



8.3	POST BUDGET INITIATIVES 2017-18
WARD:	WHOLE OF MUNICIPALITY
GENERAL MANAGER:	CHRIS CARROLL, ORGANISATIONAL PERFORMANCE
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TRIM FILE NO:	34/02/45
ATTACHMENTS:	Nil

PURPOSE

To seek Council's approval to allocate additional funds for two (2) post budget adoption initiatives that require urgent attention and are high risk for Council.

I. RECOMMENDATION

That Council:

- 1.1 Approves the allocation of \$250,000 for the Combustible Cladding Audit and \$500,000 to complete the Telephony Replacement Project (a drawdown from the Asset Renewal and Smart Technology Fund).
- 1.2 Notes other unbudgeted initiatives will be reviewed on a quarterly basis and will be funded through savings during the financial year or reprioritised from within budget and to be reported to Council via the CEO report.
- 1.3 Notes the estimated parking income reduction in 2017/18 of \$30,000 and 2018/19 of \$37,00 due to the resolution at the 16 August 2017 Council Meeting for a trial paid parking pricing reduction for Off Street Elwood Beach Carpark, reducing the hourly rate from \$5.20/hr to \$1.80/hr and the maximum daily rate from \$12.60 to \$8.50 from 1 April through to 30 September inclusive, for the period 21 August 2017 to 30 June 2019, subject to a review at the end of the 2017/18 financial year.
- 1.4 Notes the estimated cost of \$20,000 due to the resolution at the 16 August 2017 Council Meeting to publicly communicate City of Port Phillip's support for marriage equality for all regardless of sex or gender identity, including (but not limited to) regular use of rainbow illumination at St Kilda Town Hall, using rainbow colours on Council's website, in buildings and public places, stating support for marriage rights in related speeches, banners on town halls and phone on-hold messages to be implemented by 31 August 2017.
- 1.5 Notes that Council still expects to achieve a cash surplus as budgeted for 2017/18 including the allocation of funds for both the Combustible Cladding Audit, Telephony Replacement Project, Marriage Equality initiatives and the reduced parking income from Elwood Beach Carpark.



2. BACKGROUND

- 2.1 The Budget 2017/18 involved a process that required Council Officers to identify budgetary requirements. This commenced in early 2017.
- 2.2 The Budget 2017/18 was adopted in 21 June 2017, some five months later.
- 2.3 During the financial year, new information becomes available requiring Council to consider proposals outside of budget cycle.

3. KEY INFORMATION

- 3.1 To date in 2017/18 such proposals include a number of post budgeted initiatives categorised as:
 - Must Do
 - Can address if important and funds available to deliver
 - Deliver by reprioritising budget from Business as Usual.
- 3.2 Typically, Finance will work closely with Service Units to achieve a balanced budget whilst reprioritising projects, and finding savings to deliver on unbudgeted initiatives and reporting via the CEO report.
- 3.3 The “Must Do” projects requiring urgent attention due to high risk to Council are:
 - Combustible Cladding Audit – 2 full time staff over 3 years at \$250,000 per annum – funded in 2017/18 from savings from budgeted WorkCover premiums.
 - Telephony Replacement Project – \$500,000 in 2017/18 – funded from a drawdown on the Asset Renewal and Smart Technology Fund.
- 3.4 **Combustible Cladding Audit** – An investigation has been instigated by the Victorian Building Authority (VBA) to identify the number of buildings with combustible wall cladding following a recent investigation in City of Melbourne.
- 3.5 The VBA has identified 198 buildings in City of Port Phillip (CoPP) that fall within the criteria specified. The VBA has indicated that a random sample of 66 of these buildings will form part of their audit.
- 3.6 Where a building has been identified as non-compliant, the Municipal Building Surveyor (MBS) is required to make an assessment of the building to determine the impact of the non-compliance and must:
 - Consider whether to take appropriate action to determine if the building is safe to occupy and notifying the occupants;
 - Determine the appropriate action required;
 - Notify the VBA of the results of the inspections.
- 3.7 There are explicit obligations and a duty of care under the Building Act that compel the MBS to require the upgrade of the building so that a reasonable level of safety is provided to the occupants and any persons using the building.
- 3.8 Previous experience has shown that the investigations will be extremely resource (staff) intensive.



