

Strategic Improvement Plan for Kiama Municipal Council

Overall Objective: To deliver financial sustainability for the organisation and address governance, administrative and organisational matters raise in the State of the Organisation Report February 2022.

The timeframe for the Strategic Improvement Plan is March to July 2022 (12 weeks) for immediate actions. Longer term actions that derived from the State of the Organisation report will continue on for at least two to three years.

Critical Strategic Aims of the Strategic Improvement Plan:

1. Before August 2023 ensure the Office of Local Government ratios for sustainability are met and ensure the organisation is positioned to repay TCorp debt and secure refinancing as per the conditions of the loan.
2. To proactively ensure that the Office of Local Government does not need to issue performance orders to Council.
3. To ensure the business of Blue Haven is established correctly with separate ledgers to enable long term business decisions to be considered.
4. Within three years complete a business transformation program of work that improves the administrative and cultural performance of the organisation in all spheres of work.
5. To restore community confidence and trust in the systems and processes of local government and ensure that Kiama Municipal Council is positioned to be sustainable into the future, delivering the services and facilities required to support its community.

*****It is important to note that this document is a work in progress and will be updated monthly to account for deliverables and respond to changing business needs*****

Strategic Improvement Plan

Issue 1: Financial sustainability

Business Improvements for financial sustainability required

1. Improved financial reporting and legislative compliance
2. Separate ledgers for Blue Haven and KMC
3. Baseline financial analysis on sustainability of both business entities
4. Application submitted to Minister of Lg, required to comply with section 358 of LG Act
5. Cash flow projections
6. External audit completed for FY 20/21 financial statements
7. Budget for FY 22/23 developed
8. Budget module in TechOne to function adequately with required staff training and understanding
9. Forensic audit undertaken
10. Fees and charges reviewed and opportunities for revenue explored
11. OLG Performance ratios assessed
12. Strengthened working papers and reconciliations of key accounts and sub-ledgers
13. Presentation and disclosures in draft financial statement need to be improved
14. Preparation of a long term financial plan that establishes the required liquidity ratios and cash holding position

Figure 1.1: Immediate Actions and Status for Financial Sustainability required within next 12 weeks.

Relation to Business Improvement	Immediate Actions	Status as at 11 May 2022
1.1	Establish an appropriate monthly financial report and submit to council that explains variances and compares year to dates and actuals.	February, March & April monthly reports submitted. Some improvements still required.
1.1	Ensure financial reporting processes are established in the TechOne system and are understood by Finance team and management.	Contract obtained from KPMG regarding addressing TechOne system improvements needed. Work to commence May 2022.
1.3	Engage a financial specialist firm and ensure adequate baseline financial information is urgently created to inform all decisions.	KPMG engaged to provide urgent assistance to rebuild financial reporting, establish baseline operational data and assist with CFO / staff vacancies. Costs reported to council.
1.5	Create a cash flow analysis as a matter of priority for discussion and review monthly, ensuring this information is circulated to managers, relevant committees and Council.	Completed April 2022.

1.8	Prepare and create an appropriate quarterly financial report built in the TechOne system that all finance staff are trained in delivering.	Underway and to be refined in May.
1.8	Rectify all issues with the TechOne budget module / system to ensure adequate financial management across the whole organisation	Quote to undertake work obtained. TechOne advised. To be undertaken in May.
1.2 1.4	Prepare a project plan and engage assistance to separate the Blue Haven ledger from Council and develop all documentation required to be submitted to the Office of Local Government to meet section 358.	Quote obtained and project plan developed. Submitted to BH advisory board and Council for consideration. Work underway.
1.1	Immediately provide human resource support to the finance team to ensure adequate resources.	Analysis of roles and PD's undertaken. Business critical roles advertised. One recruitment completed. Interviews underway.
1.1	Create appropriate policies and procedures that support and guide the finance department work	No action as yet.
1.9	Engage specialist firm to undertake the forensic audit into financial decisions made over the last five year period.	Briefing held 28 April 2022 and implementation to occur.
1.9	Ensure any required reporting and learnings from forensic audit is completed. Including a briefing for Council and relevant committees.	Briefing held 28 April. ARIC Extraordinary Meeting held 6 May. FAC Extraordinary Meeting held 5 May.
1.1 1.11	Conduct regular meetings and briefings with key stakeholders including TCorp, audit office, and OLG Performance and Intervention on financial matters	Weekly meetings undertaken by CEO. Case manager for OLG appointed.
1.6	Complete the financial statements for this year and submit a plan to audit office for external office review.	Audit Office have advised outstanding items. Extension granted by OLG.
1.6	Complete the financial statements for 20/21 and external audit process.	Pending. Correspondence sent from Audit Office to Minister regarding failure to complete external audit and concerns with timing.
1.6	Apply for an extension of timeframe for the completion of FY 20/21 external audit.	Discussion with Audit Office and external auditor completed. OLG has approved. Awaiting correspondence.
1.7	Prepare the FY 22/23 Budget	Behind schedule. Workshop booked 12 May 2022.
1.10	Review of Fees and Charges	Complete
1.10	Review of revenue raising opportunities including: <ul style="list-style-type: none"> - Review of waste business unit - Review of leisure centre - Review of holiday parks 	Pending.

