

10.4.2 Public Exhibition of the Draft 2025-2035 Suite of Integrated Planning and Reporting Documents including 2025-2026 Budget

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Executive Summary

The purpose of this report is to seek Council's endorsement for the public exhibition of the following draft documents:

- Draft Shellharbour 2035: Community Strategic Plan 2025-2035 (**Attachment 1**)
- Draft Delivery Program 2025-2029 including Operational Plan 2025-2026 and 2025-2026 Budget (**Attachment 2**)
- Draft Rates Policy (**Attachment 3**)
- Draft Resourcing Strategy 2025-2035 (**Attachment 4**)

The public exhibition of these draft documents will allow the community to further have its say and to provide feedback via submissions.

Subject to Council endorsement, the draft documents will be placed on public exhibition from 30 April to 27 May 2025.

Recommendation

That Council:

- 1. Endorse for the purpose of public exhibition the:**
 - a. Draft Shellharbour 2035 Community Strategic Plan 2025-2035 (Attachment 1)**
 - b. Draft Delivery Program 2025-2029 including Operational Plan 2025-2026 and 2025-2026 Budget (Attachment 2)**
 - c. Draft Rates Policy (Attachment 3)**
 - d. Draft Resourcing Strategy 2025-2035 (Attachment 4)**
- 2. Publicly exhibit the draft documents for a period of 28 days.**

Background

Integrated Planning and Reporting Framework

Integrated planning and reporting (IP&R) is prescribed by the *Local Government Act 1993 (Act)* and was introduced in 2009. The Act conveys the central assumption that all council planning should originate from a sound understanding of the community's expectations around priorities and service levels.

The IP&R Framework comprises a series of interrelated documents that together provide a rigorous, consistent approach to community planning across all NSW local councils, while also ensuring alignment with regional and state priorities. This is outlined in **Figure 1** below and demonstrates the relationship between the Community Strategic Plan, Resourcing Strategy, Delivery Program and Operational Plan.

