

Our Resourcing Strategy

Acknowledgment

Newcastle City Council acknowledges the traditional country of the Awabakal and Worimi peoples. We recognise and respect their cultural heritage, beliefs and continuing relationship with the land, and that they are the proud survivors of more than two hundred years of dispossession. Council reiterates its commitment to addressing disadvantages and attaining justice for Aboriginal and Torres Strait Islander peoples of this community.

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Contents

Integrated Planning & Reporting Framework_____2

Resourcing Strategy 2018 - 2028_____ 2

Supporting Our Plans_____3

Long Term Financial Plan_____3

Asset Management Strategy_____11

Asset Management Policy_____11

Asset Management Strategy and Service Asset Plans_____11

Workforce Management Plan_____14

Our Workforce Profile_____15

Age_____16

Diversity_____17

Our Future_____18

Workforce Management Strategies & Actions_____19

Our Resourcing Strategy

Newcastle City Council’s Resourcing Strategy supports the Community Strategic Plan Newcastle 2030 (CSP). Where the CSP provides the community the opportunity to express their long-term community goals, the Resourcing Strategy details how Council can help achieve these in terms of time, money, assets and people.

Effective resource planning ensures Council will focus not only on the short-term actions indicated in the Operational Plan, but also on the medium and long-term goals for the City.

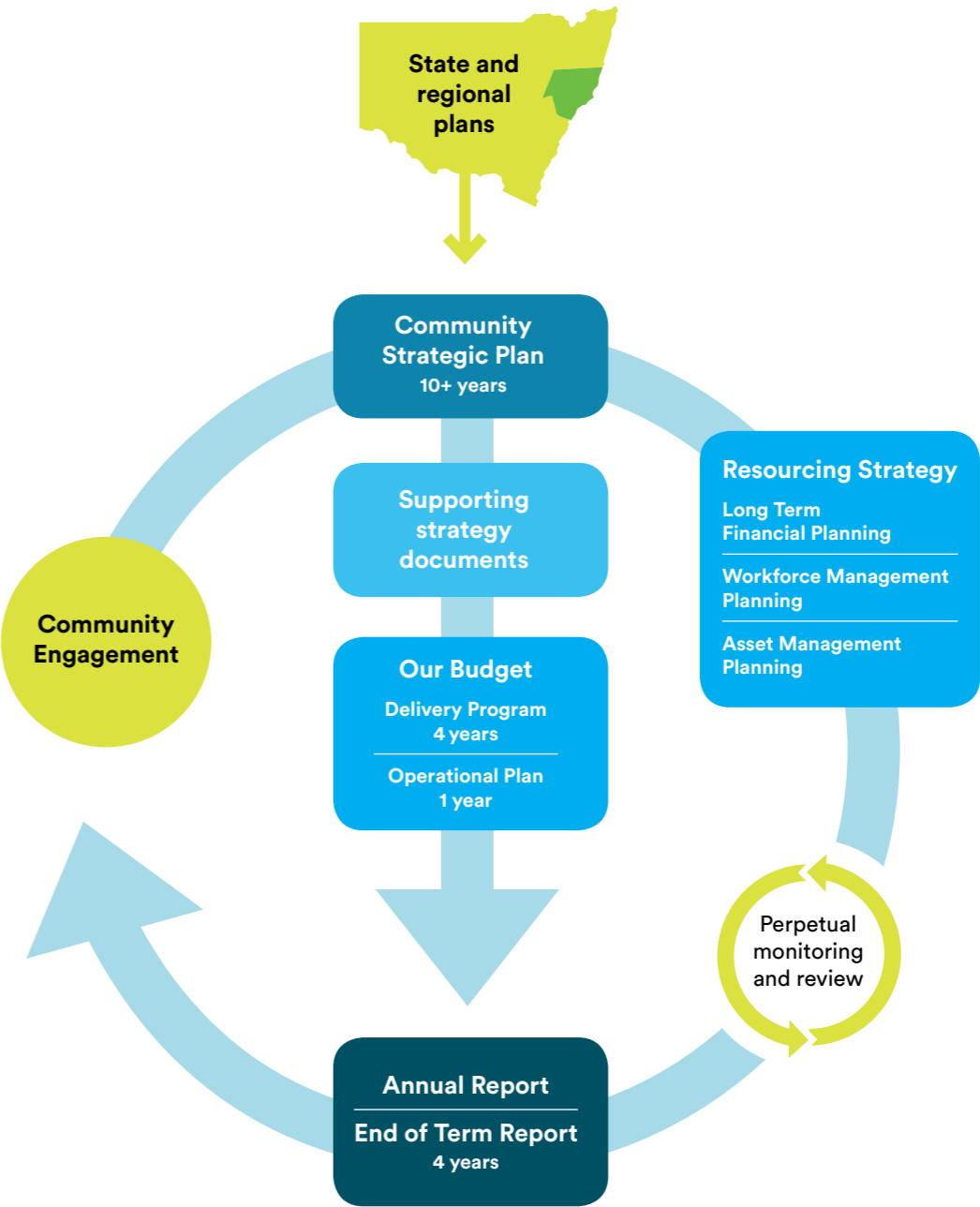
The community has told us their key priorities are:

- Integrated and accessible transport
- Protected environment
- Vibrant, safe and active public places
- Liveable built environment
- Smart and innovative
- Open and collaborative leadership.

