
**DELIBERATIVE ENGAGEMENT - REVIEW OF THE 10YR
FINANCIAL PLAN AND COUNCIL PLAN**

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EXECUTIVE SUMMARY

The purpose of this report is to establish the approach to deliberative engagement on the review of the 10 year Financial Plan and Council Plan adopted in June 2021. This report outlines the approach to establish a Deliberative Advisory Group and the dilemmas that will be provided to the Deliberative Advisory Group to deliberate on in relation to the 10yr Financial Plan and Council Plan (incorporating the Municipal Health and Wellbeing Plan).

The past 24 months has been a challenging time for all levels of government to manage financial priorities in the context of global events, rates capping, increasing interest rates and significantly high inflation rates. As a result of the changed economic landscape, Council's Long Term Financial Outlook has worsened significantly since its adoption in 2021, requiring review of the 10yr Financial Plan and the adopted Council Plan.

Recommendation

That Council:

- (1) Endorses the establishment of a Deliberative Advisory Group comprising volunteer members (via an expression of interest process) from across Council's Advisory Committees with a cross representation of the Darebin community, in addition to members of Council's Deliberative Panel established in 2021 to establish Council's 2041 Community Vision and to inform the establishment of the 10yr Financial Plan and 2021-25 Council Plan (incorporating the Municipal Health and Wellbeing Plan).
- (2) Endorses the following dilemmas for the Deliberative Advisory Group to deliberate on the review of the Council Plan (incorporating the Municipal Health and Wellbeing Plan) and the 10 year Financial Plan:
 - Should Council consider new revenue streams (i.e. paid marketing signage, paid parking in off street parking properties, cost recovery model for use of Council owned properties) to cover the costs that Council are currently absorbing or to subsidise other community priorities?
 - For Council to reduce expenditure, it may need to consider reducing or stopping services that it is not legally obliged to provide. How should Council identify and prioritise the "discretionary" services that should continue, stop, reduce or start?
- (3) Notes a further report will be brought back to Council with the outcome of deliberative engagement.

BACKGROUND / KEY INFORMATION

The *Local Government Act 2020* (Act) outlines the key strategic planning, budgeting and reporting that Council must undertake. In accordance with the Act, Council is required to follow their Community Engagement Policy in relation to engagement with the community.

The past 24 months has been a challenging time for all levels of government to manage financial priorities in the context of global events, rates capping, increasing interest rates and significantly high inflation rates. As a result of the changed economic landscape, Council's Long Term Financial Outlook has worsened significantly since its adoption in 2021, requiring review of the 10yr Financial Plan and the adopted Council Plan.

Council has a legislative obligation to make decisions that are financially sustainable. To remain financially sustainable over the long term, Council needs to find significant savings in the short to medium term through reduced spending on services and subsidies, finding new revenue streams and improved internal efficiencies.

In 2021 Council formed a Deliberative Panel that were empowered to develop the 2041 Community Vision and undertook deliberative engagement on the 10yr Financial Plan 2021-25 Council Plan (incorporating the Municipal Health and Wellbeing Plan).

With the need to review the 2021-25 Council Plan and the 2021-31 Financial Plan, officers contacted the original 40 members of the Deliberative Panel to determine interest to re-convene to support this review. Unfortunately, there was insufficient interest from previous Deliberative Panel members to re-convene the panel.

Previous Council Resolution

None

ALIGNMENT TO 2041 DAREBIN COMMUNITY VISION

Strategic Direction 1: Vibrant, Respectful and Connected

Strategic Direction 2: Prosperous, Liveable and Flourishing

Strategic Direction 3: Climate, Green and Sustainable

ALIGNMENT TO 2021-25 COUNCIL PLAN

Strategic Direction 1: Vibrant, Respectful and Connected

Strategic Direction 2: Prosperous, Liveable and Flourishing

Strategic Direction 3: Climate, Green and Sustainable

Strategic Direction 4 Responsible, Transparent and Responsive

ALIGNMENT TO COUNCIL PLAN STRATEGIC OBJECTIVES

4.1 We will ensure balanced and responsible financial decision making that meets the needs of our community now and into the future

4.2 We will ensure our assets are optimised for the benefit of our community

4.3 We will transform our services and service delivery models to ensure they meet the current, emerging and future needs of our community

DISCUSSION

It is proposed to establish a Deliberative Advisory Group formed by representatives across Council's Advisory Committees and several members of the Deliberative Panel established in 2021, that led deliberation on the adopted Council Plan and 10 year Financial Plan. The process for recruitment is being led through an Expression of Interest process with set participation numbers available from each Advisory Committee to ensure balance in composition to represent the community.

The Deliberative Advisory Group is planned to convene on 29 and 30 April to consider dilemma's for Council. The remit to the Deliberative Advisory Group is outlined below:

Council Plan (including Municipal Public Health and Wellbeing Plan) and 10-year Financial Plan: The Deliberative Advisory Group will provide recommendations to guide the review of the 2021-25 Council Plan and 2021-2031 Financial Plan. These recommendations will be reported to Council and considered for inclusion in the review of the Council Plan and Financial Plan.

There are two deliberative engagement sessions proposed for the Deliberative Advisory Group to deliberate on dilemmas relevant to the review of the Council Plan (incorporating Municipal Public Health and Wellbeing Plan) and Financial Plan. To inform these sessions for deliberation, Council is required to nominate specific dilemmas for the panel to deliberate on.

