

Item No: 2.5
Title: Integrated Planning and Reporting (IP&R) Draft Document Suite - For Exhibition
Department: Corporate Services



29 April 2025 Ordinary Council Meeting

Reference: F2024/00100 - D16732390
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Report purpose

The purpose of this report is to recommend that the following documents are endorsed for public exhibition for a minimum period of 28 days:

- Draft Community Strategic Plan 2025-2035 – (Attachment 1)
- Draft Delivery Program 2025-2029 and Operational Plan 2025/26 – (Attachment 2)
- Draft Fees and Charges 2025/26 – (Attachment 3)
- Fees and Charges Comparison Table – (Attachment 4)
- Draft Workforce Management Strategy 2025-2029 – (Attachment 5)
- Draft Asset Management Strategy 2025-2035 – (Attachment 6)
- Draft Long Term Financial Plan 2025-2035 – (Attachment 7)

Executive Summary

Under the Integrated Planning and Reporting (IP&R) Framework and in accordance with the *Local Government Act 1993* and *Local Government (General) Regulations 2021*, Council is required to prepare a new suite of IP&R documents to guide the direction of the new Council term. These documents are to be exhibited for a period of no less than 28 days. and adopted before the commencement of the new financial year (i.e. 30 June 2025)

The IP&R suite includes:

- Draft Community Strategic Plan 2025-2035
- Draft Delivery Program 2025-2029 and Operational Plan 2025/26
- Draft Fees and Charges 2025/26
- Draft Workforce Management Strategy 2025-2029
- Draft Asset Management Strategy 2025-2035
- Draft Long Term Financial Plan 2025-2035.

These documents have been prepared in accordance with the above and are ready for public exhibition.

Background

Following a local government election Council is required to prepare its full suite of IP&R documents inclusive of: Community Strategic Plan, four year Delivery Program, one year Operational Plan and Resourcing Strategies; Workforce Management Strategy, Asset Management Strategy and Long Term Financial Plan. The preparation of these documents are guided by the IP&R Guidelines, *Local Government Act 1993* and *Local Government (General) Regulations 2021* and are required to be exhibited for public review and submission, before a final suite is adopted before commencement of the new financial year (30 June 2025).

Council staff have prepared these documents in accordance with legislation and are now seeking endorsement to publicly exhibit the suite.

Report

The draft IP&R document suite recommended for exhibition includes:

Community Strategic Plan



The Community Strategic Plan (CSP) sits atop of the IP&R Framework, detailing what's important to the community, their priorities, and the desired state for the Central Coast region. It is a 10 year plan that is prepared through engagement with the community and covers all aspects of community life. As such, the plan includes aspirations both directly and indirectly within Council's control. Noting that the plan cannot be delivered solely by Council and requires support from state and federal government, private organisations, community groups and community members. This draft CSP 2025-2035 represents a progressive change in where the community is, moving away from the original 'One' Central Coast to now 'Our' Central Coast.

Delivery Program and Operational Plan



The Delivery Program and Operational Plan is the next layer within the IP&R Framework and brings the CSP to life. The Delivery Program details the focus and priorities of Council for the four year term (2025-26 to 2028-29), while the Operational Plan details the specific actions, projects and annual budget to be delivered in the 2025/26 financial year, as well as the proposed rates and annual charges. The work to be delivered aligns to CSP and aims to achieve the community's aspirations.

Fees and Charges



The Fees and Charges includes a breakdown of user fees and charges proposed to be charged in the 2025-26 financial year. The fees include those that are set in line with the cost of providing the service, benchmarking with the market, or as stipulated by legislation. A comparison of fees and charges to 2024-25 is also provided to assist in understanding the changes between this financial year and next.

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Workforce Management Strategy



The Workforce Management Strategy 2025-2029 is a four year strategy that forms part of the Resourcing Strategy. The strategy includes details of the current workforce and how Council will ensure the right resources by investing in its people to provide services to the community and deliver the strategic direction.

Asset Management Strategy



The Asset Management Strategy 2025-2035 is a 10 year strategy that forms part of Resourcing Strategy. The strategy guides the planning, construction maintenance and operations of assets, whilst consideration to the condition of assets is given for present and future use and that the long-term financial needs are identified and planned for, both technically and financially. An Asset Management Policy is also included in the Strategy.

Long Term Financial Plan



The Long Term Financial Plan 2025-2035 is a 10 year plan that forms part of the Resourcing Strategy. The plan provides long-term financial projections, highlights potential issues that could impact Council's future financial sustainability, assesses the long-term financial sustainability of current and future service levels, tests various scenarios concerning different levels of service delivery, identifies future funding gaps in advance, and allows sensitivity testing about different assumptions in the plan.