Figure 1.2 Longer term actions arising from State of Organisation Report

Relation to Business Improvement	Longterm Actions	Status as at 11 May 2022
1.3	Review the Pride Living report on workforce design in residential aged care facility and home and community care section.	Pending.
1.10	Review and update developer contribution scheme and ensure adequate resourcing	Report approved at March 2022 Council meeting. Consultative committee report and PD prepared and submitted.
1.10	Special rate variation explored.	Resolution 22/022OC. At 12 April 2022 Council Meeting. Completed.
1.10	Alternate sources of revenue explored, including grants.	Grants Officer commenced employment May 2022.
1.1	Increased financial literacy in the organisation.	Pending.
1.1	Dedicated financial support for Blue Haven.	Permanent recruitment underway for Financial Controller.
1.14	Finalise the long-term financial plan.	Underway. To be discussed 12 May in Councillor workshop.

Issue 2: Assets, Sale, Lease, Joint Ventures, depreciation and whole of life costing impacting on cash flow

Business Improvements Required for assets, sale, joint ventures, depreciation and whole of life costing impacting on cash flow

1. Lists of all superfluous assets prepared
2. Sale of assets
3. Vendor panel created for realtors / agents
4. Critical sale / negotiations of assets progressed
5. Critical review of all assets
6. Review of business units for performance and cash flow contribution
7. Consideration of value of all assets including Blue Haven and KMC
8. Cash flow options dependant on sale or lease of assets
9. Asset management plans developed for Blue Haven
10. Assets valuations undertaken adequately to inform overall cash flow
11. Joint ventures, shared services and asset utilisation considered to ensure value for money
12. Strategic asset management plans developed

Figure 2.1: Immediate Actions and Status for Assets

Relation to Business Improvement	Immediate Actions	Status as at 11 May 2022
2.1	List of superfluous prepared and distributed.	Complete.
2.2	Sale of superfluous assets	<p>Akuna Street EOI has been completed and four tender invitations were issued. Tenders must be submitted by 2pm on 26 May 2022.</p> <p>The Panel of Providers Real Estate Services closes 12th May and a review of submissions will be completed to form a recommendation to the CEO.</p> <p>An internal working group (ELT and Manager Commercial Services) has been formed to work through a list of asset sales and policies, eg Market-led proposals. They will examine: timeframes for each proposal to eventuate into sale, values, planning requirements, strategic sites options analysis, and a resolution to start looking at these proposals.</p>
2.6	Holiday Park compliance and lease arrangements	<p>Briefing completed.</p> <p>Report submitted for consideration at May Ordinary Council Meeting.</p>

2.9	Strategic asset management plans and maintenance schedule to be prepared for Blue Haven Residential Aged Care Facility and Independent Living Units.	Consultant appointed and works being undertaken by Public Works Officer.
2.6	Review of business units including waste, holiday parks, leisure centre exploring lease, shared service or outsourced models and cost efficiencies in delivering internally.	Pending.
2.10	Blue Haven, fully explore sale options, lease, middle out management, shared services, or keep options and true costs of delivering internally.	Council confirmed selection of McVay Real Estate to explore options. Further report submitted for consideration.
2.8	Cash flow projections influenced by sale of assets to be reviewed	April Cash flow projections developed and further consideration required. Completed and provided to Council.
2.11	Consider outsourcing service components to manage risks	Initial recommendations focussed on Residential Aged Care Services.

