

resourcing NEWCASTLE 2040



Resourcing Strategy
2022



City of
Newcastle

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Welcome

Acknowledgement of Country

We all sit on Awabakal and Worimi land
'Niirun Yalawa Awabakal dha Worimi burrai'

City of Newcastle (CN) acknowledges its Local Government Area (LGA) sits within the Country of the Awabakal and Worimi peoples. We acknowledge that Country for Aboriginal peoples is an interconnected set of ancient relationships. We acknowledge the custodianship of the Awabakal and Worimi peoples and the care and stewardship they have performed in this place since time immemorial.

Always was, always will be Aboriginal land
'Wunyibu wunyibu warra wunyibu wunyibu
gkuuba Aboriginal burrai'

Sustainable Development Goals

Our Global Commitment

CN is committed to contributing towards the achievement of the United Nations Sustainable Development Goals (SDGs). The 17 SDGs are all interconnected and form the blueprint to achieve a better and more sustainable future for all. We have adopted the SDGs and New Urban Agenda as cornerstones for our planning and are proactive in their strategic implementation. Our Resourcing Strategy includes plans for the next 10 years to align with SDG vision and delivery.



Our City, Our Community

Newcastle is Australia's seventh-largest city. Substantial in population size, our community has a wonderful blend of diversity. Significant population growth has occurred, and continues to surge, particularly in our western corridor.

Newcastle is known for its stunning natural environment. As we are a coastal city, our beaches and headlands are renowned, but our natural assets are diverse, also including wetlands, forests, mangroves, steep ridges and rainforests.

CN's built infrastructure assets amass to an asset base of more than \$2 billion.

The diversity of our community and our abundance of assets provide for a wonderful place to live. However, we also face the challenge of ensuring the appropriate resources are available, both now and in the future, to maintain the city's assets and services to a Sustainable level.



Integrated Planning and Reporting (IPR)

Resourcing Newcastle 2040 ensures the effective planning of our resources to enable delivery of the community's objectives and priorities as identified in our Community Strategic Plan, Newcastle 2040. It is a critical part of the Integrated Planning & Reporting (IPR) Framework.



What is IPR?

IPR requirements for local government were introduced in 2009. They arose from the notion that all council planning should originate from a sound understanding of the community's expectations around priorities and service levels. The IPR Framework comprises a series of interrelated documents that provide a consistent, integrated approach to community planning across all NSW local councils, while also ensuring alignment with regional and state priorities.

Why is IPR important?

IPR allows councils to draw their various plans together, to understand how they interact with and inform each other, and to get the maximum benefit from their efforts by planning holistically for the future.



Newcastle 2040

Newcastle 2040 is our community's vision for Newcastle – the highest-level plan that CN prepares. Its purpose is to identify the community's main priorities and aspirations for the future and to plan strategies for achieving these goals. Newcastle 2040, endorsed unanimously by the elected Council on 26 April guides all other CN strategies and plans and is developed with and on behalf of the community.

Delivering Newcastle 2040

Delivering Newcastle 2040, our Delivery Program, incorporates CN's detailed one and four year plans, clearly articulating how we will deliver the priorities of Newcastle 2040 to our community.

Our Delivery Program is a statement of commitment to the community from each newly elected Council. It translates the community's strategic goals into clear actions and 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 four years, what the priorities are and how programs will be scheduled.

Our Operational Plan (including annual budget) is CN's action plan for achieving the community priorities outlined in Newcastle 2040 and the Delivery Program. An Operational Plan is prepared each year and adopted by the Council. It identifies the projects, programs and actions that CN will manage to achieve the commitments in the Delivery Program.

Resourcing Newcastle 2040

Resourcing Newcastle 2040 is CN's roadmap for how we will implement and resource our vision to support delivery.

This consists of three key components:

1. Long-Term Financial Plan
2. Workforce Development Strategic Plan
3. Asset Management Planning (consisting of Asset Management Policy, Asset Management Strategy and the Service Asset Management Plan)

Reporting on Newcastle 2040

Evaluation of the quality and effectiveness of our services is an important accountability mechanism between CN, councillors, and the community.

The IPR Framework requires CN to report in the following ways:

- Quarterly Financial Budget Review Statements
- Six-Monthly Performance Progress Reports
- Annual Report
- State of Our City Report (replaces End of Term Report).