These priorities and aspirations are reflected in the CSP. This Resourcing Strategy has been prepared to reflect and respond to the goals the community has identified.

As the CSP spans 10 years, so too does the Resourcing Strategy, with the exception of the Workforce Management Strategy, which is only required to span four years. The Resourcing Strategy is the critical link between the Community Strategic Plan and the Delivery Program, detailing the provision of resources to implement the strategies for which Council is responsible.

Like the Delivery Program, the Resourcing Strategy is prepared every four years although the action plan in each part is monitored and reviewed annually to ensure our resources are being managed to achieve the community’s goals.



Long Term Financial Plan

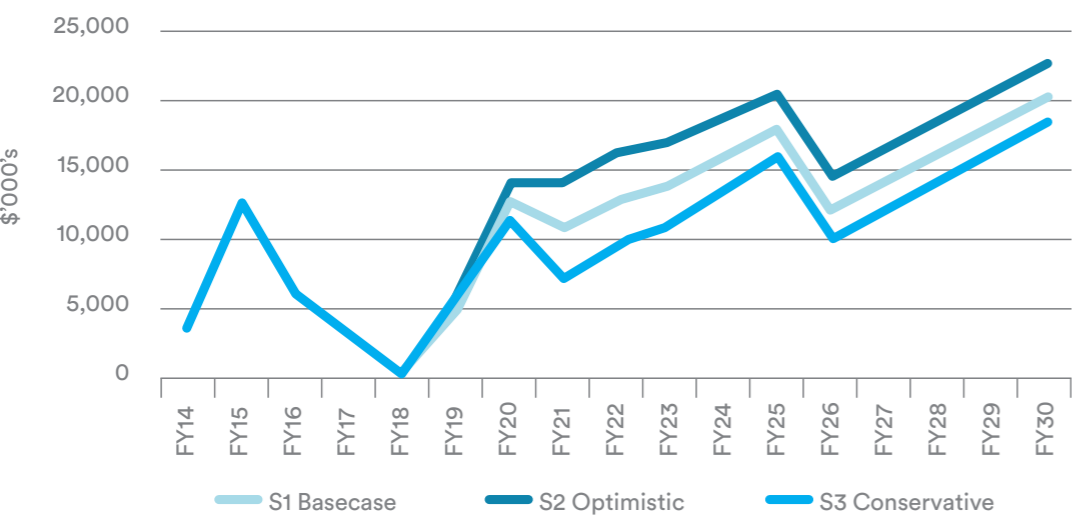
Council's Long Term Financial Plan (LTFP) is an integral document in the Local Government IP&R Framework. The LTFP is used to demonstrate the financial impacts of providing services and assets to the community. The services and assets to be provided are identified through the annual budget process, which draw direction from our suite of corporate planning documents including our Community Strategic Plan, Service Asset Plans and the Workforce Management Plan. The LTFP has been updated through the 2018/19 annual budget process. In line with the new Council term a fully redeveloped LTFP is being prepared in line with the Office of Local Government's timetable and will be finalised in June 2018.

Council's operating position is projecting surpluses for the duration of the forecast, with the exception of FY18 which is anticipating a break even position at year end. The trend emerging of a continual surplus reflects a positive pattern of financial performance. The downward spikes in Financial Year (FY) 21 and FY26 are indicative of asset revaluation years of Council's largest asset class, Roads and Drainage.

To ensure this positive operating trend is realised, a strong organisational focus on financial responsibility is required. A continuous operating surplus is necessary to support Council's long term financial sustainability and to generate funding to facilitate key goals such as the delivery of our priority projects as per Council's 2012 SRV application, ensure Council is able to respond to the community's needs and to fund an increase in asset renewal to achieve a more desirable level of infrastructure backlog in a shorter than anticipated time frame.