Stakeholder Engagement

The preparation of the draft IP&R document suite has been informed through the community engagement conducted as part of the review of the CSP, 'One Central Coast', as well as other engagement such as customer satisfaction surveys, project specific consultation, customer requests and feedback.

Councillors have also been involved in the preparation of the draft IP&R document suite through a number of workshops and briefings, commencing in October 2024 to April 2025. Councillors have provided their input and their focus over the term, of which are aligned to the CSP and priorities of the community and have been incorporated into the documents.

Financial Considerations

Financial Year (FY) Implications.

The proposal does not have financial implications for the current year but impacts outer years. The impact on the LTFP is detailed below.

Draft 2025/26 Operating Budget

The 2025/26 operating budget has been developed based on the Long-Term Financial Plan adopted by Council in June 2024 as a guide and implements elements of the Financial Sustainability Strategy supporting the Plan. The budget is based on assumptions that consider current and forecasted income and expenditure trends, as well as opportunities and risks anticipated to impact the 2025/26 financial year. This budget forms the base year for the 2025-2035 Long Term Financial Plan, as included in the Integrated Planning and Reporting suite.

The consolidated operating position includes the General, Drainage and Domestic Waste Funds. The Water and Sewer Funds are reported separately, as these are subject to an external funding process through the Independent Pricing and Regulatory Tribunal (IPART).

The Operational Plan 2025/26 is underpinned by an operational budget generating a consolidated operating surplus (excluding Water and Sewer Funds) of \$4.5M.

The General Fund has an operating surplus of \$8.9M offset by an operating deficit in the Drainage Fund of \$5.8M. The Domestic Waste Fund has an operating surplus of \$1.5M.

The projected financial position (excluding the Water and Sewer Funds) continues Council's positive financial performance of three consecutive financial years of operating surpluses.

The budget reflects Council maintaining service delivery and supports the delivery of actions and projects as included in the Operational Plan, which align to the Councillor priorities and achieve the Community Strategic Plan. Council's financial position continues to support and elevate good governance, sound financial management and reflects financial stability and ensuring that the Council remains on the trajectory of ongoing financial sustainability.

Council's prudent financial management has enabled the full extinguishment of one of the emergency loans taken out by Council when it was facing financial challenges. At the time a temporary special rate variation was secured of which approximately 38% related to funding of the loans, with the remaining amount being required to support ongoing financial sustainability. The 2025/26 operating result reflects the full repayment of the remaining emergency loan in November 2025.

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Financial Summary - Consolidated (excluding Water and Sewer)	2024/25 (Original Budget)	2025/26
	\$ 000's	\$ 000's
Operating Income	498,318	535,688
Operating Expenditure*	(494,756)	(531,154)
Net Operating Result (excluding Capital Grants and Contributions)	3,562	4,534
Capital Grants and Contributions	83,390	75,608
Net Operating Result (including Capital Grant and Contributions)	86,952	80,142

The 2025/26 financial year is the last year of the May 2022 four-year pricing determination by the IPART for Council's water and sewer business.

The May 2022 pricing determination is reflected in the Water and Sewer Delivery Plan 2022-2026. The plan reflects a staged ramp up of expenditure to improve the quality of services that our community expects, with the following focus areas:

- Stronger accountability to our community
- Ongoing engagement with our customers and community to better understand values and priorities
- Improvements to our asset and project management framework.

Over the first three years of the determination, Council has been actively implementing IPART's recommendations. However, progress been significantly slowed down by the COVID 19 pandemic, through the impacts on the supply chain, and the cost of materials and contracts. Securing the necessary resources to achieve the required business growth has also been challenging. Council is required to ensure that all the allocated funding over the four years of the IPART pricing determination is applied and the associated outcomes are delivered.

Accordingly, the 2025/26 budget allocation reflects the full application of funding allowed over the four-year period of the determination. The delay in expenditure over the initial years of the determination, resulted in a misalignment between the annual income and expenditure in those years, with expenditure being planned for 2025/26 set to exceed the revenue received in the financial year, by utilising surpluses from previous years.

The 2025/26 Water and Sewer budget allocation and the associated required expenditure result in an operating deficit for 2025/26, and overall balanced operating result over the four years of the determination. The delivery of outcomes in this determination will ensure that Council is well placed when making the submission for the next pricing determination period.

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Financial Summary - Water and Sewer	2024/25 (Original Budget)	2025/26
	\$ 000's	\$ 000's
Operating Income	229,256	238,441
Operating Expenditure*	(222,117)	(244,956)
Net Operating Result (excluding Capital Grants and Contributions)	7,139	(6,515)
Capital Grants and Contributions	26,202	24,546
Net Operating Result (including Capital Grant and Contributions)	33,341	18,031

Details regarding the 2025/26 Operating Budget can be found in the *Draft Delivery Program 2025-2029 and Operational Plan 2025/26* – (Attachment 2) to this report.