- 3.9 Current staffing of the Building Unit does not have the capacity to undertake these tasks.
- 3.10 Recent attempts by both the VBA and CoPP to secure Registered Building Practitioners through recruitment agencies has met with very limited success.
- 3.11 Officers have recommended for Council endorsement to immediately proceed with recruitment of 2 new full time equivalent; Senior Building Surveyor and Building Support Officer over a 3 year fix term.
- 3.12 **Telephony Replacement Project** – will address a high risk to the organisation and offer the opportunity to improve services to the community through efficient and modern communication channels.
- 3.13 Current Telephony System infrastructure is operating on 30 year old equipment which has support and growth constraints and impacts to town halls, all remote offices and libraries.
- 3.14 There is no backup for the digital phone systems at St Kilda Town Hall and South Melbourne Depot, which combined support approximately 72% of phones.
- 3.15 The current Disaster Recovery solution is unreliable and only supports 28% of the phones lines leaving most of St Kilda Town Hall and South Melbourne Depot without service should a major failure occur.
- 3.16 A support agreement with Telstra is in place, however the sourcing of parts is on a "best efforts" basis and in the case of major equipment failure the Council could be out of service for an extended period.
- 3.17 The VoIP components of the system will be unsupported from the beginning of 2018 which will put at risk remote office communications.
- 3.18 In the event of a PABX failure other integrated applications such as Contact Centre, IVR, SMS and FAX Gateway, automated dialler/IVR used by CoPP Libraries would be unavailable during periods of system outage.
- 3.19 The project will provide a foundation for many programs and projects currently being discussed such as mobile workforce and staff accommodation at dispersed sites.
- 3.20 A modern Telephony System offers an opportunity to provide improved functionality through its integrated applications including:
- Contact Centre Platform
 - Interactive voice Response (IVR) functionality
 - Softphone Application (virtual phone installed on computers and devices)
 - Call Detail Records (CDR) Server
 - Voicemail Server



- 3.21 There will be further opportunities to improve communications and staff efficiency via:
- Introducing a new channel for customers to communicate with the Council - Web Chat.
 - Implementing Workforce Management to improve capacity planning and rostering processes of the Contact Centre.
 - Implementing Voice Call Recording to improve coaching ability, call quality and customer service.
- 3.22 There is an opportunity to rationalise and simplify services, improving communications by replacing existing applications including Fax and SMS Gateway, and the current automated dialler/IVR application used by CoPP Libraries.
- 3.23 The Budget 2017/18 includes \$500,000 and a further \$500,000 planned in 2018/19 with a total project cost of \$1.2 million including internal staff costs.
- 3.24 As a priority, Council should complete this project as soon as practical. The project could be completed in 2017/18 subject to approval of this request.
- 3.25 The Asset Renewal and Smart Technology Fund which was set up for the purpose of funding projects of this nature has sufficient funds available to fund the project.



FURTHER SUPPORTING INFORMATION

4. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 4.1 This report aligns to our strategic directions 4 and 6 in the Council Plan. In line with Strategic Direction 4 “We are growing and keeping our character”, the Combustible Cladding Audit project helps promote liveability in a high density City by requiring well-designed buildings that **contribute to safe**, lively, high amenity places.
- 4.2 By improving customer experience and technology and being more innovative, the Telephony Replacement project will contribute to the strategic direction outcomes of a financially sustainable, high performing, well governed organisation that puts the community first which is the Strategic Direction 6 “Our Commitment to You”.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 The Combustible Cladding Audit will require a proactive communication strategy in conjunction with the VBA.
- 5.2 Works are in progress with the Telephony Replacement project. All stakeholders meet regularly to ensure the project meets targeted milestones including governance.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 Risk identified from failing to identify and respond appropriately to multi-level buildings that have non-compliant, not fire resistant composite aluminium cladding attached to external walls including:
- Significant fire
 - Property damage and loss of life
 - Legal action
 - Loss of reputation from the community and subject to media scrutiny