Monitoring Newcastle 2040

Key indicators and measures assist in understanding how well CN is performing. They also allow for evidence-based decision-making to inform other stages in our planning cycle. Community indicators provide insight into the wellbeing of our city and community, while service indicators examine the high-level impact of CN's service delivery.

Introduction to Resourcing Newcastle 2040



Our resources to deliver Newcastle 2040



Newcastle 2040 defines our long-term community aspirations and our vision for the future.

The planning of essential resources is imperative to ensure the successful delivery of *Newcastle 2040*. Key resource areas identified in the IPR Framework are people and skills, money and assets. Considered planning of these resources in dedicated strategic plans provides the pillars for how CN intends to perform its functions, including implementation of informing strategies identified in *Newcastle 2040*.

This resourcing strategy, along with CN's suite of strategic planning documents, recognises that some deliverables rely on partnering with others, including state and federal agencies, business, industry and community groups, and individuals. This resourcing strategy, along with CN's suite of strategic planning documents, recognises that some deliverables rely on partnering with others, including state and federal government agencies, business, industry, and community groups and individuals.

Resourcing Newcastle 2040 and its associated plans focus on matters that can be controlled by CN and are therefore CN's responsibility to deliver, while considering matters that are the responsibility

of others in more general terms.

Resourcing Newcastle 2040 is aligned with both the community's vision for the future and the planning process and implementation of *Delivering Newcastle 2040*.

The interrelated plans detail the management of our key resources:

Our People	Workforce Development Strategic Plan
Our Finance	Long-Term Financial Plan
Our Assets	Asset Management Planning (Asset Management Policy, Asset Management Strategy and the Service Asset Management Plan)

To ensure the planning of these key resources remains current and aligned to community needs, resourcing plans are reviewed both annually and following each Council election.

Long-Term Financial Plan

Our Long-Term Financial Plan (LTFP) reflects CN's actual and projected financial position over the next 10 years. The forecast is driven by the assumed financial resources required to deliver the priorities and objectives of *Newcastle 2040*; appropriate management of our assets as outlined in our Asset Management Strategy and Asset Management Plan; and our workforce requirements and development as guided by our Workforce Development Strategic Plan.

Our LTFP incorporates CN's current financial position, strategies and assumptions (including economic assumptions) and analyses the potential financial impact of a number of alternate future funding scenarios. The plan assists in determining the most appropriate course of action to support delivery of *Newcastle 2040* priorities to our community through effective and cost-efficient management of our service delivery, while ensuring

our financial resources are managed sufficiently to provide for the identified asset and workforce management requirements to ensure long-term financial sustainability. Sensitivity analysis has also been undertaken on various scenarios to further assess potential risks associated with each scenario. COVID-19 has added another level of complexity to our LTFP forecast assumptions. The pandemic has had a significant financial impact, affecting user-paid services, causing financial hardship and prompting a shift in the services and assets the community needs, now and into the future.

Through the LTFP, we will manage our financial resources to efficiently manage our assets and sustain and develop our workforce to provide assets and services that meet our community's current and future needs, all while ensuring long-term financial sustainability.

CN's four financial sustainability objectives are the foundation for achieving this:

1. Maintain regular net operating surpluses
2. Renew and maintain assets within a sustainable range
3. Maintain a strong cash and liquidity position
4. Foster a financial legacy of being prudent and responsible.

These four financial sustainability pillars build on the guidance outlined in the *Local Government Act 1993*:

1. Spending should be responsible and sustainable, aligning revenue and expenses
2. Invest in responsible and sustainable infrastructure for the benefit of the local community
3. Carry out effective financial and asset management
4. Consider intergenerational equity in financial management.

To monitor performance and ensure the effective management of CN's financial resourcing, several financial ratios are included in the LTFP and reported on annually in CN's audited financial statements.

These ratios include:

- Operating performance ratio
- Own source operating revenue ratio
- Unrestricted current ratio
- Debt service cover ratio
- Rates and annual charges outstanding percentage
- Cash expense cover ratio.