Figure 2.2 Longer term actions arising from State of Organisation Report

Relation to Business Improvement	Longterm Actions	Status as at 11 May 2022
2.10	Asset revaluations on all classification of assets undertaken, responding to management letters from external auditors.	Pending.
2.5	Asset utilisation work undertaken to ensure maximum use of available assets	Pending.
2.11	DA approvals to ensure maximum usage of assets by community and optimal revenue from fees and charges	Blanket DA approvals to be undertaken to allow for events, markets etc. Further work to be done after this concludes.
2.12	Developer contributions policy to be rewritten to ensure adequate collection of fees and charges for refurbished assets, alongside analysis of existing and future needs.	Director Environmental Services is currently working on enhancement of control procedures and review of the existing plans, which will include a Development Contribution Officer role to enable oversight of the plans and framework, and staff education. The Job Description for Development Control Officer has been completed and will be submitted to Consultative Committee and Union representatives concurrently.

		<p>Finance team developing a policy for the administration of development contributions and invoicing of all charges.</p> <p>Internal auditor has recently completed an audit of developer contributions.</p>
2.12	Open space planning and sport facility planning and asset management practices improved.	Work underway
2.11	Swimming pool compliance and inspections legislative requirements met.	Completed
2.11	Barroul House, options to explore outsourced delivery option.	<p>ILU residents advised and communication on preferred arrangement submitted for consideration.</p> <p>Further work pending.</p>
2.7	Consider the caretaker / ILU management solution and options.	BHAB considered report at April Meeting.
2.9	Defects at Bonaira ILU to be resolved and bond released	Legal services retained and correspondence issued.
2.9	Communication plan on the final costs / project costs	Pending.
2.9	Restructure ILU, in-home care and RACF	Pending.
2.9	Establish a Finance Audit and Risk Management subcommittee of the BHB with a clear relationship to Council's ARIC	<p>Advice from lawyers not to proceed, use ARIC.</p> <p>Considered at 6 May ARIC Meeting</p>
2.7	Prepare maintenance structure and operational costs for Council and Blue Haven	Pending.
2.12	Consider community engagement on this investment / divestment	Pending.
2.9	Financial plan for Blue Haven services	Pending. Also requires a Strategic Plan to be developed.

Issue 3: Governance and Risk

Improvements required for governance and risk

1. Improved reporting to Audit Risk and Improvement Committee
2. Improved reporting to Blue Haven Advisory Board
3. Improved governance procedures and policies in response to Todd Hopgood Report
4. Legislative requirements met for compliance with ICAC, Code of Conduct, Annual reporting etc
5. Improved transparency of decision-making processes of council
6. Prudential requirements for Blue Haven fully met
7. Accreditation against the quality standard indicators for aged care delivered
8. Improved complaints handling policies and procedures
9. Project management skills and processes for delivery, procurement and evaluation of projects

Figure 3.1: Immediate Actions and Status for Governance and Risk

Relation to Business Improvement	Immediate Actions	Status as at 11 May 2022
3.1 3.2	Procedures developed for ARIC, FAC, Blue Haven Advisory Board Committees to clearly support the operations	Completed
3.5	Terms of reference for all committees and working group developed	Draft discussion paper being worked on. Exception report developed to ensure continued operation of essential committees.
3.6	Audit of prudential requirements undertaken to ascertain compliance.	Pending.
3.5	Open Briefings of Council organised and policy to support the 6 month trial.	Open briefings held and draft policy developed for endorsement.
3.3	Active tracking of audit actions with management team to ensure implementation.	Audit actions linked to management and Directors key performance indicators during the performance review cycle for this FY year.
3.3	Hopgood Governance report being implemented and outputs reported quarterly to Council.	24 of 36 actions implemented. Reported to February 2022 meeting of Council. Staffing and structure for governance team focused on with recruitment to two essential roles and removal from direct report to CEO. All supported and reported to CC.
3.8	Review of complaints and Code of Conduct.	Pending.

3.7	Key personnel appointment forms completed and HR clearances for Blue Haven Advisory Board members undertaken.	Completed.
3.1 3.2	Induction process for Blue Haven Advisory Board and Audit and Risk Advisory Committee undertaken.	Pending.
3.9	TechOne project and management of the team, workload and contracts.	Reporting line shift to CEO. Recruitment completed 3 times, no candidate accepted. Contract reviewed by FAC. Backfill arrangements within organisation made to ensure adequate staffing levels. Work ongoing
3.7	Accreditation process for Blue Haven residential facility and ability to comply with quality standards.	Critical Success Solutions appointed project delivered to audit and improve compliance practices. Weekly reporting providing insights into business needs.
3.7	Fire safety certificates at Blue Haven Bonaira to be obtained.	Completed March 2022.
3.3	Risk strategy and register workshop for the BHB, ARIC, FAC and Council	Pending.