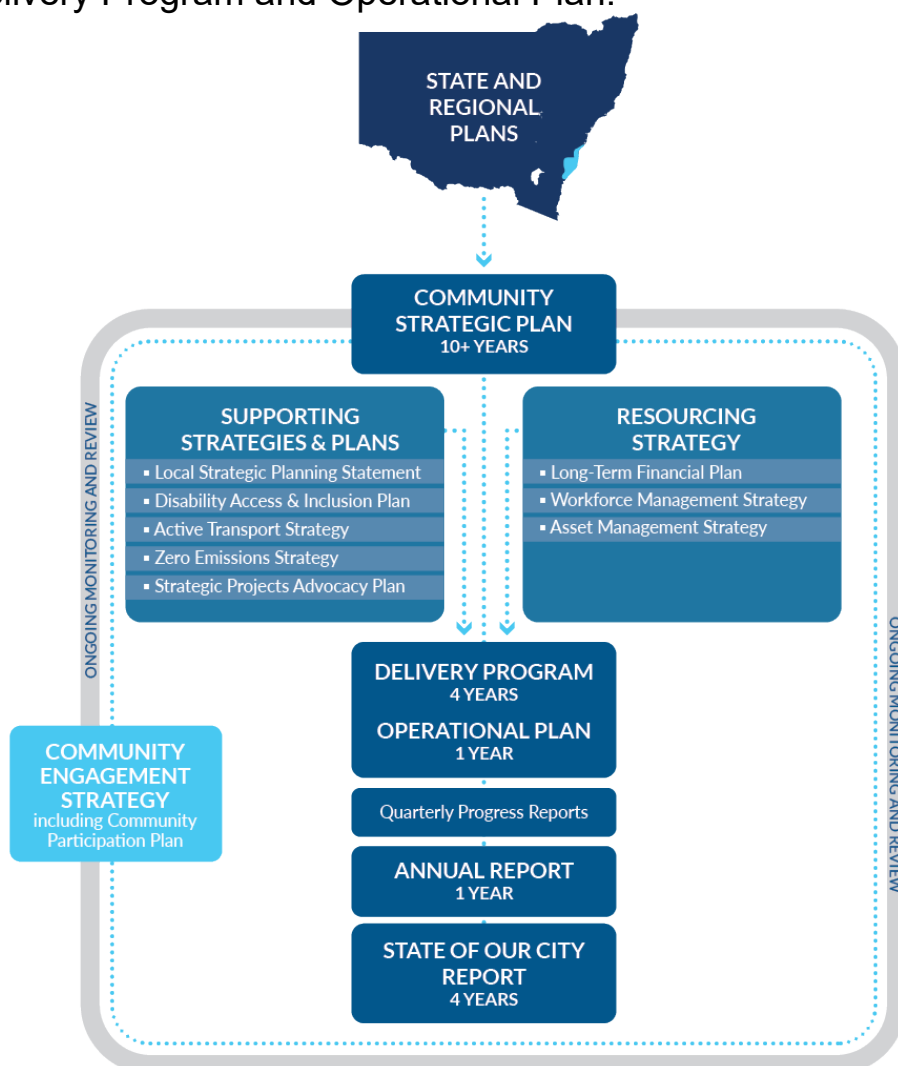


Figure 1 - Integrated Planning and Reporting Framework

The IP&R framework allows councils to draw their various plans together, understand how they interact and inform each other, and get the maximum benefit from their efforts by planning holistically and sustainably for the future.

The IP&R framework benefits the community by prioritising local needs, setting clear strategies, and making informed decisions through meaningful engagement. It encourages best practices, supports capacity building and partnerships, enhances accountability and increases Council's agility to manage risks and changing priorities.

Community Strategic Plan

The Shellharbour 2035: Community Strategic Plan (CSP) (**Attachment 1**) is a road map for the future, providing a description of the route we need to take to reach the community's vision - '**Growing together to create a connected and sustainable City**'. It sets out where we are now, where we want to be, how we are getting there and how we will know if we have arrived.

It provides a clear understanding of what matters most to our community and guides the way in which we plan for the future and deliver services. It is guided by social justice principles (Equity, Access, Participation and Human Rights), and the Quadruple Bottom Line (Social, Environmental, Economic and Leadership considerations). These principles ensure a thoughtful, comprehensive and balanced approach in preparing all aspects of this plan.

It is based around ten long-term objectives across five themes - Community, Environment, Economy, Leadership and Place. The fifth theme of Place draws together housing and infrastructure objectives, and has been added in line with community feedback received during the consultation process.

While Council delivers facilities, programs and services that support the CSP, it also plays an important role in advocating and partnering with local businesses, government, civil society and community organisations to achieve these outcomes. Council has three main roles in delivering the CSP – Deliver, Partner and Advocate.

The Delivery Program and Operational Plans (DPOP) are the main mechanisms for Council's role in implementing the CSP. These plans describe specific projects and actions that Council will undertake and provide further detail to the high-level objectives and strategies of the CSP.

Council will use robust measures to evaluate the performance of the plan and determine how effectively Council has reached the community objectives. Council will remain accountable and transparent by regularly informing the

community on the progress of the plan through Quarterly progress reports, the Annual Report and the State of the City report.

The CSP is reviewed every four years in-line with the local government elections to ensure it remains relevant and aligned to the community's aspirations.

Delivery Program 2025-2029 and Operational Plan 2025-2026

The Delivery Program is a statement of commitment to the community from each newly elected Council and translates the community's strategic vision and objectives within the CSP into clear actions. It is the primary reference point for all activities undertaken by Council during its term of office. It allows Council to determine what is achievable over the next 4 years, what the priorities are, and how programs will be scheduled.

The Delivery Program is designed as the single point of reference for all principal activities undertaken by Council during its term of office. All plans, projects, activities and funding allocations must be directly linked to this Program. Council delivers a comprehensive range of services, adhering to legislative requirements while addressing the community's needs and wants. Through the initiatives outlined in the Delivery Program and Operational Plan (**Attachment 2**), Council provides 34 services and 78 sub services, encompassing the full range of its functions and activities.

The 2025-2026 Operational Plan is Council's action plan for achieving the community priorities outlined in the Community Strategic Plan and Delivery Program. The Operational Plan identifies 93 actions detailing the projects, programs and activities that Council will conduct to achieve the commitments of the Delivery Program. Following feedback from the community, Council has undertaken extensive consultation across the organisation to refine the number of actions it reports against. Changes have been made to action descriptions and instances of duplication removed to ensure both the actions and how they are reported against are more meaningful to the community.

