

Our Place Our Future

FINANCIAL SUSTAINABILITY PLAN

Productivity Improvements Program



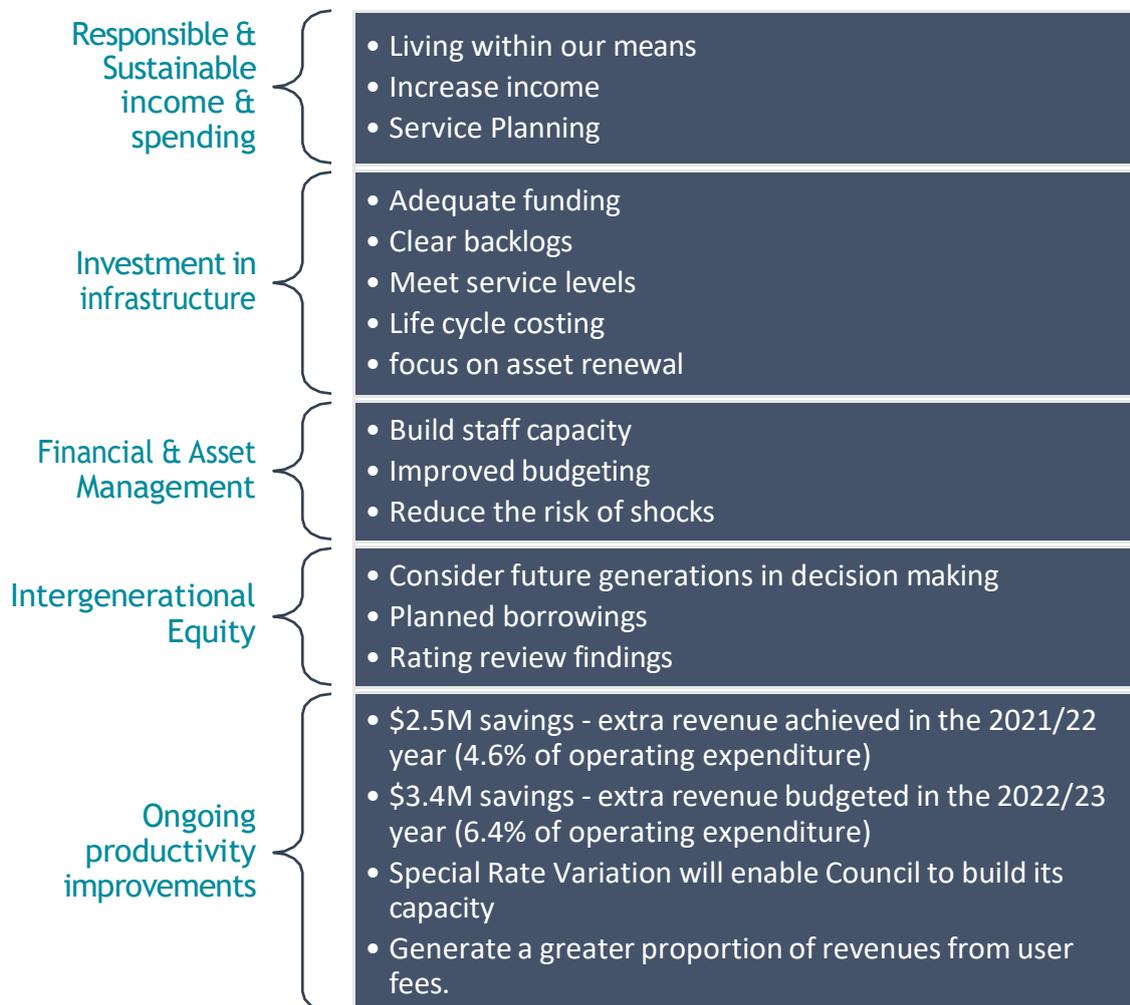
Lithgow
CITY COUNCIL



Before considering applying for a Special Rate Variation, Council’s administration developed a Financial Sustainability Plan to identify the key actions Council will undertake to achieve its objective of delivering sustainable best value to the community. The broad suite of actions in the plan ensures that a cross-organisational commitment is made, and sustained, for continuous responsible financial management and improvement.

The Rating Review identified a target of \$1.3M in productivities and improvements to be implemented with a Special Rate Variation. The planned productivity improvements have been modelled in the Long-Term Financial Plan Scenario 3 - Service Levels Maintained.