Figure 3.2 Longer Term actions arising from State of Organisation Report

Relation to Business Improvement	Longterm Actions	Status as at 11 May 2022
3.3	Improvements to the IP&R reporting and schedule.	CSP consultations and workshops completed. Report in draft stage. Work underway on IP&R extraordinary meeting for June for the Delivery Plan, Workforce Strategy and CSP.
3.3	Delegations Register	Pending.
3.5	Improvements to the constitution, Village rules and relationship management with ILU's.	Initial reviews underway. Consultation to occur. Regular cycle of meetings established.
3.5	Building 4 matters at Blue Haven Bonaira to be addressed.	Union consultation complete and new procedures developed and circulated. Building works to be costed.
3.9	Defect period for Blue Haven Bonaira to be closed out and all works completed.	Weekly meeting commenced. Legal Counsel retained.

Issue 4: Organisational Capability, Culture and Performance

Improvements required for Organisational Capability, Culture and Performance

1. Suitable modern industrial instruments to ensure workforce support and performance
2. Improved engagement with Unions
3. Workforce management strategies and policies that support Blue Haven and KMC
4. Improved human resources policies and procedures that support two workforces: Blue Haven and Kiama Municipal Council
5. Leave management practices and balances actively monitored
6. Articulated cultural development strategy to support positive workforce development with measurable and reportable outcomes yearly
7. Training and development program that supports the workforce
8. Suitable organisation structure that provides for an efficient workforce
9. Salary system and supporting HR policies that supports an effective and productive workplace
10. Development of two clear organisational structures – one for Blue Haven, one for Kiama Municipal Council supported by suitable HR policies and practices
11. Effective workplace business improvement and evaluation of services and facilities
12. Annual cycle of performance review and feedback that supports a culture of high performance
13. Reduce costs of overtime and agency temps within the business.
14. Business practices for Blue Haven embedded on a foundation of open disclosure and consumer engagement.
15. Clear key performance indicators for all staff that drive better business performance.

Figure 4.1: Immediate Actions and Status for Organisational Capability, Culture & Performance

Relation to Business Improvement	Immediate Actions	Status as at 11 May 2022
4.2	Collaborative union relationships established	Regular fortnightly meetings held.
4.8	Organisational structure work for KMC to be completed	ELT sessions held; One management Ideation session held. Further workshops pending. Councillor information session pending.
4.6	Organisational cultural improvement for KMC	Managers culture sessions completed. Coordinators session completed. Report pending.
4.12	Annual performance review system	Annual performance reviews cycle underway in April in line with Protocol.
4.9	Salary system review	Draft model developed, pending resources to progress. Draft suite of HR reward and recognition policies developed.

4.4	HR support for Blue Haven	Role re-advertised until 11 May 2022. Applications received. Interviews underway.
4.3	Review of Pride Living report and workforce design.	Meeting held March 2022.
4.12	KPI's developed and assessed as part of annual performance review process for all staff.	Annual performance reviews now underway in line with Protocol. Workshops and reviews underway.
4.3	Recruitment drive for essential roles and critical business areas.	KPMG providing advice on design and structure of finance team. KPMG providing some essential support for finance department to ensure delivery for a period 12 weeks while recruitment is underway to core roles.
4.11	Federal government liaison for grant funding options and business improvements	Application submitted end of March 2023 to Federal Government. Ministerial meeting sought.

Figure 4.2 Longer term actions arising from State of Organisation Report

Relation to Business Improvement	Longterm Actions	Status as at 11 May 2022
4.1	Casual conversion requirements to be reviewed and met	Pending.
4.9	Cost of salary system and structure to be fully explored and consultation to occur with staff and Councillors	Pending. Report prepared, requires resourcing to implement.
4.13	Reduce costs associated with overtime and agency usage.	Initial investigations undertaken and sign off process re-established. Weekly reporting for organisation prepared and distributed to executive for monitoring.
4.4	Review of position descriptions	Pending
4.7	Executive coaching for Directors and COO	Quotes obtained and offer declined.
4.4	Finalise master roster for Blue Haven	Pending.
4.11	Commercial considerations report that explores business outsourcing or shared service models for some services such as waste, rangers, pounds, building surveyors, mechanical workshop, leisure centre	Pending.
4.4	Review of the full suite of HR policies to ensure workforce is properly managed	Pending.