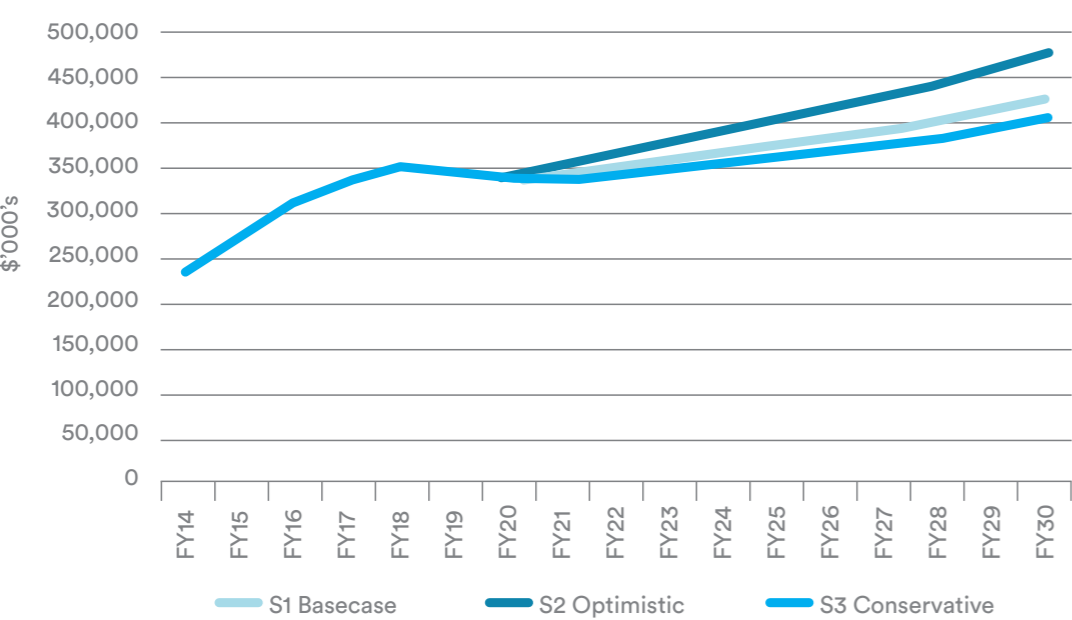


Operating Surplus (Deficit)



Directly correlating from the forecast strengthening Operating Performance is a modest growth in Council’s Cash & Investments position.

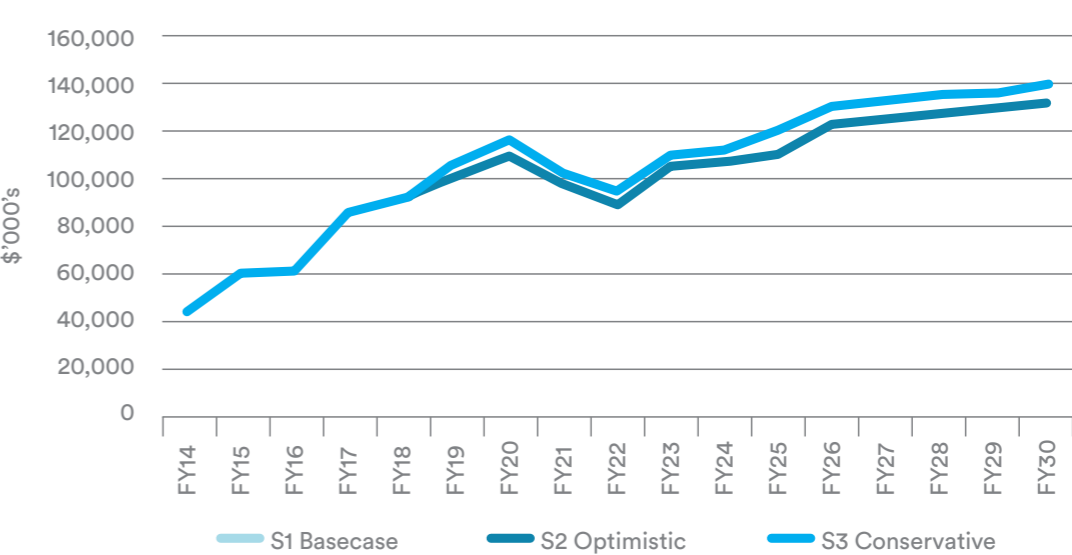
Cash & Investments



The new Council, elected in 2017, has a strong vision to transform Newcastle into a smart city with Newcastle City Council evolving into a smart organisation. As such Council’s capital works program is forecast to grow over the short term to allow for key new projects, such as Smart Moves Newcastle, City Change and the Solar Farm.

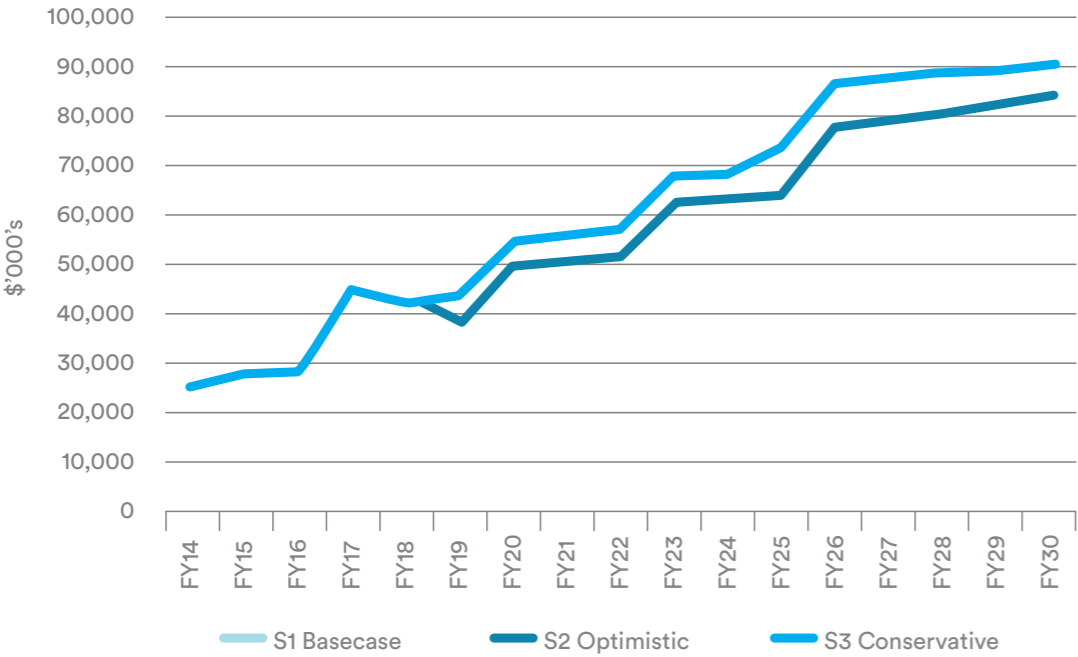
The works program is anticipated to reduce between FY20 to FY22 to recognise the program level, over the short term, is extensive and would not be sustainable over a long term period. The program does begin to build again from FY23 onwards to reflect the effects of inflation on the works program and to return focus to increasing Council’s expenditure on Asset Renewal.