Ratios

● Indicator on track ● Indicator off track

Ratio	Benchmark Per OLG	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Operating performance ratio	> 0.00%	● 1.67%	● 1.56%	● 1.95%	● 2.7%	● 4.16%	● 3.55%	● 4.33%	● 4.62%	● 5.55%	● 6.07%	● 6.5%
Own source operating revenue ratio	> 60.00%	● 91.28%	● 86.75%	● 86.86%	● 87.04%	● 87.14%	● 87.21%	● 87.2%	● 87.35%	● 87.43%	● 87.49%	● 87.55%
Unrestricted current ratio	> 1.5x	● 2.07x	● 2.41x	● 2.36x	● 2.51x	● 2.47x	● 2.46x	● 2.44x	● 2.41x	● 2.42x	● 2.4x	● 2.49x
Debt service cover ratio	> 2x	● 5.55x	● 4.65x	● 5.73x	● 6.12x	● 6.82x	● 6.83x	● 7.56x	● 8.3x	● 8.88x	● 10.77x	● 12.04x
Rates, annual charges, interest and extra charges outstanding percentage	< 10% regional & rural	● 4.14%	● 4.07%	● 4.24%	● 4.07%	● 4.07%	● 4.07%	● 4.07%	● 4.07%	● 4.06%	● 4.06%	● 4.06%
Cash expense cover ratio	> 3 mths	● 7.85 mths	● 7.16 mths	● 7.31 mths	● 7.12 mths	● 7.18 mths	● 6.96 mths	● 6.85 mths	● 6.71 mths	● 6.61 mths	● 6.52 mths	● 6.41 mths

Workforce Development Strategic Plan

Our Workforce Development Strategic Plan (WDSP) describes our current workforce; considers the impact of environmental context, workforce trends and future demands; and outlines a range of strategic focus areas that will ensure we have the right people with the right skills to deliver the outcomes identified in *Delivering Newcastle 2040*.

The WDSP has been developed alongside the LTFP and our Asset Management planning documents. Together, these plans ensure we have the necessary resources in place to deliver the community vision of *Newcastle 2040* and the actions articulated in *Delivering Newcastle 2040*. The WDSP also directly links with objectives and strategies within *Delivering Newcastle 2040* to align our services and develop our workforce, and as such, the timeline for the WDSP aligns with that of *Delivering Newcastle 2040*.

CN employs a diverse group of talented people with varying skills and expertise who operate in a complex environment, delivering many different services and projects for our community. To be successful, our future workforce will need to embrace flexibility and be willing to change and evolve through upskilling and reskilling activities as our workforce needs and community expectations change.

We want to ensure our people have the capabilities and attributes required to effectively contribute to the delivery of *Newcastle 2040* for our community.

We want to empower our people to have the courage to do things differently, perform at their best and challenge the status quo so that we continually improve our processes, systems and services.

Workforce Priorities and Measures



Key challenges and influences for the development of our workforce include: changes in workforce availability; increasing competition; future world of work requirements, including offering tailored experiences to attract and retain quality people; fostering an inclusive workplace culture across the organisation; building relevant future skills and career pathways; embracing emerging technology to enable data-informed decisions; developing internal leadership capability; and attracting a cross-section of employees with diverse lived experiences, including younger workers.

Continued financial sustainability will require responsible and ethical decision-making from our leaders and our people. Our WDSP aligns with our LTFP, Asset Management Planning and consideration of the external factors impacting our workforce. Automation or reduction in some services is likely to be required to enable the introduction of new services and prioritisation of the program of work expected by our community without adversely affecting our financial sustainability. Mitigation of the number of established roles that sit vacant for periods of time, as well as reallocation of established roles based on deliverables, will also be required.

The focus areas in the WDSP will have a significant impact on the way we deliver our services to the community, highlighting the importance of strategic workforce planning and engagement.

The key priorities of our WDSP are to:

1. Strengthen our workplace culture
2. Invest in our people to grow and excel
3. Build the CN employer brand
4. Be future ready.



Asset Management Planning

Asset planning involves a three-tiered approach, inclusive of an Asset Management Policy, Asset Management Strategy and Service Asset Management Plan.

CN provides a range of services to residents and visitors, all of which are supported by a variety of built and natural assets, information technology, and fleet and plant equipment. Each asset contributes to meeting community needs, from park benches to our expansive local road network. CN manages more than \$2 billion in infrastructure assets to deliver services to our residential and business communities in a cost-effective manner.

