

CITY OF ARMADALE

LATE ITEMS

CORPORATE SERVICES COMMITTEE

16 MARCH 2021

1. MISCELLANEOUS

1.1 **BUSINESS RECOVERY ACCOUNT - REQUEST FOR FUNDING ALLOCATION.....2

*****1.1 - BUSINESS RECOVERY ACCOUNT - REQUEST FOR FUNDING ALLOCATION***

WARD : ALL
FILE No. : M/175/21
DATE : 10 March 2021
REF : MH
RESPONSIBLE MANAGER : Executive Director
Corporate Services

In Brief:

- To mitigate a number of business continuity and other risks, the City's Corporate Services require a short term resources (4 FTE for 12 months) to address work backlogs, audit response actions and an increase in short term demands.
- Funding for the short term resources may be appropriately sourced from the Business Recovery Account
- Recommend that Council:
 1. Agrees to allocate \$388,000 from the Business Recovery Account to equally fund a staff resource for Governance (procurement), Finance and Human Resources (payroll) and Organisational Development for a period to 12 months;
 2. Establishes a Business Recovery Reserve Fund for the purpose of setting aside funds for Business Recovery responses approved by the Council; and
 3. Amends the 2020/2021 budget accordingly.

Tabled Items

Nil

Decision Type

- Legislative** The decision relates to general local government legislative functions such as adopting/changing local laws, town planning schemes, rates exemptions, City policies and delegations etc.
- Executive** The decision relates to the direction setting and oversight role of Council.
- Quasi-judicial** The decision directly affects a person's rights or interests and requires Councillors at the time of making the decision to adhere to the principles of natural justice.

Officer Interest Declaration

Nil

Strategic Implications

- 4.2 An innovative and progressive organisation
 - 4.2.2 Recruit and develop a skilled and competent workforce

Legal Implications

Nil

Council Policy/Local Law Implications

Nil

Budget/Financial Implications

The Business Recovery Account was established with \$900,000.

To date, the Council has approved \$40,000 for the provision of a contract Rates Officer position for a period of 6 months (CS/37/8/20) and a \$125,000 provision for the implementation of ICT Security Projects (CS/9/2/21).

The remaining balance of the Business Recovery Account is \$735,000.

If the Council supports the report recommendation, \$347,000 will remain in this account.

Consultation

Executive Leadership Team

BACKGROUND

Business Recovery Account

To recover the backlog and manage the residual impacts of the COVID-19 Pandemic responses, the 2020/21 Annual Budget provides for the establishment of a Business Recovery budget. This budget is funded from FY20 surplus funds brought forward, and has a remaining provision of \$735,000 within the CEO Administration area.

Approval for the allocation of funds from the Business Recovery budget operates on a month by month basis, via the Corporate Service Committee with approval for expenditure from this account required by Council.

The proposal is to access Business Recovery funds for short term staff appointments to deal with a number of risks faced by the City, including service delivery risks (business continuity, quality, response), Occupational Health and Safety risks (workload, change management, leave management etc.) financial risks (project costs) and integrity risks (audit recommendations). The recommendation is to fund four twelve month, full time equivalent positions to address a backlog of works, and to restore service capability that responds to the needs of the organisation. This will also enable capacity for staff to take leave, who have been covering vacant positions.

DETAILS OF PROPOSAL

Human Resources

The City's current payroll system is manual, labour intensive and in need of urgent upgrade. Critical improvements are being implemented in order to ensure the continuity of the payroll service and to sustain sufficient resources to continue to respond to business area requests regarding employee agreements, employee leave, employee performance and the HR system development. Funds for an additional senior payroll officer are required for twelve months, which will ensure service continuity and response times are maintained whilst the improvements are designed, tested and implemented.

Organisational Development

The City is at a critical stage where effective engagement and communication with employees is needed to deliver the transformation required to effectively and efficiently service a larger, diverse community. This will be achieved through embedding the corporate change program, which includes integrated planning, investment in people, culture, business systems and technology, service delivery reviews, moving towards performance excellence and also through the implementation of specific organisational development strategies such as Activity Based Working, values alignment, diversity and inclusion.

There a large number of changes being progressed simultaneously and it is essential that resources are allocated to helping staff understand the nature, rationale and impact of these changes to ensure that these initiatives are implemented as soon as practicable.

Governance & Contracts Procurement

Three officers recently resigned from the City's contracts procurement service area to take up promotional opportunities. Presently, seconded officers are assisting with the workload, however this will likely have a flow on effect to other departments.

Procurement is a key support service for those areas of the business responsible for the delivery of the 2020/21 capital program, in particular the City Parks business area, which has a substantial capital works budget this year. Current remaining team members have not been able to take substantial annual leave in order to refresh throughout this period and to continue to support the implementation of the procurement functionality of the new corporate business system.

Financial Services

A vacancy in the Executive Manager position has been managed through the secondment of an experienced officer within the organisation, however due to the workload during the preparation of the FY20 annual financial statements, the subsequent audits and the late accounting standard changes in 2020, the department has a number of backlog issues.

In addition, the upcoming annual budget (which is also undergoing a business improvement process), the end of year process and a change in the external auditor adds to this backlog workload. The latter will place an additional load on the Team, as a new auditor will need to undertake a familiarisation and risk assessment of the organisation.

This service area has a number of legacy systems and processes which have not been reviewed for some time. A change program to progressively deal with some of the processes continues, but now over an expanded timeframe.

The Team will be gearing up for a Go Live of the Corporate Business System later this year, and their workload will exceed their capacity. Similar to Governance, substantial annual leave will likely have to be delayed even further if the short term resourcing needs are not addressed.

Summary

It is proposed that four (4) new staff resources are sourced for a short term contract of up to 12 months to be funded from the Business Recovery Budget. These short term positions will assist manage risks across the service areas of Human Resources (payroll), Organisational Development, Financial Services and Governance & Procurement.

The funds required for these appointments has been assessed within a salary range up to \$91,460, plus superannuation and other on costs. A provision of \$97,000 for each FTE is required. The total cost will therefore be \$388,000 if fully expended.

As these resources will span two financial years, it is recommended that the funds be placed in a Reserve for the purpose of Business Recovery, such that the respective amounts can be transferred to and from the reserve for the FY21 and FY22 years respectively.

OPTIONS

1. Council could agree to the allocation of funds from the Business Recovery account, which will facilitate continuity of services and response times, the clearing of current backlogs, progression of audit response actions, and ; or
2. Not agree to the funding allocation which will place leave a number of risks faced by the City as a high level.

RECOMMEND

That Council:

- 1 **AGREES to allocate \$388,000 from the Business Recovery Budget to equally fund a staff resource for Governance, Finance, Organisational Development and Human Resources for a period of up to 12 months;**
2. **Pursuant to s6.11(1) of the *Local Government Act 1995*, ESTABLISHES a Business Recovery Reserve Fund for the purpose of setting aside funds for Business Recovery responses approved by the Council.**
3. **Pursuant to s6.8 of the *Local Government Act 1995*, AMENDS* the 2020/2021 budget as follows:**

Decrease in Operating Expenditure

Business Recovery Account	\$388,000
----------------------------------	------------------

Increase in Operating Expenditure

Governance Employee Costs FY21	\$17,200
Finance Employee Costs FY21	\$17,200
Human Resources Employee Costs FY21 (first two months of appointment)	\$17,200
Organisational Development Employee Costs FY21 (first two months of appointment)	\$17,200