Capital Works (Capex & Opex)



The projections for asset renewal reflected in the graph below show the asset renewal portion of the works program has been reduced in the short term, until FY20, to prioritise capital funding to the new asset initiatives. From FY20 there is a staged approach to increase Council’s expenditure on asset renewal.

Asset Renewal (Capex & Opex)

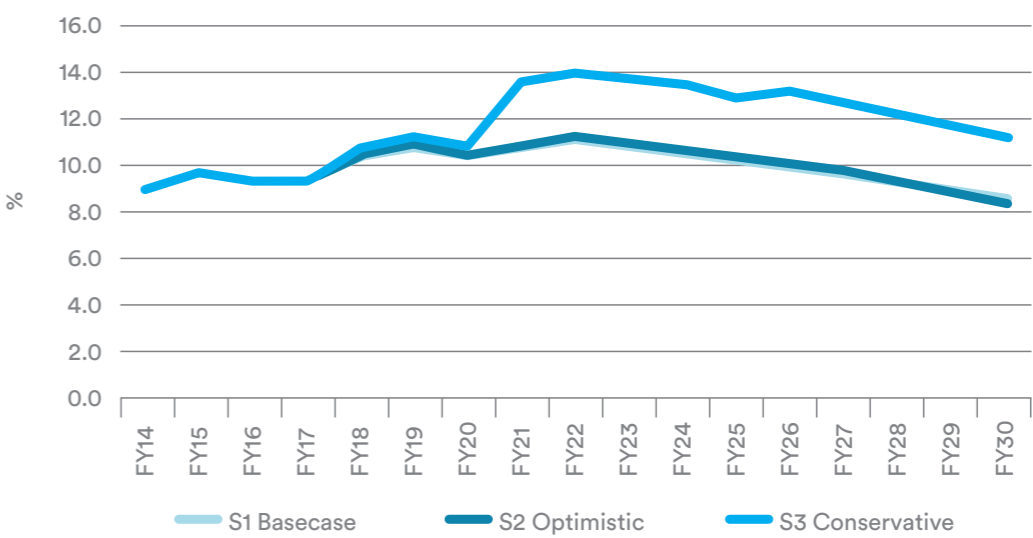


The graph below demonstrates Council’s level of infrastructure assets which contribute to the backlog. A direct correlation between the reduced funding allocated to asset renewal in the short term and the increased level of backlog in the graph below is clear. The model anticipates that a decrease in funding to asset renewal will result in an increase in the backlog balance. Similarly, any variance below the minimum level of renewal or maintenance required has an immediate, detrimental impact on the backlog balance.

The asset backlog is an area of risk for Council. Accurately forecasting the value of Council’s infrastructure backlog is complex and requires large amounts of high quality data to accurately calculate.

Adding additional complexity to the calculation is the possibility that the impact of Council’s assets condition deteriorating is not fully reflected in the infrastructure backlog level noted in the financial statements. Although it is challenging to determine an accurate forecasted level of asset backlog, it is an extremely important sustainability metric for Council. IPART has a prescribed level of asset backlog of 2% of infrastructure assets written-down value for all Council’s. Newcastle Council’s level currently measures above 10% and with the existing asset renewal expenditure anticipated the backlog is not forecast to fall below 8%. It is therefore essential Council returns to a strong commitment to direct resources towards the renewal of infrastructure assets.