Community services rely on well-planned, well-built and well-maintained infrastructure. Our goal is to provide integrated resourcing strategies and a structured set of objectives, actions and processes to improve asset management and ensure sustainable community service expectations are met.

Our Asset Management Strategy (AMS) is developed in conjunction with *Newcastle 2040*, working to deliver our community's vision: 'Newcastle is a liveable, sustainable, inclusive global city'. A core component of *Resourcing Newcastle 2040*, the AMS integrates with our LTFP and WDSP to sustainably deliver services to our community.

The strategy determines the nature and direction of CN's asset management, providing the link between our Asset Management Policy and our Service Asset Management Plan (SAMP). The strategy provides guidance on how our asset portfolio will support the service delivery needs of our community, now and into the future.

Our AMS is based on service planning and best practice asset life cycle management principles. Service planning identifies the services desired by our community and explores options to deliver them in an equitable and sustainable manner. This approach ensures we understand the people, processes, resources and tools required to maintain and enhance our services through our substantial asset portfolio.

Our SAMP aims to deliver to the community levels of service that are sustainable and controls risk around CN's assets service delivery. Asset management covers roads, footpaths, buildings, drainage, waste management, parks and natural assets, as well as fleet and plant.

There are several key elements to achieving the SAMP's goals. These include identification of current services and service levels, as well as planning for future demands and the infrastructure required to meet them; ensuring genuine integration within CN's strategic planning; continuous improvement to the Service Asset Planning process; and ensuring a sustainable, affordable service delivery model that enables CN to develop and maintain the infrastructure needed to provide services.

Our asset planning is driven by ten key asset management objectives:

1. Align service delivery expectations with available funding to achieve sustainable management of all required supporting assets
2. Identify levels of funding required to achieve a sustainable Capital Works Program and assess the implications of different funding levels on levels of service
3. Adjust resources and invest in building capacity to deliver works programs
4. Ensure renewal and maintenance required to minimise life-cycle costs and maintain agreed level of service is fully funded and reportable
5. Use Service Asset Plans to coordinate decision-making regarding levels of service and implement relevant strategies and plans
6. Only approve new services and/or assets where the full life-cycle cost of doing so has been evaluated and appropriate supporting budget allocations made
7. Capture and improve asset data and service information
8. Align asset management activities with Newcastle 2040
9. Ensure accountability, responsibility and reporting requirements for assets are established, relevant, clearly communicated and implemented.
10. Delivery of services will incorporate environmental sustainability.



The measure of success of our asset planning is based on our star rating. Asset attributes and condition are assessed against the star matrix and expected level of service.

Our asset policy, strategy and plans are regularly updated to maintain data confidence and reflect changes in strategic direction. Asset management improvement plans are also included within the AMS and SAMP, detailing key actions required to ensure continuous improvement.

Star rating	General standard of key service attributes	Level of service – description
1	Basic quality standard. Low community usage, limited functionality.	Services are important to the local neighbourhood. Maintenance is aimed at safety and security, protecting against vandalism or other damage. Scheduled inspections and maintenance programs are undertaken.
2	Average quality standard and presentation. Moderate community usage and functionality.	Services provided are locally important. The asset(s) are preserved in a satisfactory condition by regular inspection, maintenance programs and response times to meet requirements of local community.
3	Good quality standard and presentation. Medium–high community usage. Fit for purpose. Maintained and presented in good condition.	Services provided are locally important and are regularly accessed by the wider community. The asset(s) are in good condition. Regular inspection and maintenance programs and response times are met. Meets community expectations for service provided.
4	Very good quality standard. High community usage, functionality and capacity. Maintained and presented in very good condition. Services LGA community and beyond.	Services that provide major contribution to the social and/or economic wellbeing of Newcastle. The assets are in good–very good condition. Good public presentation, high use and high-quality working environments are necessary; important public focus (e.g., a district park).
5	Excellent quality standards. Very high community usage, functionality and capacity. Maintained and presented in excellent condition. High-profile; delivers important economic benefits and services to LGA and regional community.	Services that provide the largest contribution to the social and economic wellbeing of Newcastle. High profile, use and economic value. Important public focus. Excellent public presentation. The asset(s) providing the service are kept in very good condition and meet requirements to deliver regional services/objectives. Facilities are of major local or regional significance e.g. heritage and cultural facilities.



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