Financial Sustainability – Draft Long Term Financial Plan 2025-2035

This LTFP should be read in conjunction with Council's adopted Financial Sustainability Strategy. The Strategy outlines several high-level actions that Council will need to undertake to continue to manage its financial settings to maintain financial sustainability.

The projected financial position (excluding the Water and Sewer operating result) continues to deliver positive financial performance over the next three consecutive financial years generating operating surpluses for the duration of the Delivery Program.

Council must ensure it remains financially sustainable into the future, over the next 10 years. The Draft Long Term Financial Plan 2025-2035 (LTFP) includes the projected financial performance over this period, under several scenarios. The various scenarios represent various assumptions regarding revenue, costs, and service levels.

Council, like most councils in NSW is facing a growing challenge when planning for a financially sustainable future. These challenges include:

- Increased costs to deliver services and meet regulatory requirements
- Increased demand for services from the community
- The diversion of resources away from local government due to cost shifting
- Constraints over major income streams due to rate pegging
- Constraints over income streams subject to relatively static statutory fees
- Caps placed on development contributions which have not increased, although the cost of providing the infrastructure continues to increase
- Ageing infrastructure and escalating expenditure required for asset maintenance and renewals
- Natural disasters

In addition to the above challenges, Council needs to plan for the expiry of the temporary Special Rate Variation in 2031, approved in May 2022. This event, if not addressed will

significantly impact Council's ability to continue to provide services and deliver works to the community.

The LTFP includes five scenarios.

Scenario 1 – Base Case Model– This scenario assumes that no specific actions are taken by Council to change the current trajectory of its operating income and expenditure. Under this scenario, Council will have the following reductions in revenue:

- Stormwater drainage service charges income ceasing on 30 June 2026. Forecasted reduction in income of \$22.4M from 2026/27.
- Removal of \$31.0M in 2031/32 reflecting the expiry of the temporary increase in rating income, implemented in 2021/22.

Council has already taken action regarding the stormwater drainage service charges income and is currently awaiting a response from the Minister for Local Government.

This scenario does not support financial sustainability as Council will start experiencing operating losses from 2026/27 (\$23.5M loss), growing to a loss of \$88.3M in 2034-35. This will also result in a progressive depletion of unrestricted cash, resulting in no cash being available from 2031/32.

This scenario is included in the LTFP as a base case model, but it is not considered to be a viable option.

Scenarios 2, 3(a), 3(b) and 3(c) - provide various options available for Council to determine through engagement with the community. These four options have varying impact on rates payable, Council revenue, services and service levels and risk.

The Draft Delivery Program 2025-2029 has been based on Scenario 2. Under this scenario there is **no** change to rates payable beyond the applicable annual rate-pegging increases (which will apply under all scenarios modelled). Should Council wish to alter the Scenario to form the basis of its financial planning, the corresponding changes will need to be made to the Delivery Program.

The assumptions and projected impact on service levels and associated risks are summarised below:

Impact on estimated 2031-32: Average Rate, Services and Revenue

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	LTFP SCENARIO 2 New SRV \$31M	LTFP SCENARIO 3A No new SRV	LTFP SCENARIO 3B New SRV \$19M	LTFP SCENARIO 3C New SRV \$23M
Rate & Rate Impact @ FY 31/32	\$1,971 nil	\$1,745 rate reduction \$226	\$1,881 rate reduction \$90	\$1910 rate reduction \$61
Service Impact	Maintain current service levels	-\$22M - Significant reduction in service levels including exit of some services	-\$4M - Moderate reduction in some service levels	Impact on current service levels as a consequence of the reduction in internal service levels. e.g. Less grant income will reduce delivery of community projects.
Revenue Impact	+\$7M from other sources: - Increase user fees & charges - Reduce subsidies - Optimise investments (cash & property) - Strategic utilisation of council assets - etc +\$31M from new SRV SRV process to commence FY29/30	+\$7M from other sources: - Increase user fees & charges - Reduce subsidies - Optimise investments (cash & property) - Strategic utilisation of council assets - etc No SRV	+\$7M from other sources: - Increase user fees & charges - Reduce subsidies - Optimise investments (cash & property) - Strategic utilisation of council assets - etc +\$19M from new SRV SRV process to commence FY 29/30	+\$7M from other sources - Increase user fees & charges - Reduce subsidies - Optimise investments (cash & property) - Strategic utilisation of council assets - etc +\$23M from new SRV SRV process to commence FY29/30

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Impact on estimated 2031/32: Operational Efficiencies and Internal Service Levels