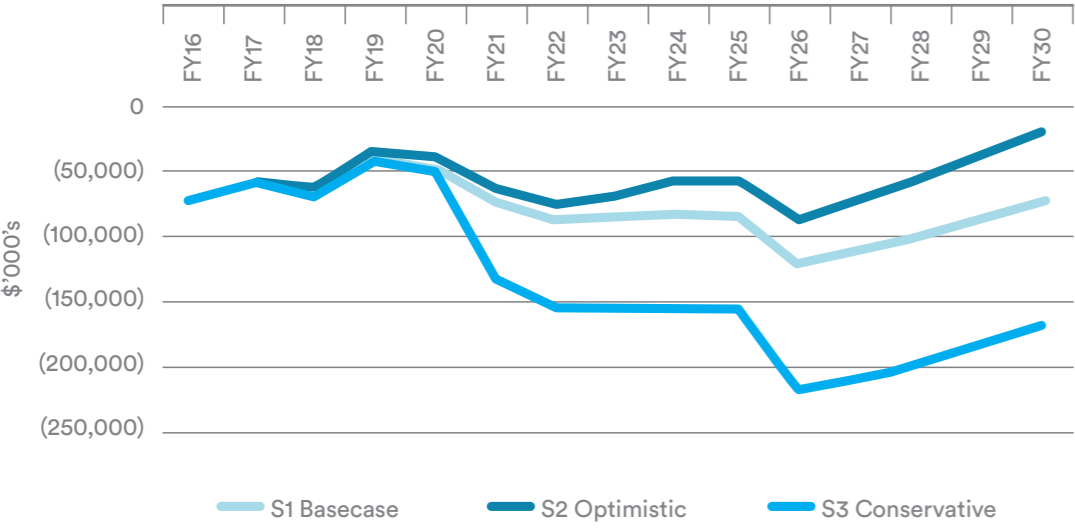
Infrastructure Backlog Ratio (% written-down value)



Council’s updated 2018/19 LTFP projects a sustainably increased works program supported by operating surpluses and stable cash and investments. However the key risk area remains the backlog in Council’s infrastructure assets.

It is forecast that Council’s reserves are insufficient to meet the current and future commitments including this infrastructure backlog and reserves will remain in deficit over the duration of the forecast.

Reserves Surplus (Deficit)



The annual budget developed for the 2018/19 financial year is based on underlying assumptions and key themes applied incorporating some refreshed direction. It is also consistent with the objectives reflected in the delivery program and continues to include commitments arising from both the 2012 and 2015 SRV approvals, and Council’s Fit for the Future submission, however with expenditure allocation redirected in relation to some aspects.

Growth in expenditure on Asset Renewal has been reduced and is now spread over an extended period however Council remains committed to meeting its targets and providing high quality services and assets to the community.



Asset Management Strategy

Asset Management Policy

Asset Management is the systematic and coordinated activities and practices of an organisation to optimally and sustainably deliver on its objectives through the cost-effective lifecycle management of assets.

The Asset Management Policy was adopted by Council in June 2016 and supports Newcastle City Council's commitment to:

Ensuring assets and infrastructure are safe, reliable, sustainable and remain available for the benefit of our rate payers and the community;

A core asset management system that aligns asset management to corporate goals and strategic context; and

Accountability, sustainability, risk management, service management and financial efficiency in asset management.

Asset Management Strategy and Service Asset Plans

The Asset Management Strategy is based on service planning; the process of determining the services needed by a community and delivering them in a sustainable manner. The Community Strategic Plan drives the Asset Management Strategy to:

(5.4b) Plan, provide and manage infrastructure that continues to meet community needs;

(7.4a) Continuous improvement in services delivery based on accountability, transparency and good governance; and

(7.4b) Provide services that deliver on sustainable community service expectations.

Council manages an asset portfolio of \$2 billion to deliver 20 core asset-based services.

Service	Current level of Service	Current Infrastructure Asset Replacement Value \$	Infrastructure Backlog 2016/17 \$
Aquatic Centres	★★★☆☆	38,833,099	8,950,699
Arts and Cultural Facilities	★★★☆☆	175,552,652	15,034,552
Bushland, Watercourses and Public Trees	★★★☆☆	4,782,396	1,624,572
Car Parking	★★★☆☆	13,729,635	26,757
Caravan Park	★★★★☆	6,531,574	-
Cemeteries	★★★☆☆	71,091	-
Child Care	★★★☆☆	8,260,799	4,696
Coastal, Estuary and Wetland	★★★☆☆	31,368,521	6,571,462
Community Buildings	★★★☆☆	35,946,382	921,796
Libraries	★★☆☆☆	41,980,445	-
Parks and Recreational Facilities	★★★☆☆	108,754,549	2,302,846
Public Amenity	★★★☆☆	7,145,623	97,533
Smart City**	★★☆☆☆	-	-
Stormwater Drainage, Water Quality and Flood Planning	★★☆☆☆	264,830,660	31,160,128
Support Services - Commercial Property	★★★☆☆	16,454,182	222,199
Support Services - Fleet and Plant	★★★☆☆	36,250,387	-
Support Services - Information Technology	★★★☆☆	8,254,686	-
Support Services - Operational Buildings	★★★☆☆	20,884,543	678,030
Transport	★★★☆☆	934,405,590	32,622,000
Waste Management	★★★☆☆	50,918,966	6,121
		\$1,804,955,781*	\$100,223,391

*Excludes Airport, Land, Furniture and Equipment \$235M

** Smart City is a new initiative implementing infrastructure into the future

Workforce Management Plan

Newcastle City Council is following the Fit for the Future guidelines with its current renewal strategy which is focused on reducing the infrastructure backlog.