The plan also details the Capital Works projects Council will complete, the revenue Council will source and how it will budget to effectively deliver programs and projects.

Council is required to review the Operational Plan annually, including the Budget.

Draft Budget 2025-2026

The compilation of the annual draft budget each year is one of the key functions performed by Local Government Councils. Balancing the objective of delivering services and maintaining facilities to meet community expectations, while managing the Council's short- and long-term financial sustainability, continues to be a challenge.

Ongoing economic headwind conditions and a misalignment between the requirements for asset management growing faster than rate revenue, capped by the Independent Pricing and Regulatory Tribunal (IPART), put increasing pressure on the operating performance and Councils ability to achieve a balanced budget. Non-cash items also place pressure on financial sustainability, as increases in asset fair values increases annual depreciation. The current 2024-2025 year has also seen approximately \$86M of assets being contributed to Council from the Shell Cove project alone with the annual depreciation increase attached to these assets at \$1.2M.

The proposed draft 2025-2026 budget reflects an operating performance surplus position of \$28.7M. This includes Council's share of the Shell Cove project's profit forecast of \$36.1M. Excluding the Shell Cove project profit, Council is anticipating a standalone operating performance deficit of \$7.4M, which represents an increase from the current 2024-2025 forecast budget deficit of \$5.1M. This is partially attributed to the movement of Council's portion of the Tongarra and Church Street traffic lights work from 2024-2025 into 2025-2026 (\$1.2M), a reduction in the Shell Cove administration fee (\$0.6M), and lower interest income as a result of major projects getting underway (\$0.5M)

Another key financial indicator for Council is the forecast movement in Council's unrestricted cash position. The current Draft Budget 2025-2026 reflects a surplus cash movement of \$1.3M.

In preparing the draft budget estimates for 2025-2026, a number of assumptions have been made. The key assumptions are outlined below.

Rates – the Independent Pricing and Regulatory Tribunal has advised that the maximum rate peg that can be applied for 2025-2026 is 3.8%, plus an adjustment of 0.2% for population growth in the local government area. A review of the Rates Policy has been performed with minor changes being made.

Investment Revenue - A return of 3.75% on Council's investment portfolio has been included for 2025-2026. This is based on advice from Council's investment advisors considering expected cash rate levels for the next financial

year along with Council's current investment portfolio composition.

Fees and Charges – A 4% increase has been applied to most fees. Key factors have been taken into account in our pricing considerations including Consumer Price Index (CPI) increasing 4.4% over the 12 months to December 2024 quarter.

Employee Benefits and On-Costs – An increase of 4% has been applied to existing salary levels based on the annual *Local Government (State) Award 2023* increase and an additional lump sum award payment for those staff meeting the set criteria. A 7% vacancy factor has been included for staff turnover throughout the year.

Borrowings – New borrowings for 2025-2026 include \$11.2M associated with capital purchases for the Shell Cove Boat Maintenance Facility and \$2.3M for the Warilla Seawall (second drawdown).

Assumptions made after 2025-2026 and the remainder of the Long Term Financial Plan (LTFP) period, have been outlined in detail within the LTFP document.

Fees and Charges

The draft Fees and Charges for 2025-2026 were considered by Council in March as an initiative to provide early notice and visibility to the community, users and stakeholders. This also included the associated Pricing Structure document. The draft Fees and Charges were placed on public exhibition for a period of 28 days, which closed on 24 April 2025.

The final Fees and Charges and Pricing Structure documents will be incorporated into the final Operational Plan documents when they are reported to Council in June for formal adoption.

Draft Rates Policy

Each year as part of the IP&R preparation process Council's Rates Policy is also reviewed. That review has again occurred this year with the following suggested changes to account for increases in collection fees and rates over time:

- Increase to the threshold for reminder notices from \$750 to \$850; and
- Increase to the threshold for prior quarter rates outstanding (in addition to this current quarter balance of \$850) increasing from \$20 to \$50.

The revised Rates Policy has been included as **Attachment 3**.

Capital Reporting

To ensure Council is efficient and proactive with the delivery of 125 capital projects and better meets the needs and expectations of the Community, the draft 2025-2026 Capital Budget includes project budgets reported within a program level. The program level is a capture of the individual project budgets that sit within them and each program aligns to an asset class.

