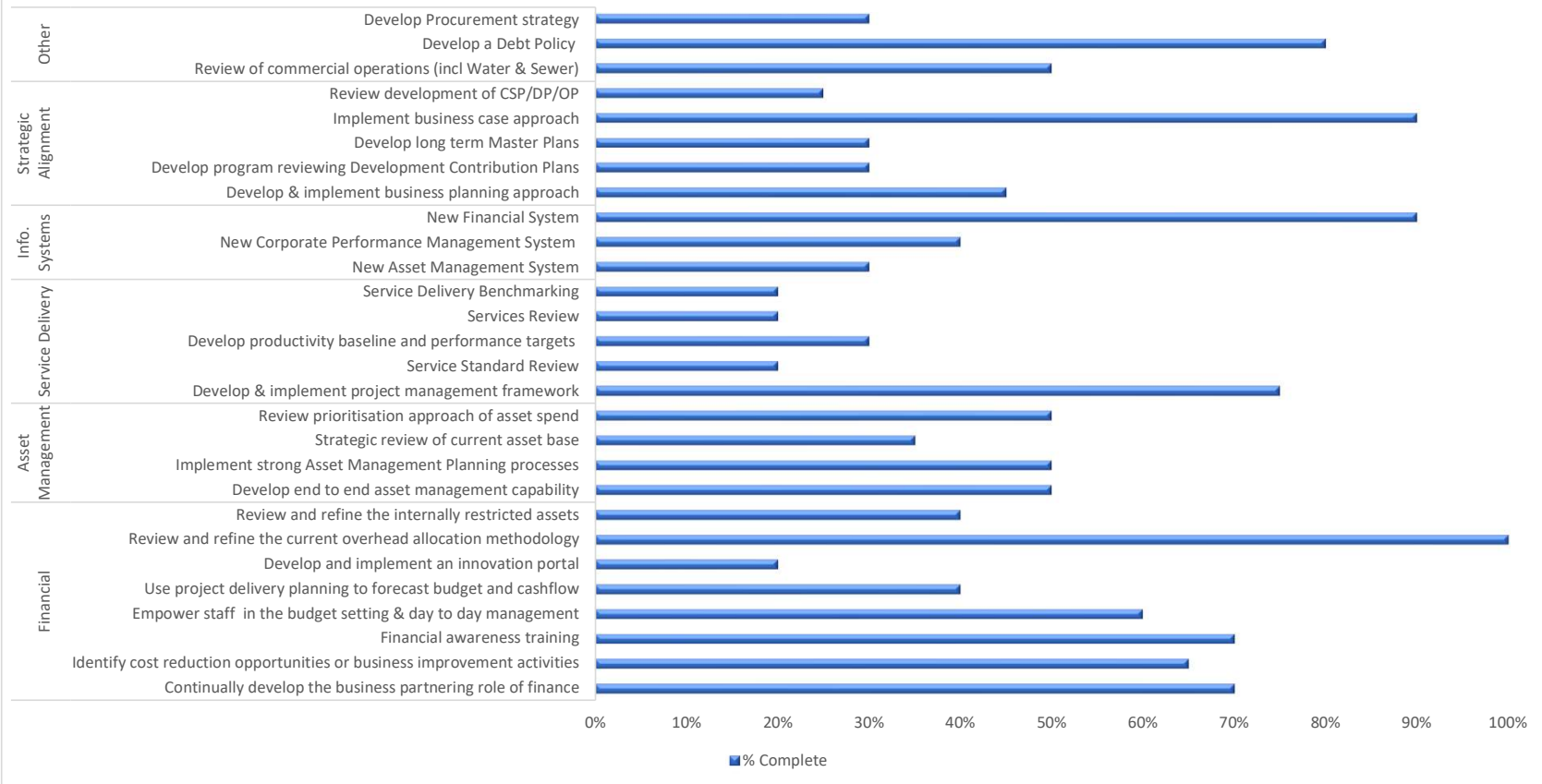


### Financial Sustainability Portfolio as at 31 March 2021



## Financial Sustainability Portfolio as at 31 March 2021

PHASE	GROUP	ID	PROJECT	DESIRED OUTCOME	STATUS	% COMPLETE	COMMENTS
Wave 1	Asset Management	FS13	Develop end to end asset management capability	Better asset management practices have led to improved financial performance, better asset decision making, a decrease in risk, an improvement in service outcomes, and therefore maximising the assets contribution to the community.	Implementation	50%	<p>An Asset Management Steering Committee has been established to oversee and guide the asset management business improvement project.</p> <p>To coordinate and facilitate ongoing change, a new Asset Management Team has been created within the Strategic and Asset Planning Group. The new team has the responsibility to develop, implement, and maintain appropriate business processes and systems to support the ongoing delivery of best practice asset management across the organisation.</p> <p>A number of improvements have been implemented over the last quarter in line with the agreed plan.</p> <p>Asset registers have been progressively reconciled, validated, and moved into a formalised and protected asset information management system (Assetic).</p> <p>Project prioritisation process introduced which incorporates consideration of whole of life-cycle costing.</p>
Wave 1	Asset Management	FS14	Implement strong Asset Management Planning processes	Asset management planning has reduced costly reactive maintenance, improved works program development, prioritisation and delivery, resulting in improved value for money	Implementation	50%	<p>Council is moving to a formal Asset Management Information System (AMIS) through Assetic, and once fully migrated, the system will assist Council to develop maintenance and works programs based on improved and collated data. This will also inform the development of new asset management plans, to be incorporated in the SAMP (Strategic Asset Management Plan) currently being prepared and due for exhibition in March 2022 with the broader suite of IP&amp;R documentation.</p>

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PHASE	GROUP	ID	PROJECT	DESIRED OUTCOME	STATUS	% COMPLETE	COMMENTS