To guide Council forward, there are 12 key service-based

Asset Management Strategies:

Strategy	
Key Strategy 1	Service delivery expectations will be aligned with available funding so that the sustainable management of all required supporting assets is achieved.
Key Strategy 2	Identify the levels of funding required to achieve a sustainable capital works program and assess the implications of different funding levels on levels of service.
Key Strategy 3	A community consultation process consisting of service outputs, service levels, and sustainable service costs will be developed and implemented.
Key Strategy 4	Service Asset Plans will forecast demand and its effects on service delivery.
Key Strategy 5	Adjust resources and invest in building capacity to deliver works programs.
Key Strategy 6	Future organisational structures should focus on services provided rather than traditional approaches of grouping similar business units.
Key Strategy 7	Maintenance required to minimise life cycle cost is fully funded and reportable by service.
Key Strategy 8	Renewal required to reduce and maintain infrastructure backlog is fully funded and reportable by service.
Key Strategy 9	New services and/or assets will only be approved where the full life cycle cost of doing so has been evaluated and appropriate supporting budget allocations made.
Key Strategy 10	Assets will be disposed of if they are not required to support service delivery.
Key Strategy 11	Asset data and service information will be captured and improved.
Key Strategy 12	Planning for future delivery of services will incorporate environmental sustainability.

Workforce planning is a resourcing strategy that:

Provides an understanding of the current and future workforce needs based on our commitments

Highlights potential skills shortages allowing for Council to prepare and address challenges early

Supports the strategic planning for future staffing requirements, and new or emerging skill areas

Improves our understanding of our workforce profile and ensures projects and initiatives are prioritised accordingly.

Workforce planning ensures that Newcastle City Council achieves its vision and goals through its most valuable resource - its people. It outlines how we will develop and prepare our workforce to meet the changing demands of our community as well as the emerging challenges faced by an ageing workforce.

The key steps in developing this plan included an analysis of our current workforce, consideration of future needs, identification of gaps and challenges as well as the development of strategies to address these gaps.



Delivery Program + Operational Plan 2018/19 – 14

Our Workforce Profile

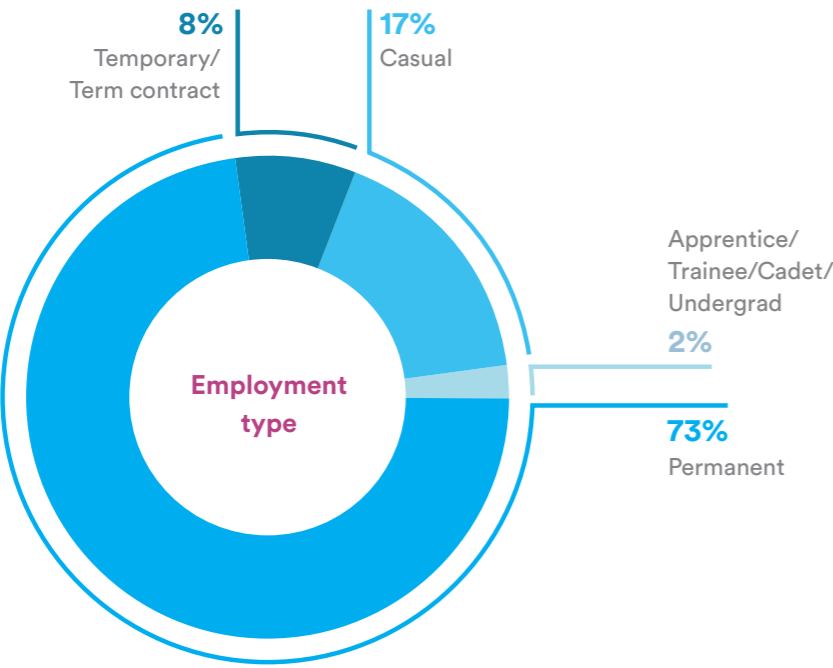
Newcastle City Council’s workforce is large and diverse with a range of occupations across the organisation. Our employees work across a range of governance, delivery, external facing services and internal enabling services including planning, construction, waste facilities, libraries and learning, culture and arts, heritage and recreation facilities, finance, legal, communications and marketing as well as administration and support offices.

Our workforce comprises of 1,277 employees with the majority being permanent staff (full time and part time). Approximately one quarter of our staff are employed on a casual, temporary or fixed term basis or are participating in tertiary/vocational education programs. Our approved Equivalent Full Time (EFT) positions are 957¹.

Our employee base is supplemented by Contract employees and external labour hire which fluctuates in accordance with short term work based demand. This approach allows flexibility to meet periods of peak demand while protecting ongoing job security for our employees. Over reliance on this type of labour can present challenges and on-going viability and utilisation is reviewed regularly.

Complementing our employee and contingent labour hire base, is our strong volunteer network of over 350 people working across a range of locations and undertaking a variety of services on behalf of our broader community. The majority of our volunteers primarily assist at the Museum, Playhouse, Gallery, Library, Blackbutt Reserve, and multiple Landcare sites, Community Halls, Ovals and Parks.