To develop the dilemmas for the Panel to deliberate on, it is recommended that Council consider:

- What are the world and local events that have impacted the change in the current financial context?
- What are some of the hard decisions Council is grappling with that will need to be worked through over the next year or two?
- What are the major concerns the community have and Council's role in responding?
- What are the big questions/hard trade-offs that you would like the community to provide input into?

Dilemma development should meet the following criteria:

- They are not insignificant or trivial
- Council is genuinely open to being influenced on this item
- They are 'tricky' enough to be worthy of conversations and deliberation
- Community members are likely to be interested in

Proposed dilemma's to be provided for deliberation include:

Additional Revenue Streams

- Council needs to live within its means. This means its planned expenses cannot exceed the revenue it receives. Council's major revenue source are rates and charges which make up 75% of total revenue, however rates are capped by the State Government. For 23/24 this means total revenue from rates can only increase by 3.5%, however, many of Council's expenses are increasing well beyond 3.5%.
- Some of Council's fees are statutory and set by others.

- The current economic climate with rising interest rates, rising wages and the rising cost of living is putting pressure on homeowners, businesses and local government. Council is required to remain financially sustainable under the Local Government Act 2020. To remain financially sustainable in a rate capped environment, Council needs to innovate and find new revenue streams whilst controlling costs at the same time.
- Many community organisations contact council seeking to use Council owned properties under license (like a lease) for a peppercorn amount (i.e. \$65 per year) and existing users often seek improvements or additions to Council owned properties they use under license. Examples include sporting clubs, committee operated kindergartens and community organisations. These arrangements can deliver significant community benefit for the Darebin community, but they do come with the financial subsidy of Council on behalf of the community. For example, a property license fee to community organisations often does not recover the cost of maintenance and upgrades over the life of the agreement to maintain the property. This could mean that a license for use of a Council property for a sporting pavilion might be \$65 per annum, but the cost to Council could be \$10,000 - \$50,000 or more. More than 50 Council owned properties are currently used under lease or license for a peppercorn or nominal contribution.

Dilemma

- *Should Council consider new revenue streams (i.e. paid marketing signage, paid parking in off street parking properties, cost recovery model for use of Council owned properties) to cover the costs that Council are currently absorbing or to subsidise other community priorities?*

Prioritising Services

- Council provides a range of services, some of these are provided as required by legislation directing local government services and other services are provided based on community need, considered discretionary services. The provision of services is Council's core business and funding of these services; either directly or by providing funding or grants and subsidies to other service providers, accounts for the majority of Council's expenses. Subsidies include rental subsidies as well as, top up subsidies when Council is funded to provide a service but needs to put in additional funding to provide the current service level (for example, Aged Care).

Dilemma

- *For Council to reduce expenditure, it may need to consider reducing or stopping services that it is not legally obliged to provide. How should Council identify and prioritise the "discretionary" services that should continue, stop, reduce or start?*

OPTIONS FOR CONSIDERATION

1. Endorses the dilemmas to inform the Darebin Advisory Group deliberations
This is the recommended option.
2. Does not endorse the dilemmas for the Darebin Deliberative Advisory Group and provide alternative dilemmas to inform the Darebin Deliberative Advisory Group.

CONSIDERATION OF LOCAL GOVERNMENT ACT (2020) PRINCIPLES**Financial Management**

- The outcome of deliberative engagement will assist to inform the development of 2023/24 budget and review of the 10 year Financial Plan 2023 to 2033 and Council Plan 2021-25.

Community Engagement

- Community engagement proposed is in accordance with Council's adopted Community Engagement Policy and the *Local Government Act 2020*.

Other Principles for consideration**Overarching Governance Principles and Supporting Principles**

- (d) the municipal community is to be engaged in strategic planning and strategic decision making;

Public Transparency Principles

- (a) Council decision making processes must be transparent except when the Council is dealing with information that is confidential by virtue of this Act or any other Act;

Strategic Planning Principles

- (b) strategic planning must address the Community Vision;

Service Performance Principles

- (a) services should be provided in an equitable manner and be responsive to the diverse needs of the municipal community;

COUNCIL POLICY CONSIDERATIONS**Environmental Sustainability Considerations (including Climate Emergency)**

The deliberative engagement will have number of Environment and Sustainability considerations.

Equity, Inclusion, Wellbeing and Human Rights Considerations:

The approach to community engagement acknowledges Council's commitment to equity, inclusion and wellbeing as articulated through the Towards Equality Framework.

Economic Development and Cultural Considerations

The approach to community engagement acknowledges Council's commitment to focus on local economy by engaging with local community and gauging their sentiments on strategic economic development to support the Darebin community.

Operational Impacts

The 10 year-financial plan is required to formulate 2023/24 budget and long-term plan which may have consequential impact on operations, and the delivery of actions within the Council Plan.

Legal and Risk Implications

A review of the 10 year-Financial Plan and Council Plan 2021-25 is required, and in accordance with the *Act* this must be informed through deliberative engagement practices aligned to Council's Community Engagement Policy.

IMPLEMENTATION ACTIONS

These recommendations will be presented to Council and will inform the review of the Council Plan and 10 year Financial Plan.

RELATED DOCUMENTS

2021-25 Council Plan (incorporating the Municipal Health and Wellbeing Plan)

2021-2031 Financial Plan

Community Engagement Policy

Attachments

Nil

DISCLOSURE OF INTEREST

Section 130 of the *Local Government Act 2020* requires members of Council staff and persons engaged under contract to provide advice to Council to disclose any conflicts of interest in a matter to which the advice relates.

The Officer reviewing this report, having made enquiries with relevant members of staff, reports that no disclosable interests have been raised in relation to this report.