	LTFP SCENARIO 2	LTFP SCENARIO 3A	LTFP SCENARIO 3B	LTFP SCENARIO 3C
Efficiency Impact <i>Impact on the organisation</i>	\$13M Operational efficiencies: - Streamline internal processes - Technology enablement - Procurements settings - Supply chain management - Alternate delivery models	\$13M Operational efficiencies: - Streamline processes - Technology enablement - Procurements settings - Supply chain management - Alternate delivery models \$8M internal service levels: - Reduce proactive governance programs incl internal audit - Delayed customer service response times - Limit asset maintenance to reactive only. - Reduce financial oversight - Reduce legal defences - Reduce investment in emerging technologies - Reduce support to councillors - Reduce capacity to apply for grants - etc	\$13M Operational efficiencies: - Streamline processes - Technology enablement - Procurements settings - Supply chain management - Alternate delivery models \$8M internal service levels: - Reduce proactive governance programs incl internal audit - Delayed customer service response times - Limit asset maintenance to reactive only. - Reduce financial oversight - Reduce legal defences - Reduce investment in emerging technologies - Reduce support to councillors - Reduce capacity to apply for grants - etc	\$13M Operational efficiencies: - Streamline processes - Technology enablement - Procurements settings - Supply chain management - Alternate delivery models \$8M internal service levels: - Reduce proactive governance programs incl internal audit - Delayed customer service response times - Limit asset maintenance to reactive only. - Reduce financial oversight - Reduce legal defences - Reduce investment in emerging technologies - Reduce support to councillors - Reduce capacity to apply for grants - etc

Impact on Risk Levels

	LTFP MODEL 2	LTFP MODEL 3A	LTFP MODEL 3B	LTFP MODEL 3C
Risk Impact	▪ Appropriate buffer to respond if: - Financial assumptions incur adverse variations - Efficiencies and/or revenue not achieved in full - Unforeseen events	▪ Increase risk of non-compliance ▪ Increase risk of industrial action ▪ Community dissatisfaction - impact on expected services, service level and accessibility of services. ▪ Increase risk of reputational damage ▪ Risk of delivery failure ▪ Reduced local employment (95% of staff are residents) ▪ No ability to adapt if: - Financial assumptions incur adverse variations - Efficiencies and/or revenue not achieved in full - Unforeseen events	▪ Increase risk of non-compliance ▪ Increase risk of industrial action ▪ Community dissatisfaction - impact on expected services, service level and accessibility of services. ▪ Increase risk of reputational damage ▪ Risk of delivery failure ▪ Reduced local employment (95% of staff are residents) ▪ Minimal ability to adapt if: - Financial assumptions incur adverse variations - Efficiencies and/or revenue not achieved in full - Unforeseen events	▪ Increase risk of non-compliance ▪ Increase risk of industrial action ▪ Community dissatisfaction - impact on expected services, service level and accessibility of services. ▪ Increase risk of reputational damage ▪ Risk of delivery failure ▪ Reduced local employment (95% of staff are residents) ▪ Moderate ability to adapt if: - Financial assumptions incur adverse variations - Efficiencies and/or revenue not achieved in full - Unforeseen events

Details regarding the above scenarios, assumptions, and other information relevant to Council's long term financial planning is included in the *Draft Long Term Financial Plan 2025-2035* – (Attachment 7).

Link to Community Strategic Plan

Theme 4: Responsible

Goal G: Good governance and great partnerships

R-G3: Provide leadership that is transparent and accountable, makes decisions in the best interest of the community, ensures Council is financially sustainable and adheres to a strong audit process.

Risk Management

The exhibition ensures Council meets its requirements and aims to mitigate the risk of being in breach of legislation.

Critical Dates or Timeframes

It is proposed that the draft IP&R documents are publicly exhibited from Thursday 1 May 2025 to Monday 2 June 2025. During the exhibition period the community will have the opportunity to view these documents online or in person. A series of place-based engagement initiatives will also be held, providing opportunity for community to learn more about these important documents, provide feedback and ask questions to Council staff and Councillors.

Council is required to consider all submissions it receives prior to adopting these documents. A summary of those submissions, consideration of recommended changes and adoption of the final IP&R documents will be presented to Council at the ordinary Council Meeting of 24 June 2025.

Attachments

1	Draft Community Strategic Plan 2025-2035	Provided Under Separate Cover	D16800548
2	Draft Delivery Program 2025-2029 and Operational Plan 2025/26	Provided Under Separate Cover	D16800570
3	Draft Fees and Charges 2025/26	Provided Under Separate Cover	D16800572
4	Draft Fees and Charges Comparison Table 2025/26	Provided Under Separate Cover	D16800573
5	Draft Workforce Management Strategy 2025-2029	Provided Under Separate Cover	D16800560
6	Draft Asset Management Strategy 2025-2035	Provided Under Separate Cover	D16800554
7	Draft Long Term Financial Plan 2025-2035	Provided Under Separate Cover	D16800563