Workforce breakdown



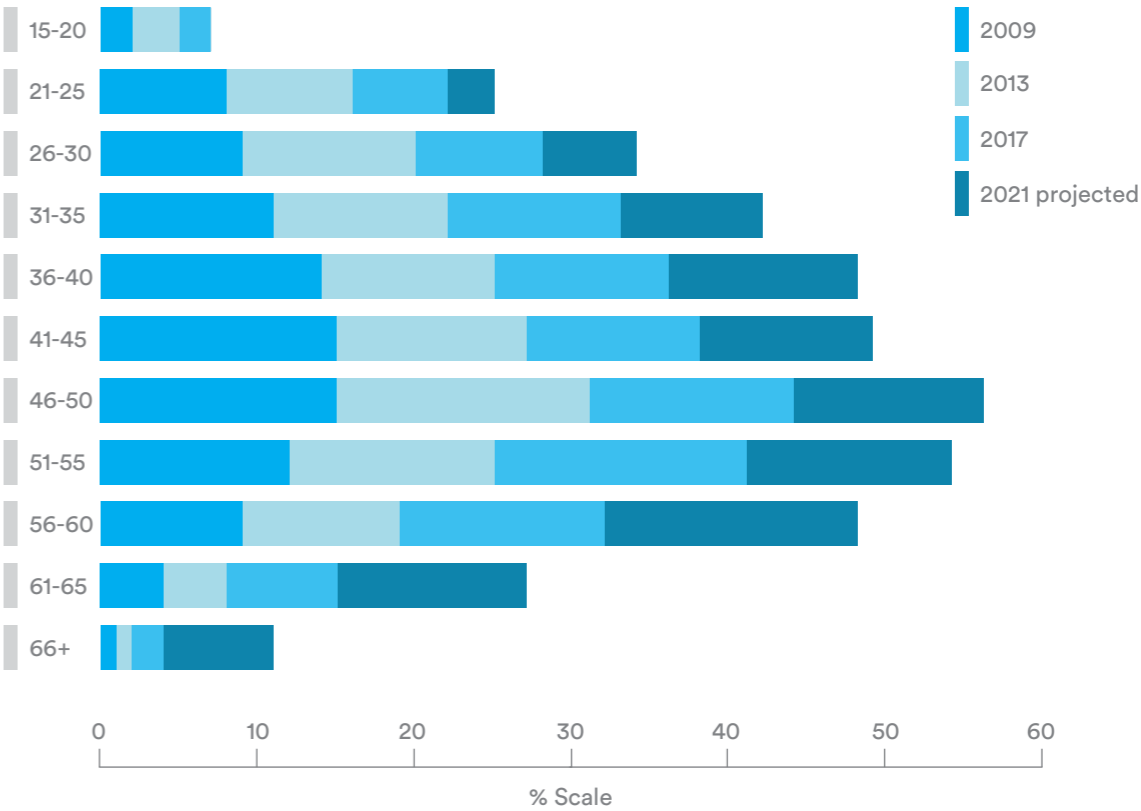
¹Council resolution July 2017

Age

Australia is experiencing a rapidly ageing population, and this is even more distinct within the Local Government Sector workforce. The 2016 Australian Bureau of Statistics Census data shows that the age structure for older workers and pre-retirees aged between 50-59 years is 13.8% in Regional NSW².

For Council in particular, the percentage of our workforce approaching retirement age (55years and over) has increased significantly from 14% in 2009 to 22% in 2017 and is anticipated to continue to accelerate to over 35% by 2021 . This poses a significant challenge for Council as it represents over 450 individual workers being eligible for or, contemplating retirement over the coming four years.

Total workforce distribution by age



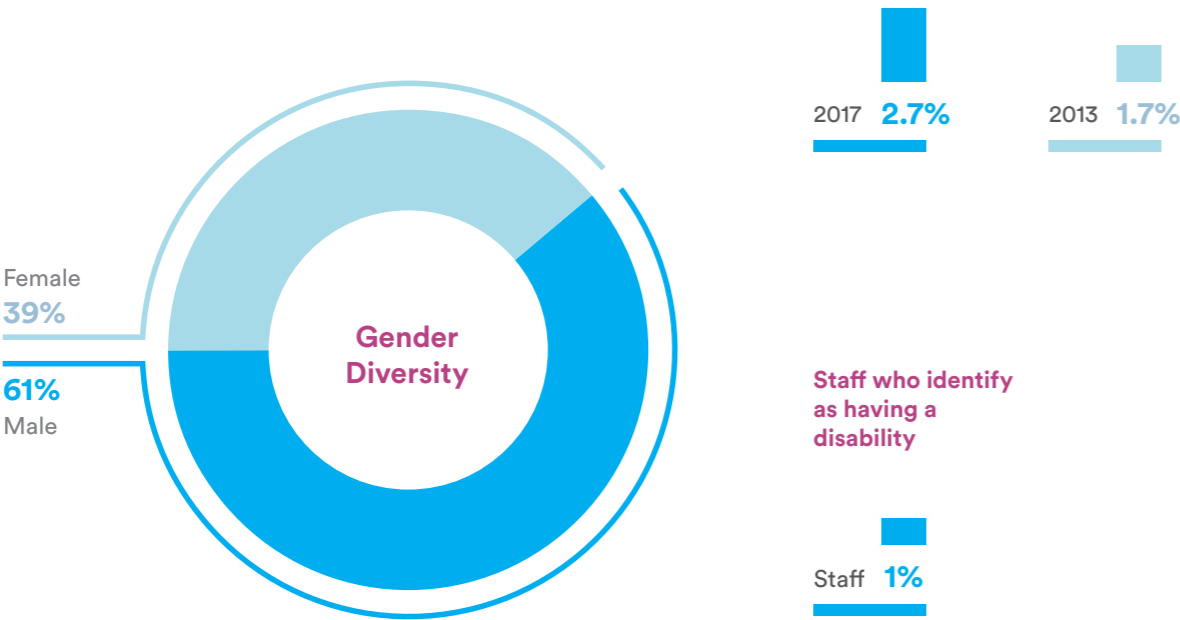
²Australian Bureau of Statistics, Census of Population and Housing 2011 and 2016