Wave 1	Commercial Focus	FS07	Review of commercial operations (incl Water & Sewer)	KSC commercial entities operate on a commercial footing, providing financial returns to Council's General Fund to ease the rating burden on the community	Implementation	50%	Tender completed for the long-term lease of the Kempsey Regional Saleyards. A confidential Council report for award of tender to be presented to May 2021 Council meeting. Economic Development: VIS review completed. Crown Land Holiday Parks capital upgrade (with a focus on increasing revenue): A Council resolution on the long-term concept plans was made at the April 2021 Council meeting. The Holiday Parks capital works program has commenced and continues to progress. A waste services financial review commenced in August 2020 and will be completed by 30 June 2021. The Water and Sewer business is being assessed through IWCM (Integrated Water Cycle Management) project.
Wave 1	Financially Accountable Culture	FS20	Undertake financial awareness training across the organisation	KSC staff are financially aware, have commercial acumen and are able to make decisions in the best interests of the long term financial health of KSC	Implementation	70%	Some initial training conducted as part of the new system roll out and on other occasions as required. This was followed by Finance and Budget training sessions. Next steps are to have a more formal recurring training program.
Wave 1	Financially Accountable Culture	FS21	Empower staff to have greater involvement in the budget setting & day to day management, using section business plans & AMPs to guide the budget setting process	KSC staff are leading the budget setting process from individual unit business plans which are informed by Asset Management Plans and community expectations	Implementation	60%	There has been an increase in the maturity levels of budgeting and financial management. Business partners continue to support and work with the business on a frequent and recurring basis to progress this initiative.
Wave 1	Financially Accountable Culture	FS22	Continually develop the business partnering role of finance	The KSC Finance team is seen as a key business partner and is supporting and guiding operational units with analytics and decision support information	Implementation	70%	Departmental portfolios have been assigned to the two Finance Business Analysts. This is beginning to pay dividends as these closer relationships deliver improved budgeting, forecasting and reporting outcomes. Further planning to occur to shift the focus from a "Record to Report" philosophy and focus to Decision Support is currently occurring.