Diagram 1. Financial Sustainability Plan Summary



5 Pillars for Financial Sustainability



1. **Financial Assistance Grants:** Increase the Financial Assistance Grants to more than 1% of national taxes (presently at an historical low of 0.55%).
2. **Mining Royalties:** Increase NSW Govt funding for local economic transformation - funded from Royalties paid to the government from local mining.
3. **Developer Contributions:** Capture the benefits of major development through monetary contributions for economic transformation and local infrastructure.
4. **Land Rating Strategy:** Increase own source revenue through a contemporary land rating strategy.
5. **Financial Sustainability Plan implementation:** implement the actions in the Plan, including continuously identifying and implementing productivity initiatives.

Productivity Improvements Program

The table below provides a summary of the key actions Council will undertake to achieve its objective of delivering sustainable best value to the community.

This list will be reviewed and updated regularly and reported to Council.

The strategies are designed around S8B of the NSW Local Government Act - principles of sound financial management.

#	Subject	Strategy	Actions	Timeframe
1	Responsible & Sustainable Income & Spending	Living within our means	<ul style="list-style-type: none"> Expenditure does not exceed income Balanced operating result (before capital) 	1 July 2023 & ongoing
2	Responsible & Sustainable Income & Spending	Increase income	<ul style="list-style-type: none"> Responsibly generate increased own source revenue - maximise opportunities and fully recover costs Seek grant opportunities for planned works 	1 July 2023 & ongoing
3	Responsible & Sustainable Income & Spending	Service Planning	<ul style="list-style-type: none"> Engage with the community on affordable service levels Review service levels to focus on priorities 	1 July 2023 & ongoing
4	Investment in infrastructure	Adequate funding	<ul style="list-style-type: none"> Fund infrastructure renewals as they are due Fund required asset maintenance 	1 July 2023 & ongoing
5	Investment in infrastructure	Clear backlogs	<ul style="list-style-type: none"> Clear infrastructure renewal backlogs 	1 July 2024 & ongoing
6	Investment in infrastructure	Meet service levels	<ul style="list-style-type: none"> Bring assets to agreed service levels 	1 July 2024 & ongoing
7	Investment in infrastructure	Life cycle costing	<ul style="list-style-type: none"> Whole of life cycle costing integrated in business case process 	1 January 2023 & ongoing
8	Investment in infrastructure	Focus on asset renewal	<ul style="list-style-type: none"> Capital budgets focused on asset renewal rather than new works 	1 July 2022 & ongoing
9	Financial & Asset Management	Build staff capacity	<ul style="list-style-type: none"> Budget management training ⇒ leading to accountability. Finance resource working across Departments to help put in place budget management improvements. Focus on organisational culture and look after the staff. 	1 July 2022 & ongoing
10	Financial & Asset Management	Improved budgeting	<ul style="list-style-type: none"> Return to zero-based budgeting and review of cost drivers for the 2023/24 budget Improved phasing of operational and capital Rolling cashflow model, payroll and HR, dashboards budgets 	Progressively from 1 January 2023.
11	Financial & Asset Management	Improved asset management	<ul style="list-style-type: none"> Asset management plans for preparing long-term asset maintenance and renewal programs. 	1 July 2023
12	Financial & Asset Management	Reduce the risk of shocks	<ul style="list-style-type: none"> Improvements to finance systems to reduce the risk of “shocks” and earlier detection of issues. Improved integrated systems - customer requests module, works online. 	1 July 2022 and ongoing.
13	Intergenerational equity	Consider future generations in decision making	<ul style="list-style-type: none"> Meet the needs of the present without compromising the ability of future generations to meet their needs 	1 July 2023 and ongoing
14	Intergenerational equity	Plan borrowings	<ul style="list-style-type: none"> Responsible planned borrowings for long-life infrastructure 	1 July 2022 and ongoing
15	Intergenerational equity	Rating review findings	<ul style="list-style-type: none"> Implement actions to address the findings of the Rating Review report, including: <ul style="list-style-type: none"> Special Rate Variation application for 2023/24 Productivity, savings and user fees Rating structure improvements Additional levels of service 	Progressively over two years to 30 June 2024.
16	Ongoing productivity improvements	Implement annual budget strategies	<ul style="list-style-type: none"> \$2.5M savings - extra revenue achieved in the 2021/22 year (4.6% of operating expenditure) \$3.4M savings - extra revenue budgeted in the 2022/23 year (6.4% of operating expenditure) 	ongoing
17	Ongoing productivity improvements	Improve productivity	<ul style="list-style-type: none"> Special Rate Variation will enable Council to build its capacity Generate a greater proportion of revenues from user fees Dividends from waste business 	1 July 2023 and ongoing