New Information

The draft budget estimates have been compiled based on current expectations. Any new information received after the preparation of the IP&R documents and draft Fees and Charges for exhibition purposes, may require the updating of some estimates when Council meets again to adopt the 2025-2026 Operational Plan. The same applies for capital project cash flow timing. These cash flows, particularly on the larger capital projects, can change quite regularly as a result of internal and external influences.

Resourcing Strategy

The Resourcing Strategy (**Attachment 4**) is the point where Council explains to its community how it intends to perform all of its functions, including implementing the strategies set out in the Community Strategic Plan. It focuses in detail on matters that are the responsibility of Council and considers, in general terms, matters that are the responsibility of others. The Resourcing Strategy articulates how Council will allocate resources to deliver the objectives under its responsibility.

The Resourcing Strategy consists of the Long Term Financial Plan, Asset Management Strategy, and Workforce Management Strategy.

Long Term Financial Plan

The Long Term Financial Plan (LTFP) is a 10-year rolling plan that informs decision-making and demonstrates how the objectives of the Community Strategic Plan, and commitments of the Delivery Program and Operational Plan, will be resourced and funded. The LTFP captures financial implications of asset management and workforce planning. For example, it identifies how additional assets will be funded, or existing assets renewed/upgraded, and what provisions are made for changes to service levels.

Council's key objective is to be financially sustainable over the short, medium and long term to meet community specific needs. In preparing the LTFP, Council have reviewed and refined its financial principles, focusing on the four key areas of Sustainable Services, Commercial Investment and Management, Asset Management and the Financial Position. The principles and focus areas

provide a framework for decision-making and serve as a benchmark for evaluating, reviewing, and updating the financial strategy.

Asset Management Strategy

The Asset Management Strategy (AMS) is a consolidation of the previous Strategic Asset Management Strategy and Asset Management Plan and is supported by the Asset Management Policy. The key objective of asset management planning is to provide the required level of service for the community in accordance with the Community Strategic Plan and in the most cost-effective manner. The AMS provides information about our assets, responsible asset management, compliance with regulatory requirements and summarises information with regard to funding aimed at bringing assets to a desirable level of service.

Accurate data and a robust planning process is required to ensure that assets are managed and accounted for in an efficient and sustainable way on behalf of local communities and with a service delivery focus. Levels of service are key business drivers for asset planning, along with technical requirements that ensure asset sustainability.

Council is the custodian of infrastructure assets with a gross replacement cost of \$1,593M. These assets have been acquired by purchase, contract, construction by staff or assets constructed and contributed by developers. Assets may include transport, stormwater, open spaces, buildings and pools, waste and business unit assets.

Workforce Management Strategy

The Workforce Management Strategy (WMS) is an essential element of the IP&R framework and details the approach taken in planning for Council's future workforce. It gives consideration to Council's current workforce profile, internal focus areas, external environmental influences and future resourcing requirements.

The WMS outlines Council's strategies and initiatives to attract, support, develop and retain a capable, resilient and diverse workforce who feel connected to Council business and purpose and who feel that their personal growth and wellbeing are valued. The WMS identifies three workforce themes that align to CSP objectives and key focus areas, these are:

1. Creating a people-first culture
2. Enhancing our ways of working
3. Preparing for the future

The above themes and identified objectives will be supported by a four-year action plan and data/reporting program for tracking and reporting progress of the Workforce Management Strategy.

Council Implications

FINANCIAL / RESOURCES

The Draft Operational Plan outlines Council's 2025-2026 financial implications. These are subject to continuous review to ensure they remain current. Any financial issues that may be identified through the March 2025 Quarterly Budget Review process will also need to be incorporated into the final plans including any further amendments to the draft Capital Works Program 2025-2026, reflecting the progress of the current Capital Works Program 2024-2025. Any changes required to be made as a result of the community consultation through the public exhibition period will also need to be included when Council meets again to adopt the 2025-2026 Operational Plan.

LEGISLATION AND POLICY (INCLUDING ADVOCACY, STRATEGIC AND OTHER PLANS)

The public exhibition of these draft documents is in accordance with the requirements of the *Local Government Act 1993*.