7. SUSTAINABILITY – Triple Bottom Line

7.1 ENVIRONMENTAL IMPLICATIONS

- The Telephony Replacement project is expected to have a positive impact to the environment via lower greenhouse gas emissions. Greenhouse gas emissions from current telephony infrastructure is estimated at 17.5 tonnes per annum from electricity usage.
- As the new Telephony system will be using existing shared compute environment, Council will lower its greenhouse gas emission by up to 17.5 tonnes per annum as well as financial savings from lower usage of electricity.

7.2 SOCIAL & CULTURAL IMPLICATIONS

- Public safety is an important function of the Council. The Combustible Cladding Audit will be one of a number of steps to address this public safety issue.



- Council is obligated to take action under various acts for public safety, the Health & Wellbeing plan, duties prescribed for the Municipal Building Surveyor and the Council Plan Strategic Direction 4 “We are growing and keeping our character” – liveability in a high density city.

7.3 ECONOMIC IMPLICATIONS

- There are no material economic implications.

7.4 FINANCIAL IMPLICATIONS

- Recent advice from our WorkCover insurer has confirmed that Council has achieved an improved performance rating primarily due to the reduced impact on premiums from the Streetsahead program and combined with an improvement in the overall local government sector performance is expected to result in savings in the WorkCover premium of \$305,000 for 2017/18.
- It is proposed that \$250,000 from the WorkCover premium savings is to be allocated to the Combustible Cladding Audit in 2017/18.
- The Asset Renewal and Smart Technology Fund was set up for the purposes of ensuring our assets are renewed and fit for purpose, and investing in innovation to enhance customer experience. As at 30 June 2017, Council has a balance of \$5.8 million in this reserve.
- A drawdown of \$0.5 million from this reserve will not impact Council’s ability to achieve a balanced budget for 2017/18. Sufficient funds are still available for future strategic projects.
- The estimated parking income reduction in 2017/18 of \$30,000 and 2018/19 of \$37,00 due to the carried motion at the 16 August 2017 Council Meeting to a trial paid parking pricing reduction for Off Street Elwood Beach Carpark, reducing the hourly rate from \$5.20/hr to \$1.80/hr and the maximum daily rate from \$12.60 to \$8.50 from 1 April through to 30 September inclusive, for the period 21 August 2017 to 30 June 2019, subject to a review at the end of the 2017/18 financial year.
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8. IMPLEMENTATION STRATEGY

8.1 TIMELINE

- Project delivery plans are well progressed and Council is ready to implement subject to funding approval.
- In discussion with the VBA, the upcoming Combustible Cladding Audit is to comprise of the following 3 stages:
 - Stage 1 is a random audit of 66 buildings with a detailed file review and initial inspection is underway and is estimated to take 6 months.
 - Stage 2 is a review of all non-compliant files and further building inspections, estimated to take 12 months
 - Stage 3 is enforcement action, 18 months.
- The timeline for the Telephony Replacement project has the implementation phase to be completed in April 2018.
- Currently a preferred vendor has been chosen with the detailed design to be completed in September 2017.

8.2 COMMUNICATION

A proactive communication strategy for the Combustible Cladding Audit is expected to include:

- Provides owners and residents of the buildings under investigation with information about what Council is doing to ensure their safety, the inherent danger from non-compliant cladding on buildings and the obligations of the MBS and Council regarding the process to rectify any issues identified.
- Councillors be kept informed via the briefing process of the VBA investigation and possible outcomes.

9. OFFICER DIRECT OR INDIRECT INTEREST

- 9.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.