Diversity

Diversity (and Equal Employment Opportunity) for Newcastle City Council is about achieving fairness, social justice and equity. Through employing people with diverse experiences, cultures and abilities we can achieve our vision to make Newcastle a smart, liveable and sustainable global city.

Council values and understands the importance of equity and diversity in the workplace and expects all employees will treat each other and members of the community with these principles, regardless of race, religion, marital status, family responsibility or status, gender, age or impairment. It is important that our people enjoy a supportive, harmonious workplace free of prejudice, harassment and discrimination. Newcastle City Council is committed to the development of a culture that is supportive of Equal Employee Opportunity (EEO) principles in the workplace.

Diversity breakdown



Our Future

Over the next four years, Council will transform into a smart, people-centric organisation as we attempt to deliver improved service levels in a way that is sustainable and within approved budgetary and resource allocations. Community expectations combined with record levels of residential development and infrastructure projects will continue to place pressure on our workforce to deliver more with our existing resources.

Following the appointment of a new elected Council and permanent Chief Executive Officer in late 2017, Council has embarked on an organisational design process to better align our services and functions to deliver on Council and Community goals and objectives through our Community Strategic Plan.

In working towards achieving our Community vision, Council is driving toward becoming a smart, people centric organisation.

Council is also committed to evidence based decision making, fostering genuine and collaborate relationships that are focused on our vision. Through our workforce we will seek to improve efficiency, accountability, integration and alignment by working better together across the organisation.

The operational pillars that underpin the organisational design are derived from our community start and end points. Our community linkages with our elected Council and CEO filter through to our administration and operational staff as a collaborative effort to improve our city through the work that we do. Embodying governance, enabling functions, delivery and service in turn, our four key pillars are structures to drive and support the delivery of services to our community.

Key principles underpinning our organisational design include a:

Strong leadership focus

Solid service based philosophy

Commitment to prepare our next generation of leaders from within the organisation

Workforce Management Strategies & Actions

This workforce plan will build on our previous plans with a number of initiatives designed to address each of the following strategies:

1. Attract & retain a high quality, committed workforce

Actions
1.1 Develop a Total Value Proposition
1.2 Create a positive induction/on boarding experience
1.3 Develop and implement an improved salary system including progression framework and recognition of critical roles
1.4 Develop and implement an improved performance and development system including recognition mechanisms for high performers
1.5 Improve access to flexible work arrangements
1.6 Relocation of the City Administrative Centre and Fred Ash Building work places to a new high performance building
1.7 Review and update position descriptions to ensure role clarity and capacity to meet future demands
1.8 Review use of contingent labour to address short term needs and provide job security for permanent staff

2. Invest in the capabilities of our people

Actions
2.1 Develop and implement a succession planning framework for critical (and emerging) roles and retirement planning
2.2 Develop and implement an improved performance and development framework including identification of career paths and access to development opportunities
2.3 Develop and implement training to support the introduction of new and emerging technologies
2.4 Facilitate the introduction of mentoring arrangements
2.5 Invest in leadership development for both current and future leaders

3. Facilitate a culture of Cooperation, Respect, Excellence & Wellbeing

Actions
3.1 Continued investment in activities to enhance our organisational culture and build courage, trust and pride
3.2 Implement our Diversity Management Plan, (Aboriginal and EEO Employment Strategy, Reconciliation Action Plan, Disability Access and Inclusion Plan) through integrated actions
3.3 Design and implement a health and wellbeing strategy
3.4 Continue to develop our safety culture

4. Plan for our future workforce needs

Actions
4.1 Align annual vocational/tertiary program recruitment to critical roles and retirement trends identified in this plan
4.2 Review EFT requirements and critical roles annually as part of the business planning process
4.3 Develop and implement transition to retirement arrangements to facilitate knowledge transfer
4.4 Review true vacancies regularly to offer opportunities and flexible options for critical emerging and development roles

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