SOCIAL IMPACT

These draft documents provide positive impacts to the community through Council achieving quality outcomes.

SUSTAINABILITY CONSIDERATIONS

The objectives, strategies and actions within the Draft Integrated Planning and Reporting documents will contribute towards Council's sustainability goals, providing a pathway and resources to progress towards the goals.

LEGAL CONSIDERATIONS

Council is required to prepare and adopt a suite of Integrated Planning and Reporting documents, including a Budget by 30 June 2025. Failure to comply with this requirement would put Council at risk of legal non-compliance.

RISK CONSIDERATIONS

- Corporate Risk - A risk of reputational damage if a suite of Integrated Planning and Reporting documents, including budget are not adopted by 30 June 2025.

- Delivery Program Risk - A risk of not being able to continue service delivery without a Delivery Program and Operational Plan being adopted by 30 June 2025.
- Financial Risk - A financial risk if a budget is not adopted by 30 June 2025. e

Link to Community Strategic Plan

This report supports the following objectives, strategies and actions of the Community Strategic Plan:

4.2 We have strong leadership

- 4.2.1 Our Council is transparent and trusted to make decisions that reflect the values of the community collectively
 - 4.2.1.03 Ensure compliance with Local Government legislation, Council policies, procedures, systems and frameworks
- 4.2.2 The Council lives responsibly within its means and strengthens its financial sustainability
 - 4.2.2.03 Provide accurate information to Council and the community on Council's financial activities
- 4.2.4 Undertake visionary, integrated, long term planning and decision making, reflective of community needs and aspiration
 - 4.2.4.01 Ensure our corporate planning documents reflect how Council will respond to community needs within organisational capacity

Previous Council Resolutions

Not Applicable

Consultation

Internal

Shellharbour City Council – Councillors and Staff

External

Community engagement is an important part of Council's role in the planning and delivery of services and facilities as we work towards achieving the Community's long-term Vision. Shellharbour City Council is committed to ensuring the community is actively involved in Council decision-making and activities, and implements engagement strategies that are appropriate and responsive to the needs of its diverse community.

The 'Imagine Shellharbour' Community Engagement Strategy was developed to provide a framework for the community engagement to be undertaken in the

review and update of the Community Strategic Plan. It outlines the guiding principles and approach for ensuring the community has an opportunity to have their say in a meaningful way.

The community engagement process provided an opportunity for the community to identify their priorities and aspirations for Shellharbour, to imagine Shellharbour.

Community consultation included the following:

- Community workshop - 60 attendees
- Drop-in session across the City - four locations with 80 attendees
- Social media - 12 posts with 44,683 views
- Imagine Shellharbour Let's chat page - 1783 online views and 33 survey submissions
- Youth Summit - 40 high school student attendees
- Industry workshop - 25 industry expert attendees; Popped up at the Healthy Cities Illawarra "Park and Play" and spoke with 12 families.
- Healthy Cities 'Park'n'Play' pop-up - 12 attendees

The community prioritised community connection, the economy, recreation, sustainability, arts and culture, transport, active transport, housing, place making and leadership. It also spoke to Council remaining focused on city presentation, maintenance of our parks, green spaces and aquatics facilities, hosting community events, waste management and providing opportunities for the community to have their say.

Feedback received has helped shape the community's vision, objectives and strategies for inclusion in the Community Strategic Plan.

The community will have the opportunity to provide feedback on the draft suite of IP&R documents during the 28-day exhibition period.

Political Donations Disclosure

Not Applicable

Options

Nil

Conclusion

In conclusion, the Draft Community Strategic Plan 2025-2035, Draft Resourcing Strategy 2025-2035, Draft Delivery Program 2025-2029 including Operational Plan 2025-2026, and Draft Rates Policy, if endorsed, will be placed on public exhibition for a period of 28 days commencing 30 April.

The public exhibition of these draft documents will facilitate the opportunity for the community and our stakeholders to be a part of shaping Shellharbour's future by reviewing the goals and plans for the City and providing feedback through submissions.

Attachments

1. Draft Shellharbour 2035 Community Strategic Plan
2. Draft Combined Delivery Program 2025-2029 and Operational Plan 2025-2026 including 2025-2026 Budget
3. Draft Rates Policy
4. Draft Resourcing Strategy 2025-2035