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PHASE	GROUP	ID	PROJECT	DESIRED OUTCOME	STATUS	% COMPLETE	COMMENTS
Wave 1	Financially Accountable Culture	FS23	Use project delivery planning to forecast budget and cashflow requirements in the financial planning processes to ensure alignment between delivery & cashflow/budget	Project budgets are informed by detailed project planning that articulates the phased delivery and therefore cashflow requirements, allowing project budgets to be phased appropriately, reducing carry overs between financial years.	Implementation	40%	Initial work conducted to prioritise approved grant funded projects first and to consider available capacity to deliver projects. Planning underway to expand the project management framework to Operational projects.
Wave 1	Financially Accountable Culture	FS24	Implement short term measures to identify waste, cost reduction opportunities or business improvement activities to ease short term financial pressure	Quick win opportunities are identified and realised early to demonstrate early success and assist in funding future improvement programs	Implementation	65%	A large number of process improvements have been identified through internal audit and other means. Many of these have been implemented and have also resulted in the elimination of many paper based processes.
Wave 1	Financially Accountable Culture	FS25	Develop and implement an innovation portal	Innovation is seen as a key attribute across KSC, staff are empowered to identify and nominate improvement opportunities and the improvements are delivering value across the organisation	Not started	20%	Report submitted to ELT to initiate this project. Commencement postponed until 2021-22 financial year.
Wave 1	Financially Accountable Culture	FS26	Review and refine the current overhead allocation methodology to ensure overhead cost apportionment is accurate & reflective of the true cost to serve of operating units.	Overhead distribution is reflective of the consumption of support services allowing true service costs to be identified and included in community engagement activities.	Complete	100%	Solution implemented.
Wave 1	Financially Accountable Culture	FS27	Review and refine the internally restricted assets currently held to ensure they are reflective of future requirements.	Internally restricted assets have a clear purpose and rational for restriction.	Assessment	40%	Initial discussions had with a view to reducing the internally restricted cash held, but a formal plan not yet developed. Council appointed an investment advisory firm to manage the ~\$90M cash investment portfolio. Links to FS28 - Debt Management.
Wave 1	Information Management Systems	FS10	New Financial System	KSC financial management system enables best practice financial management, accountability and reduces non value add activities	Implementation	90%	Core financials and budgeting application implementation and system training is complete. The last modules are being implemented with a target date of 30 June. This timeframe may not be achieved due to resources redirected to other projects.

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PHASE	GROUP	ID	PROJECT	DESIRED OUTCOME	STATUS	% COMPLETE	COMMENTS
Wave 1	Information Management Systems	FS11	New Asset Management System	KSC asset management system enables best practice asset management, enabling the asset base to deliver long term value to the community	Implementation	30%	<p>Since the engagement of Assetic Australia, work has progressed steadily migrating Council's data into the Asset Management Information System (Assetic). To date the Transport and Stormwater Drainage assets, including associated attributes, have been loaded into the new system. In addition to physical attributes, full financial details have also been configured for each asset. This has enabled Council, with the assistance of the vendor, to undertake a comprehensive system-based revaluation of both the Transport and Stormwater networks.</p> <p>Work has also commenced on integrating Assetic with council's existing Geographic Information System (GIS). This will allow the graphical representation of asset data and will aid in ongoing monitoring and analysis of asset performance as well as identifying candidate projects for future works programs.</p>
Wave 1	Information Management Systems	FS12	New Corporate Performance Management System	KSC Corporate performance management system enables best practice performance management, whilst also enabling Council & the community to monitor CSP, LTFP performance, along with DP and OP delivery	Implementation	40%	<p>While a system has been implemented, the scope of reporting is limited to the Operational Plan. The purpose and scope of reporting needs to be reviewed together with the functionality of the current system, and a corporate dashboard needs to be defined to provide information suitable for different stakeholder groups.</p>
Wave 1	Procurement Capability	FS19	Develop Procurement strategy	Procurement is a key business partner and is delivering improved supplier relationship management whilst also driving down 3rd party spend	Assessment	30%	<p>The focus has been implementing system enhancements driven mainly by the Corporate Business Systems project including a web and phone based procurement system as well as a web based Contract management and Tender platform. Due to continued resourcing commitments, Council is investigating the option of engaging a consultant to progress this initiative.</p>

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PHASE	GROUP	ID	PROJECT	DESIRED OUTCOME	STATUS	% COMPLETE	COMMENTS
Wave 1	Strategic Alignment	FS15	Develop & implement organisational wide business planning approach	Annual business planning provides a systematic review of operations, a consistent link between delivery and budget setting / prioritisation along with agreed target setting across the management team.	Business case	45%	A business plan template has been developed. ELT will consider this as part of the 2021-22 planning cycle.
Wave 1	Strategic Alignment	FS16	Implement business case approach	Formal business cases are in use for key investment decisions across both new services and asset construction, identifying benefits, whole of life costs and performance metrics to allow prioritisation by Council	Implementation	90%	A business case template is included in the project Management Framework, although a whole of life cost model is yet to be developed.
Wave 1	Strategic Alignment	FS17	Review development of CSP/DP/OP to ensure better linkages to LTFP & yearly budget	Clear linkages are established between operating unit business plans & budgets through to organisational planning documents including the CSP & LTFP	Assessment	25%	This will be undertaken as part of the development of the 2021-2025 Delivery Plan and 2021-2022 Operational Plan.
Wave 2	Asset Management	FS05	Strategic review of current asset base	KSC asset base is fit for purpose and aligned to community service requirements. Non core assets are divested and any funds realised are reinvested into core assets	Implementation	35%	A Strategic Asset Management Plan (SAMP) is currently being prepared and due for exhibition in March 2022 with the broader suite of IP&R documentation.
Wave 2	Asset Management	FS06	Review prioritisation approach of asset renewals and new asset construction	New assets are costed on a life cycle basis allowing Council to fully evaluate the investment requirement over the asset life along with the impact on the maintenance & replacement of existing assets. New asset investment decisions also reference community services expectations	Assessment	50%	A project prioritisation approach been developed and implemented. Further work is progressing to prioritise larger recurring asset replacement programs.
Wave 2	Service Delivery	FS04	Develop & implement project management framework	Project delivery is predictable and consistent in delivering on time, on budget and quality projects	Implementation	75%	A Corporate Project Management Framework has been rolled out and Training conducted. Work is being done to extend the framework to cater for Operational and Infrastructure projects.
Wave 2	Strategic Alignment	FS08	Develop long term Master Plans	Key asset and service areas have clear long term master plans in place that guide short to medium term decision making, project prioritisation and delivery.	Assessment	30%	Master plans are progressively being rolled out for Council's key open space areas.

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PHASE	GROUP	ID	PROJECT	DESIRED OUTCOME	STATUS	% COMPLETE	COMMENTS
Wave 2	Strategic Alignment	FS09	Develop a rolling program of review and refinement of Development Contribution Plans	Developer Contribution Plans are in place, up to date and balance the future costs of asset provision between the existing and future populations	Implementation	30%	Internal audit identified a number of initial findings which are currently being addressed through an internal workgroup.
Wave 2 & 3	Debt Management	FS28	Develop a Debt Policy outlining the how debt will be used, linking intergenerational equity and the consumption of assets across the useful life.	The use of debt is understood and accepted by Council and the community as a way of funding long term assets that are consumed by current and future generations, thereby balancing asset costs across generations.	Implementation	80%	A review of the use of loan funds versus cash reserves has been undertaken, resulting in Council securing \$26.5M in loans at a competitive fixed rate.
Wave 2 & 3	Service Delivery	FS01	Services Review	A suite of services that are well defined, deliverable and aligned to community expectations	Business case	20%	A catalogue of services which council currently delivers is being developed. This will be used to define a calendar of in-depth service reviews including the methodology for undertaking service reviews.
Wave 2 & 3	Service Delivery	FS02	Service Standard Review	A suite of services that are well defined and delivered to an agreed service standard aligned to community expectations	Implementation	20%	Micromex conducted survey of the community relating to levels of importance and satisfaction across 35 services. Results reported to Council. These results will be used to inform the development of the next Community Service Plan, and set service levels for the next 10 years.
Wave 3	Service Delivery	FS03	Service Delivery Benchmarking	Services are continually reviewed to ensure they deliver value to the community	Business case	20%	Service review approach is currently being developed (refer FS01 above). ELT will then determine a recurrent calendar of services reviews to be undertaken within the 4 year term of council.
Wave 3	Service Delivery	FS18	Develop productivity baseline and performance targets to drive continuous improvement in delivery	Productivity is consistently measured and monitored ensuring services are delivered in the most efficient manner	Implementation	30%	A set of corporate KPI's was adopted by Council on 28 July 2020. However, lead indicators need to be defined, and stakeholder engagement undertaken to establish a productivity baseline.